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How Small and Medium-Sized Enterprises Can Uptake the Sustainable Development Goals through a Cluster Management Organization: A Case Study

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Abstract: Even though many small and medium-sized enterprises (SMEs) realize the importance of the Sustainable Development Goals (SDGs) for their sustainable business development, they face difficulties when individually pursuing this target. This paper aims to provide cluster-based SMEs with a framework to facilitate the uptake of the SDGs through a cluster network model. By focusing on the case study of a furniture production Cluster Management Organization (CMO Habic a network-based approach to sustainability management is analyzed in order to integrate the SDGs framework into SMEs' everyday language and day-to-day operations. Through a cluster model approach, industry-specific sustainability material issues are tackled jointly and with the aim of applying a common solution to a similar challenge, Lehi-ODS, an online sustainability management tool for SME self-evaluation, has been developed wherein the participating SMEs can gain an overarching knowledge about the UN 2030 Agenda, assess their own alignment with the SDGs and with respect to that of their peers, and prioritize initiatives to correctly deliver them. The main conclusion derived from the paper is that a CMO is deemed to be a valuable driver in identifying common sector-specific challenges of corporate sustainability and in addressing collectively the question of contributing to the SDGs.



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1. Introduction

After the Rio+20 Sustainable Development Conferences held in 2012, the Sustainable Development Goals (SDG) were launched and, in 2015, were endorsed by the United Nations and adopted by all 193 Member States [1], with the purpose of ending poverty, protecting the planet, and ensuring that all people enjoy peace and prosperity by 2030 [2], guaranteeing that no one is left behind. The UN 2030 Agenda for Sustainable Development is an evidence-based framework of sustainability development planning [3], and it is also considered the most comprehensive approach to sustainability development to date setting 17 goals, 169 associated targets, and 230 indicators [4] to recognize universal standards in different triple bottom line topics, such as biosphere (environment) (SDG 6, 13, 14, 15), society (SDG 1, 2, 3, 4, 5, 7, 11, 16), and economy (SDG 8, 9, 10, 12) [5]. The remaining SDG, 17, entails the partnerships to be created to achieve the goals. The SDGs are considered to be the very first global United Nations explicit call for joint action to all developing and developed countries and to states, business, and society at large, which must cooperate in global partnership to achieve them [2]. The goals set out in the SDGs cannot be achieved without the contribution of the business sphere, especially the SDGs related to economic

topics, such as SDG 8: Decent Work and Economic Growth or SDG 9: Industry, Innovation, and Infrastructure [1]. The United Nations [6] explicitly highlights the role of private businesses in achieving these aforementioned goals with their creativity and innovation, which generally takes in the form of Corporate Social Responsibility (CSR) practices. SDGs represent both a call for action to business but also an open window to develop new sustainable products and services, as the United Nations goals forecast the generation of market opportunities of over USD\$12 trillion a year by 2030 [7].

As far as the companies—both large and SMEs—are concerned, UN 2030 Agenda should be regarded as a valuable driver aiming for a sustainable business development. Since the SDGs approval in 2015, businesses are indeed challenged to review their strategic and operational decisions in order to seize the opportunities that can result from the promotion of a new sustainable business development model based on the paradigms of economic, social, and environmental sustainability [8]. Thus, the practical application of SDGs to daily business can help companies to set purpose, vision, and strategy into context of global sustainability, foster responsible business practices, both internally and externally, strengthen stakeholders' engagement, and communicate transparently on a company's CSR and SDG performance [9].

In this context, SMEs play a fundamental role in the achievement of the SDGs [8] and are fully concerned with the SDGs accomplishment as they can draw upon the positive outcomes if correctly delivered.

However, SMEs may realize the importance of SDGs implementation for their sustainable business development, they face difficulties when individually pursuing this goal. Despite this growing wave of SMEs interest in the SDG framework, the reality is that progress towards meeting the UN 2030 Agenda by SMEs has been slower going than expected and, as of yet, there is no evidence of SME contribution to the UN 2030 Agenda [10], so consequently a call for joint-effort action is needed.

The fact that the majority of the goals and indicators developed to monitor the implementation of the SDGs have a macro approach makes its implementation difficult at the enterprise level and consequently SMEs often find the evaluation and measurement of their actual contribution to the SDGs to be challenging [11]. Hence, different tools for corporate sustainability measurement have been adjusted, to some extent, by linking corporate activities with their contribution to address the SDGs. However, these tools are often complex and difficult to implement [12]. This is especially challenging for SMEs.

Up to now, SDG related implementation methods have been mostly aimed at large corporations with relatively little attention given to SDG activities undertaken by SMEs [10]. Thus, hands-on and actionable tools to link the SDGs with the business processes of SMEs do not exist [13]. Most of the sustainable development tools have been created with large companies in mind [14], but very few of them have been specifically proposed to SMEs. With this scarcity of action in the field of SDG framework integration in SMEs, it is therefore necessary to take an empirical approach in order to translate the SDG framework further into a hands-on and actionable sustainability management tool that will allow SMEs to incorporate the SDGs into their everyday language and day-to-day business operations.

Albeit SMEs underperform large companies when compared on a one-to-one basis, SMEs as a group—SMEs account for about 95% of businesses globally and more than 50% of employment worldwide [10,15,16]—are key employers and contributors to the economic outputs of modern global economy [17], playing a significant part in progressing towards SDGs. At first glance, the sustainability impacts of individual SMEs might be easily overshadowed by those of large companies [18], but when the individual SMEs come together the collective “grandness” of the SMEs is huge and outperforms large companies’ impacts due to the “grand scale of small business” in their contribution to social, economic, and environmental performance [14,19,20].

In light of the above, and due to SMEs overall lack of human and financial resources, capabilities know-how and expertise to individually engage the SDGs [13], a cluster network approach [21] to incorporating an SDG-oriented framework in SMEs would allow

them to think beyond their individual strategies and overcome the key barriers when individually engaging with the SDGs. A cluster network approach sets the foundations for facilitating collaboration practices among the companies (especially among SMEs) allowing them to address collectively common sector-specific challenges. For instance, most SMEs lack skill-specific human resources in sustainability management [10], it would therefore be necessary to introduce new educational models to train business people in SMEs on social and environmental challenges and on the SDGs. This goal could be pursued through joint-action training initiatives, as a cluster approach could strive to bring the SDG concept near the managers of SMEs and further their SDGs integration in their day-to-day operations.

Bearing in mind the relevance of SMEs as key contributors to sustainable development and the difficulties for them to pursue individually this goal, this paper aims to answer the following research question: How can a CMO support SMEs in their transition towards sustainability management and the adoption of the UN 2030 Agenda?

By answering this research question, we aim to explore the effectiveness, through a CMO case study, of a network-based approach in order to improve SMEs sustainability performance and SDG awareness in a specific industry. CMOs hitherto have focused on identifying industry-specific social and environmental impacts that SMEs face when interacting with their stakeholders [22], and our study strives to further help CMOs in addressing collectively the issues of evaluating sustainability performance and defining common strategies to disseminate among the SMEs the SDG framework. Thus, the study takes on fundamental importance in the domain of sustainable management, as the development of a sustainability management tool will support the SMEs in their transition from an implicit sustainable management to an explicit one [23].

The research method used in this paper is the case study analysis. This method allows a “close reading” of a single organization holistically with a very detailed and contextual analysis [24] (p. 174). Thus, the case study research is very close to real-life situations and allows for multiple wealth of research details that other methods do not permit [25].

With this objective in mind, Lehi-ODS, an online sustainability management tool aimed at SMEs has been constructed and, in order to test the results, Lehi-ODS has been compared to the six requirements set by Johnson and Schaltegger [14] that an effective sustainability management tool for SMEs must fulfill, namely, simplicity, practicality, flexibility, company tailored, locally focused, and network-oriented. The outcome of the comparative analysis illustrates that Lehi-ODS meets the criteria established for an effective sustainability management tool for SMEs.

The results of the analysis we have undertaken underline that a CMO is deemed to be a valuable driver in identifying common sector-specific challenges of corporate sustainability and in addressing collectively the question of contributing to the SDGs. With this paper we intend to further incorporate the cluster model approach in sustainability management into the academic debate and to provide new insights to the existing literature on sustainability management applied in clusters suggesting new areas for research. As of yet, academic research in this domain has mainly focused on informal or silent sustainability policies adopted by SMEs [22,23,26,27], but this paper strives to spark academic debate on structured sustainability management tools focused on SMEs. At the same time, from the perspective of the practitioners, this study will contribute to adding value through sustainability to the business sphere by facilitating the dissemination and integration of the SDGs in SMEs applying Lehi-ODS through CMO joint-action. Lehi-ODS will enable SMEs managers to gain a better understanding of the SDG framework and to operationalize sustainability-oriented initiatives in order to deliver them.

In order to answer the research question, the study is structured as follows: The Introduction section reviews SDGs background and the main characteristics of SMEs in relation to SDGs engagement. Then the role of clusters in promoting the SDGs is outlined in the literature review in Section 2 in order to gain a better understanding of how clusters have evolved over time with a close up focus on their social aspect, and how cluster policy can promote the SDGs through CMO joint-action. An evaluation of sustainability

management tools is also provided in this section. The methodology used and how the SDGs are promoted in industry-specific SMEs through a CMO case study as well as the framework of the sustainability management tool developed are addressed in Section 3. The findings and the analysis of the results deriving from the tool constructed are provided in Section 4, and finally, Section 5 includes the discussion, conclusions and further steps that can be taken in future research.

2. Literature Review

Cluster theories are described below, followed by the main literature results concerning the sustainability management tools. Since we are mainly interested in the links between a cluster network approach and SDGs promotion in SMEs, the key features of CMOs for attaining this objective are also provided in this section.

2.1. The Role of Clusters in Promoting the SDGs:

To facilitate contextualizing the research question, a brief background on the cluster concept is to be provided. The roots of the cluster concept come from the notion of industrial districts coined at the beginning of the last century by the British economist, Alfred Marshall, who argues that firms can draw upon the expertise derived from the agglomeration (concentration) of business activity in a specific industrial district because their common needs for human and natural resources and their proximity to one another creates the proper atmosphere for mutual benefit [28]. Together with the industrial district concept, another research stream began to define a broader concept of business collaboration at the beginning of the 1990s with Porter's cluster definition [29], which has spread worldwide, including among the consultancy, policy-makers, business agents, and academia. There is great consensus in accepting Harvard professor Michael Porter's sound cluster definition as the "formal" cluster definition, which states that a cluster is a geographically proximate group of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field of interest, linked by commonalities and complementarities [30] (p. 197).

At European level, nowadays many efforts from the institutions are being devoted to supporting the growth of SMEs—referred by the European Commission as the backbone of the European national economies [31]—cluster policy being one of the main drivers used to foster SMEs competitiveness. "Clusters are a powerful tool for reaching out to groups of specialized SMEs and related innovation actors, and for increasing their (SMEs) competitiveness" [31] (p. 9).

One of the main features of cluster policy deal with geographical concentration as the spatial proximity of participating SMEs, which allows easy face-to-face contacts in order to address common challenges and promote sectorial activities, facilitating the development of both informal and professional networks [32] and allowing a rapid flow of information [33]. Thus, geographically concentrated clusters rely on sector-specific resources, and, as a result, most of these tend to be essentially industry-specific clusters [34]. Another peculiarity of clusters is that companies in this kind of territorial context are mostly SMEs [35], which often suffer from lack of resources (human, financial, know-how, etc.) to be able to compete in the global markets by themselves and are in need of co-operative dynamics to succeed. Thus, clusters play a crucial role in supporting innovation take-up, scaling-up of SMEs, and in setting up strategies for sustainable development.

With respect to the social approach, a key element in corporate sustainability, it must be pointed out that the roots of the cluster initiatives have a strong social background and they are heavily influenced by the local context—their proximity to their local community allows clusters to gather the socio-economic objectives of both enterprises and territory, and the social networks of their area of influence [36]. Hence, cluster policy needs to work on the social aspect to set the basis for inter-firms' social networking establishment. However, the social foundations, local society, and community leadership that can be identified in Marshall's industrial district concept are yet to be further incorporated to current cluster

policies. Clusters have a prominent role of creating economic value to the industry-specific companies, but with the rise this century of socially and environmentally related sustainability concerns, a new approach to socio-economic productivity should be taken to boost SMEs overall competitiveness, dissimilar from the purely economic productivity criteria generally accepted today to measure companies and industry competitiveness.

There is general agreement that territorial cluster initiatives lead in some cases to the creation of structured cluster organizations, also called Cluster Management Organizations (CMOs). These are set up as a formal establishment, with a permanent personnel structure, financial resources, and own premises. CMOs have a clear role of facilitating collaborative practices among their members (especially among SMEs) and with their industry related agents, with the aim of boosting the competitiveness of the industry value chain as a whole by enhancing coopetition—cooperation + competition—activities among their members. CMOs are considered intermediary bodies to formalize and develop linkages and networks for the benefit of firms and other agents within the clusters [37].

As for the concept of Cluster Management Organization (CMO) itself, both the European Commission and the European Secretariat for Cluster Analysis (ESCA) use this term, CMO, to make reference to the cluster associations created around the cluster initiatives. [31,38]. According to the European Commission [2], a CMO can be defined as a mature cluster initiative that at some point establishes a more formalized organization to dynamize and serve the interest of the cluster members with a board, CEO, staff, budgets, and annual reporting. Specifically, the European Commission defines CMOs as follows:

The legal entities/platforms that support the strengthening of collaboration, networking, and learning in innovation clusters and act as innovation support providers by channeling specialized and customized business support services to stimulate innovation activities, especially in SMEs [31] (p. 12).

CMOs have a clear role of supporting innovation in SMEs, but in terms of sustainability innovation, SME networking boosted at CMO level is one of the most important factors to foster environmental management and eco-innovation, as firm networking helps to overcome the barriers for the adoption of eco-management and eco-innovation practices among SMEs [35]. Additionally, the SDGs are also a fundamental driver to foster sustainability innovation in SMEs through cooperation. For instance, SDG 9: Infrastructure, Industrialization, and Innovation, and SDG 17: Partnerships, address the need for strategic change and profound sustainability innovation by adopting novel innovative business models through extensive collaboration to reach out to a more inclusive and sustainable way of doing business for contributing to the SDGs [13]. The role of CMOs as small business networks becomes very relevant, opening SMEs agendas to sustainability issues and allowing them to share knowledge and resources that otherwise would not be available to the companies [39]. CMOs become, in this context, the appropriate agent to boost the creation of the partnerships between SMEs for the adoption of the innovative and sustainable business models required by the SDGs. SMEs perceive sustainability management as a complex business issue that requires specific expertise [22], and CMOs can act as trusted facilitators for business networking and information-sharing.

In a survey carried out by Rubio-Mozos et al. [10] into the role of SMEs towards the UN 2030 Agenda, 75% of the SMEs interviewed confirmed the importance of establishing strategic alliances and agreements with other SMEs to be stronger and more competitive in order to cease being SMEs and be able to achieve greater positive impacts on the SDGs. The cluster approach seems to be a feasible way to support the SMEs in their transition towards the UN 2030 Agenda, and Lehi-ODS can be regarded as a hands-on and actionable sustainability tool to achieve it. In this context, the CMO would be responsible not only for the commissioning of the sustainability management tool, but also for its implementation and guidance along the way for its practical applicability to the SMEs. As indicated before, most sustainability management tools created are aimed at large companies [14], lack materiality, are too far removed from daily business operations [40], are not applicable to SMEs [41], and are complex and resource-intensive for SMEs to implement [18,42], so in this

case the challenge was to develop an easy-to-use tailor-made sustainability management tool specifically applicable to cluster-based SMEs from a specific industry.

2.2. Sustainable Management Tools Evaluation

The empirical approach of this study entails that the sustainability management tool to be developed should firstly be benchmarked against the existing literature on these types of tools. Hence, in the process of constructing Lehi-ODS, we have established that an effective sustainability management tool for SMEs usability needs to meet the key criteria set by Johnson and Schaltegger [14] who, in a thorough systematic review of the academic literature from the period 1991–2015 on sustainability management tools for SMEs, defend that the best-of-breed sustainability management tools for SMEs must fulfill the following six requirements:

1. simplicity/user-friendliness;
2. practicality/cost-effective;
3. adaptability/flexibility;
4. company tailored;
5. locally focused;
6. group and network-oriented.

Due to the fact that academic research in sustainability management tools for SMEs and the implementation of the UN 2030 Agenda by SMEs are still at an early stage [11], an evaluation of different business organization-related experiences and initiatives on SDG integration strategies have been considered for the study. SDG-related benchmarking multilevel analysis has been carried out at international level and with a multisectoral approach, with the objective of identifying the best-of-breed sustainability management practices in relation to SDG identification and implementation in SMEs, and at the same time benchmarked against the six requirements set by Johnson and Schaltegger [14].

SDG Compass. A Global Reporting Initiative (GRI), World Business Council for Sustainable Development (WBCSD), and United Nations Global Compact (UNGC) joint-initiative; the SDG Compass is used for translating the 17 UN SDGs into management objectives [1,13]. It aims at helping companies to identify and prioritize their SDG targets, take action, and report on their progress [42]. The methodology developed by the GRI, the United Nations Global Compact (UNGC) and the WBCSD helps to find the linkages between SDGs and business processes and provides tools and guidance in order to incorporate sustainability into business strategy [1]. Even though the SDG Compass is mainly addressed to large companies, SMEs are also encouraged to adapt it to their specific needs due to the growing importance of SMEs as key employers in modern economies. However, SDG Compass is not being used by SMEs as it lacks a translation to concrete business actions for SMEs and a system for measurement and feedback [13].

The UN Global Compact Progress Report 2019 issued by the Spanish Network of the Global Compact, which analyzes the SDGs and the implementation of the Ten Principles in the Spanish companies. This study is of special relevance as SME analysis is incorporated to the study and SDGs are specified by industry. In the case of the furniture industry, the most relevant SDGs identified are the following: 3, 5, 7, 8, and 9 [43].

SDG Guide for SMEs. A joint initiative of the Spanish network of UN Global Compact and Cepyme (Spanish Confederation of SMEs), the SDG Guide was issued at the end of 2019 with the aim of involving Spanish SMEs to the contribution of the SDGs. This guide compiles the Global Compact and SDG initiatives as well as the latest norms and laws in relation to social and environmental aspects. It also has a very practical down-to-earth approach and unfolds the opportunities and specific actions that Spanish SMEs can deliver in regard to the SDGs. One of the most relevant aspects of this Guide is the relationship that is established between the management systems (namely ISO) applied in the SMEs and the UN 2030 Agenda. As companies, SMEs, are in most cases familiar with management systems terminology, this ISO-SDG linkage eases their understanding and direct application to their day-to-day business sphere [44].

The SDG Observatory. A Spanish initiative by La Caixa bank in collaboration with Esade University; the purpose of this observatory is to monitor the implementation of SDGs by Spanish companies from different sectors of activity, with a special focus on SMEs. At the same time, the Observatory fosters synergies among companies, and social debate and public awareness of the importance of SDGs and the role firms play in attaining them [45]. One of the key conclusions drawn from the 2019 study concludes that Spanish SMEs are in need of an easy-to-use self-evaluation tool to calculate their impacts and net contribution to the SDGs, as well as to help them report their sustainability material issues and communicate the results both internally and externally to their stakeholders. Thus, it must be pointed out that the main problems of sustainability reporting lie in its voluntary basis and in the absence of guidelines specifically designed for SMEs [46–48], hence non-financial reporting must be considered as a resource for creating a competitive advantage for SMEs and enhancing the transparency and accountability of the SMEs towards their stakeholders.

The key outcome of the business organization-related experiences in SDG integration analysis concludes that a hands-on and actionable sustainability management tool is missing to correctly measure SMEs alignment with the SDGs. There is no sustainability management tool fulfilling the key criteria set by Johnson and Schaltegger [14] for an effective sustainability management tool. To reach this objective of creating a practical and usable tool, a cluster network model approach ought to be taken where the social networking aspect of cluster policy becomes crucial for corporate sustainability enhancement among SMEs. CMO-based SMEs face similar social and environmental impacts [22] and have similar interactions with their local stakeholders, and consequently developing a sector-specific and hands-on sustainability management tool will strengthen their social image and corporate reputation within the local community.

2.3. Social Aspects of CMOs

Consistent with Porterian cluster theory, one of the main axes of cluster action deals with the so-called social capital creation, which can be defined as a set of two or more connected business relationships in which each exchange relation is between business firms that are conceptualized as collective actors [49]. Social capital creation aims to overcome one of the most significant barriers for cooperation, the lack of intercompany relationships, and business networking. These social networks enable the CMOs to diffuse knowledge, create a common sectorial language, and, above all, reinforce the social capital [36]. The cooperation approach led by CMO initiatives allows SMEs to gain new competitive edges beyond the solely economic-driven GDP index, as CMOs tackle environmental, social, and ethical issues closely linked to the industrial needs [35]. GDP index is, as of yet, insufficient to measure the overall competitiveness of companies and it is no longer considered valid for compliance with the SDGs, hence CMOs need to incorporate new sustainability parameters to reflect the degree of compliance and progress of the SMEs towards the SDGs.

As aforementioned, cluster policy needs to work on the social aspect to meet the current sustainability concerns of stakeholders. The European Commission, in addition to foster the economic development of SMEs, is putting in place initiatives to promote a sustainable development of the SMEs by incorporating the environmental and social aspects to the economic development. The “Beyond the GDP”, a European Commission-led initiative [50] defends that economic development must be sustainable, quality of life, and social progress must be reflected and measured, human and business development does not solely depend on the GDP [12,51], but it needs to be more inclusive, incorporating and measuring the economic, social, and environmental aspects of progress in it.

To achieve this European Commission goal, the supportive role of the CMOs is very relevant, as these are key players to bind the economic, social, and environmental dimensions and can help bridge the gap between companies’ pure economic productivity-driven current strategy and the European Commission-driven “Beyond the GDP” Initiative to boost sustainable development operations among European SMEs.

CMOs pave the way for cooperation dynamics, sometimes through the positive inter-firm networking and through the so-called social capital creation. Thanks to their facilitation function of strengthening cooperation and trust through social capital, building dialog, and common vision among participants [52], CMOs can also be effective in improving corporate sustainability performance, by disseminating the SDG framework to the SMEs and working closely with them to identify cooperation opportunities to correctly deliver the SDGs.

3. Methodology

3.1. Basque Country Cluster Context: A CMO Case Study

The research method used in this paper is the case study analysis, which is defined as a systematic, detailed, and thorough research over a long period of time of an individual or single organization—carried out by collecting rich data—through observation, surveys, and interviews [24] (p. 175). In this paper, by analyzing the case study of Habic, we intend to identify how a CMO can support SMEs in their transition towards the SDGs. The study has been carried out in the Basque Country, a region with a strong manufacturing industrial ecosystem of SMEs, which results in business concentration enabling companies' spontaneous networking. The industrial development of this region goes hand-in-hand with an equally positive social development.

The Basque Country became one of the first regions worldwide—along with the Nordic countries [53,54]—to apply in the early 1990s the cluster perspective in its economic policy, that is still in full operation today [55–58]. More than 25 years since its creation, the long-established and stable Basque cluster policy is still considered to be a key piece in the innovation and competitiveness regional business framework [59].

Basque CMOs serve as neutral platforms to bring together companies and facilitate collaboration between all the agents involved (private companies, public stakeholders, investors, and knowledge institutions) with a clear mission of striving to stimulate innovation activities and improve business competitiveness through cooperation projects, with a focus on the competitive strategic challenges that cannot be addressed individually by the SMEs [60].

We study the case of Habic, a CMO created in 2010 as an industry-led (bottom-up) joint-action initiative backed by the Basque Government, as a natural evolution of an already existing Basque furniture-industry business association. Currently, among Habic groups' 102 companies, 81% of them are manufacturing firms and SMEs represent 97% of the total CMO members, mostly family-owned companies [61]. Export sales represent 40% of the industry total turnover and almost 75% of the companies are export-oriented [61]. Thus, Habic plays a key role in striving to foster the overall innovation ecosystem of the furniture industry, where innovation initiatives involve mainly raw materials, technology, skilled-labor, and design [62].

As for the operations dealing with sustainability topics, the CMO has established the SDG and Sustainability working group with the objectives of (a) addressing specific topic-related key sustainability issues with direct business impact, (b) keeping abreast of upcoming environmental innovations and (legal) requirements, (c) identifying joint-action initiatives to perform collaborative sustainability development projects among the participating companies, and (d) sharing business experiences and best practices on sustainability related issues [63].

The relevance of this working group lies in the fact that environmental innovation plays a prominent role in the process of fostering the overall competitiveness of the furniture industry as the usage of raw materials such as wood, metals, rubber, or leather are very extended and key materials for the sector, and environmental concerns as well play an important and strategic role for the furniture industry [62].

Along with the setup of the SDG and Sustainability working group, Habic has created an updatable section called "SDG Engagement" in its website with the intention of keeping

the participating companies abreast of all the relevant SDG-related issues addressed by the CMO [64].

In the beginning of 2019, upon the approval of the UN 2030 Agenda in 2015, an internal survey among the participating SMEs at Habic [63] was conducted with the aim of starting a broader discussion on how to successfully (a) raise CSR management awareness among SMEs, (b) support the industry in ramping up CSR implementation process, and (c) gain an insight of SDG awareness and integration in the industry. In relation to the question of the SMEs alignment with the SDG framework, the results of the survey showed that the participating SMEs suffered from an overall lack of awareness of the SDG framework—less than 25% of the companies were aware of the SDGs. At that time, it was understood that Habic had to take action to introduce the SDG concept to the industry as the SMEs are fundamental to the efforts to achieve global sustainable development [15,19,65].

3.2. A Framework Proposal

When first addressing the SDGs at Habic SDG and Sustainability working group, it was necessary to inform the member companies that the UN 2030 Agenda for Sustainable Development, the 17 SDGs, and their 169 associated targets are a blueprint to achieve a better and more sustainable future for all by addressing global challenges society faces, such as poverty, inequality, climate change, environmental degradation, peace, and justice [66], but at the same time, that the SDGs are also an efficient management tool that can help foster their competitiveness, enhance their sustainability development, and shape their business strategy. As the GRI indicates [67], the private sector plays a vital role in achieving the SDGs, therefore proactive action has to be taken with the companies (especially with SMEs) to pave the way towards an SDG-oriented approach.

By collectively tackling the challenge of approaching the SDGs, the CMO strives to answer the questions that companies ask in sustainability management:

- how can my company be aligned with the SDGs?
- how can my company contribute to the fulfillment of the SDGs?
- how can my company deliver the most relevant goals identified?

As of yet, there is no a single, uniform methodology for measuring business progress and impacts on the SDGs [68]; therefore, with the aim of translating the SDGs into the companies' everyday language, facilitating the understanding of the SDG framework, and their application to the companies' day-to-day operations, Lehi-ODS, an online sustainability management tool for company self-evaluation on the contribution to the SDGs, has been developed wherein the cluster-based SMEs can:

- gain an overarching knowledge about the UN 2030 Agenda;
- assess their alignment with the SDGs and with respect to that of their peers; and prioritize initiatives to correctly deliver the SDGs.

As a result of these criteria, we constructed an online sustainability management tool including an introductory section to explain the foundations of the SDGs and connect these to the furniture sector, using an easy-to-understand language for the SMEs and focusing on their key material sustainability issues. The underlying intention with the development of Lehi-ODS is to prompt the SMEs to go beyond just mapping their business practices and to report the material impact they have on the SDGs.

Lehi-ODS has a twofold objective; 1—facilitate SMEs transition towards the UN 2030 Agenda by providing them with an overview on the SDG framework and their current contribution to them; 2—suggests initiatives to support SMEs to deliver the SDGs.

When designing the tool, and with the aim of facilitating the SMEs journey throughout Lehi-ODS, we created four different categories taking into consideration the companies' functional areas, following the same rationale that SMEs apply to their internal business structure:

- The people (employees) category has been incorporated in the understanding that SMEs usually have a flatter organization structure and that the interpersonal rela-

tionships are considered critical [22,26], people (employees) being one of the most relevant stakeholders in SMEs, who ought to understand the concerns and interests of their employees in order to develop objectives and business strategies that they would support companies long term success.

- The Production Process category has been created because the SMEs of the CMO studied are mostly manufacturing companies, and in a traditional industrial cluster, such as Habic, all issues related to productive processes become critical for SDG alignment [1], issues such as dealing with energy (SDG 7), raw materials (SDG 12), emissions (SDG 13), and biodiversity and ecosystems (SDG 15).
- The Customers and Suppliers category has been incorporated because these stakeholders are ranked as one of the most relevant stakeholders for SMEs and have a close and strategic relationship with both of them [22,46].
- The Community (social) category has been included on the basis that SMEs have a very tight connection with the context in which they operate and this fact induces a strong development of corporate sustainability-related actions [22,35].

In Lehi-ODS each of the issues addressed in the 4 categories are related to specific SDGs, as follows:

- The People (employees) category deals with SDGs 3, 5, 8, and 10;
- The Production Process category deals with SDGs 1, 12, 13, and 15;
- The Customers and Suppliers category deals with SDGs 8, 9, 10, 12, 15, and 16;
- and The Community (social) category deals with SDGs 4, 10, 11, and 16.

The SDGs are not closed compartments and should not be analyzed separately, many of them are intertwined and often go hand in hand, hence, upon contrast with the participating companies, we have selected for the study those SDGs that are most closely related to the characteristics and activities of the furniture industry and on which this sector could have a significant material impact and contribution. Five SDGs have not been incorporated to Lehi-ODS (SDGs 1, 2, 6, 14, and 17) due to their lack of direct material impact in the furniture industry, although these have been linked to other SDGs part of Lehi-ODS, as follows:

- SDGs 1 and 2 are included in SDG 10;
- SDGs 6 and 14 are included in SDG 12;
- and SDG 17 is included in all those SDGs in which alliances appear to contribute to the achievement of the UN 2030 Agenda.

In the process of assigning the SDGs to the different categories, the integration was done as a non-type relationship, that is, an SDG can be linked to different categories. For instance, SDG 10 (reduced inequalities) is assigned to the People, Customers and Suppliers, or Community categories. By doing this matching between the company's four functional areas and the selected SDGs, Lehi-ODS contributes to bridging the gap that SMEs from the furniture sector have in the applicability of the SDGs to their day-to-day operations, as the language of Lehi-ODS is adapted to the SMEs daily language and practical needs.

Lehi-ODS includes 52 closed-ended questions—40 multiple-choice and 12 single-choice option—addressing furniture industry-specific SMEs key material SDG-related issues. Taking into account the findings of the business organization-related experiences in SDG integration, the selection of the questions was done considering both relevance of material topics and ease of data collection for the SMEs. The materiality of the topics has been collected from both the internal survey undertaken with the companies in 2019 [63], as well as from the ongoing information provided by the companies in the SDG and Sustainability working group.

Additionally, with the intention of enabling the SMEs to start becoming acquainted with the GRI framework and its material issues, Lehi-ODS questionnaire has been linked to the GRI, which represents the most popular voluntary reporting guideline indicator framework of the sustainability reporting system [69]. GRI [70] topic specific standards are

used to report information on the company's impacts related to economic, environmental, and social dimensions.

3.3. Focus Group Analysis

Once a first draft of the questionnaire was elaborated, it needed to be revised and validated by the companies. A focus group was considered an appropriate method as this technique involves the use of in-depth group interviews in which participants are selected because they are a purposive sampling of a specific population and a facilitator asks them to respond to a set of questions [24,71]; hence, a thematic focus group was organized in July 2020 with six companies participating in the CMO. These were all manufacturing companies, four of them SMEs and the other two large companies, with different backgrounds in SDG practices. To gain an overarching view of the furniture sector, it was determined that companies with different SDG-approaches would enrich the discussion and add value to the outcomes of Lehi-ODS.

In order to review the structure of the draft questionnaire and determine if Lehi-ODS would fulfill the six criteria of an effective sustainability management tool, companies were interviewed on the following predetermined subjects:

- applicability and usability of the online tool developed;
- adequate length and time for completion of the questionnaire;
- proofreading of the questionnaire for language clarity;
- redundant or missing sustainability material issues in the questionnaire;
- clarity and usability of the assessment reports issued.

Main Outcomes:

The companies agree that Lehi-ODS raises a good opportunity to familiarize SMEs with the "SDG concept". It also takes into account the concerns and needs of the companies, addresses down-to-earth issues, uses an easy-to-understand language, and contains straightforward guidelines for its application.

As for the questionnaire, it is very intuitive, easy to fill in and companies' key material issues are addressed, leading to the evaluation of specific ideas to undertake practical initiatives to deliver the SDGs. It should be filled in by a senior manager with a holistic vision of the different functional areas of the company.

The companies propose to incorporate into the assessment report a comparative table with the results of the sector as a whole, as it may eventually become relevant for the companies to benchmark their performance on the SDGs against those of their peers. The length of some questions ought to be reduced to make the questionnaire more friendly and easy-to-read and, in some of the questions, the language used was not clear enough and it was requested that some concepts be modified and clarified.

One company suggests including a question on compliance and corruption (SGD 16), but in order to avoid adding additional topics the proposal is dismissed as this issue mainly affects large companies and MNCs, which is not the general case of this industry. Another company suggests including a question on the issue of reduction of plastic, both in the production process as well as the distribution process. A question on this topic has been included in relation to SDGs 12 and 14.

After the first focus group held with the six companies, a fine-tuning process of Lehi-ODS was undertaken and in November 2020 a second focus group (online format due to the COVID-19 restrictions) was organized with the same six companies to validate the final version of Lehi-ODS.

In February 2021, at the SDG and Sustainability working group, the final version of Lehi-ODS was launched to the rest of the companies so they could start assessing their own contributions to the SDGs and identifying initiatives to deliver them.

The questionnaire is included in the paper as Supplementary Materials.

4. Findings

Analysis of Results

As indicated before, in the process of constructing Lehi-ODS we have established that an effective sustainability management tool for SMEs usability needs to meet with the key criteria set by Johnson and Schaltegger [14], simplicity, practicality, adaptability, company tailored, locally focused, and group and network-oriented.

In order to test the results of the tool developed and verify its usability, we have compared Lehi-ODS with each of the six features of an effective sustainability management tool for SMEs [14]:

1. Simplicity/user-friendliness. Management tools must be simple and user-friendly [72], and they should include straightforward, simple, and clear guidelines for application and maintenance [45,73]. Lehi-ODS is constructed on a web-based platform, includes intuitive instructions for its application (a video-tutorial explains what the SDGs embrace, provides guidance step by step about the completion of Lehi-ODS and offers tips on how to make effective use of it, included as Supplementary Materials) [64], and contains only closed-ended questions to ease respondents' interaction. Thus, during the tool construction two focus groups were organized with six participating SMEs with different business profiles and approaches to the SDGs to doublecheck simplicity and usability of the tool developed, adequate length, proofreading of the terminology employed, and overall presentation form of Lehi-ODS, to make it as accessible as possible for the SMEs.
2. Practicality/cost-effective. The implementation of a management tool must fit within time, cost, and personnel constraints of SMEs [74]. Thus, sustainability management tools need more aggregate topics or indicators in response to a less complex structure of the SMEs [46]. In order to fit within the time constraint of the SMEs and their level of expertise on the SDGs, Lehi-ODS includes questionnaire: a short-version (less than 5 min for completion); and a long-version (approx. 25 min for completion). The short version aims to provide an introduction to the SDGs and give the company an overview of its alignment with them, while the long version offers the company deeper knowledge of their net contribution to the SDGs and that of their peers. Furthermore, as aforementioned, with the aim of making a hands-on and actionable management tool with a less complex structure for SME managers, Lehi-ODS has been structured in 4 different categories according to the key functional areas of the companies and which serve as a guide to walk them through the questionnaire. It is recommended that the tool be completed by a senior manager of the SME with a holistic view of the 4 key functional areas of the company. In terms of the investment for the SMEs, Lehi-ODS development has been financially supported by the Department of Economic Development of the Gipuzkoa Provincial Council of the Basque Country.
3. Adaptability/flexibility. Tools must be adaptable, flexible, and take into consideration the informal business characteristics of SMEs, allowing for some tolerance of informal cultures and management structures [72,74,75]. Furthermore, management tools also must consider the human factor, both during the implementation and continued management [18,76]. Lehi-ODS is an online self-evaluation tool adapted to the furniture SMEs circumstances in almost every business context, allowing each SME to advance on SDG management process at its own speed. The tool allows the SME to save the different versions of the questionnaires undertaken and to track the progress over time of the company in relation to its contribution to the SDGs. Thus, upon completion of the questionnaire, an analytical part is included and an assessment report and a table are automatically generated. Companies' SDG own alignment and with respect to that of their peers is categorized in descending levels in the assessment report, as follows:
 - Strongly Aligned level indicates the good performance of the SME for SDG contribution;

- Aligned level indicates that the SME is on the right track for SDG contribution; and misaligned level indicates that the SME needs to take proactive action for SDG contribution. The objective of this measurement scale is to avoid a one-sided view of the SDGs by disclosing only the positive contributions, but to try to build a balanced picture of the company's net contribution to the SDGs, which corresponds better with a holistic approach of sustainability management.
4. Company-tailored. Sustainability management tools should address the circumstances of each individual enterprise [72,77]. In this case, Lehi-ODS is aimed at specific-industry SMEs and it has been conceptualized taking into account the overall challenges of the furniture industry as a whole, not the individual sustainability needs of each of the companies of the CMO value chain. We understand that sustainability management does not entail a one-size-fits-all approach, and an industry-oriented online tool already encompasses the specific needs and sustainability concerns of each individual enterprise. Lehi-ODS has been created with companies clustered in the same region and in the same industry, whereby key specific circumstances of the SMEs are met. For future development, however, an open-ended section could be incorporated in a subsequent version of Lehi-ODS, in which the companies could include their very specific circumstances in SDG-related issues.
5. Locally focused. SMEs are heavily influenced by the local community and the social networks of their area of influence, hence SME-specific tools should consider the local circumstances, such as local ecosystems, local communities, and stakeholders [78,79]. Lehi-ODS is constructed aiming at furniture specific-industry SMEs ubicated in the geographically concentrated Basque region taking into account the local material issues and sustainability challenges affecting the SMEs. Furthermore, Lehi-ODS encourages SMEs to support local sustainable suppliers, take in employees from the region and collaborate with both the local community and with regional educational institutions. For example, one of the companies participating in the focus group has taken on a project to calculate the percentage of purchases sourced from local suppliers (SDG 10). As for the role of the stakeholders, their engagement is essential for companies to identify sustainability material issues, and to report in accordance to them. Companies which align reporting and communication with the SDGs speak in the same language as their stakeholders do [9,41], hence, industry-specific key stakeholders' sustainability concerns have been incorporated into Lehi-ODS. One of the companies participating in the focus group has decided to develop a transparent communication plan for both internal and external stakeholders (SDG 16).
6. Group and network-oriented. Management tools ought to encourage greater diffusion in SMEs by offering solutions to overcome the barriers they face when implementing sustainability management tools [4,39,78–80]. The cooperation of the participating SMEs in the process of constructing Lehi-ODS with the input of the SMEs to include their sustainability needs and concerns simplifies its implementation and usability, and the CMO becomes responsible for the commissioning and development of Lehi-ODS and its later dissemination among the participating SMEs. Thus, the assessment report provides the output by level of the industry as a whole, enabling the companies to benchmark their SDG contribution against that of their peers. Additionally, and aforementioned, the SMEs have participated in the selection of the SDGs to include in Lehi-ODS, which are most closely related to the characteristics and activities of the furniture industry and on which the industry could have a significant material impact. For instance, one of the companies participating in the focus group proposed to create a specific working group to reduce the consumption of sector-strategic raw materials and obtain them from sustainable and recycled sources (SDG 12).

Comparison with the 6 criteria for an effective sustainability management tool for SMEs [14] illustrates that the scope of Lehi-ODS meets with the criteria established by Johnson and Schaltegger.

Lehi-ODS places in the center of the project the sustainability concerns and needs of the SMEs, addresses key material sustainability management issues for the furniture industry, uses an easy-to-understand language, and contains straightforward guidelines for its correct application. The tool enables sustainability awareness and SDG dissemination in SMEs. Its development is an ongoing process based on the experiences and feedback to be provided by the SMEs.

5. Discussion and Conclusions

The key outcome resulting from the analysis we have undertaken throughout the paper is that a CMO is deemed to be a valuable agent in identifying common sector-specific challenges of corporate sustainability and in addressing collectively the question of contributing to the SDGs. In the paper we have discussed to what extent SMEs can be introduced to the SDGs through a cluster approach and how a CMO can support SMEs, through joint-action initiatives, in their transitions towards identifying sustainability-related objectives and in the adoption of hands-on and actionable management tools. As SMEs cannot pursue this goal individually, a cluster network model is recommended to promote sustainability development and disseminate the SDG framework in a specific industry, where the CMO plays a fundamental role in improving the overall awareness of social and environmental topics and promoting the diffusion of the SDG framework among the SMEs. Thus, we can also draw the conclusion that the CMO motivates participating SMEs to accomplish the objective of up taking the SDGs, to assess their own alignment with the SDGs, to share their sustainability management experiences and their best practices with those of their peers, and to increase the overall awareness of the UN 2030 Agenda among SMEs. All these small steps taken by the CMO in fostering the SDG framework dissemination among the SMEs and in working closely with them to identify cooperation opportunities in order to correctly deliver the SDGs will result in a big leap forward in corporate sustainability enhancement for the furniture industry.

To achieve this goal, an SDG and Sustainability working group has been established, an “SDG Engagement” section has been incorporated to Habic website, and Lehi-ODS, an online sustainability management tool for self-evaluation, has been constructed with the aim of fostering the diffusion of the SDGs among SMEs and integrating them in their everyday language and day-to-day business operations. With regard to its usability, we can conclude that Lehi-ODS can be considered a hands-on and actionable management tool for SDG dissemination in SMEs. The key output of Lehi-ODS is that we have developed the questionnaire hand-in-hand with the participating companies in the CMO and tested it in two focus groups, using easy-to-understand language and focusing on the cluster-based SMEs key material sustainability issues of the furniture industry. In this context, the role of the CMO becomes fundamental, as the CMO is responsible not only for the commissioning of Lehi-ODS, but also for its implementation and guidance along the way for its practical applicability to the SMEs. Thus, Lehi-ODS is a first step towards the subsequent development of the GRI standards sustainability reporting framework and a unified methodology to boost companies reporting on the SDGs in a comparable and effective way. As the SDGs and GRI standards are closely interrelated, a broader understanding of the SDG framework will result in a better and deeper comprehension of the GRI standards framework which would ease the later deployment of the sustainability reporting strategy in the furniture industry.

This easy-to-use tailor-made tool brings the SDGs down to the boardrooms of the SMEs enabling them to incorporate the SDGs into their day-to-day business operation and make their own contribution to the three dimensions of sustainability management. At the same time, Lehi-ODS can be used as a reference sustainability tool by other CMOs thanks to its easy-to-use web-based structure, action-concrete orientation, and low-level SDG implementation. Lehi-ODS will result of special interest for CMOs incorporating export and innovation-oriented manufacturing SMEs, with a clear approach to corporate sustainability.

Obviously, Lehi-ODS have some limitations drawn from the analysis of the case studied restricted to the furniture industry in the Basque region. The sample of the companies in the case study represent mostly manufacturing SMEs of the furniture specific industry in the Basque region. The online management tool should be empirically tested with a larger number of SMEs operating in other industries and in other geographical contexts to assess its global effectiveness and overall usability. An advancement for future research could also include a comparative analysis of the furniture industry-specific management Lehi-ODS tool developed side by side with a general-purpose sustainability management tool aimed at SMEs.

As previously indicated, most sustainability management tools are aimed at large corporations and are not being implemented by SMEs, so future research could be geared towards the verification of how Lehi-ODS is being used by the participating SMEs at the CMO to track their progress and contribution to the SDGs. Lehi-ODS represents an interesting starting point in sustainability management from a cluster network approach, but the final objective should be to develop an industry-oriented cluster sustainability reporting framework adapted to SMEs and based on the GRI standards framework.

This paper incorporates to the academic debate the cluster model approach in sustainability management and provides new insights to the existing literature on sustainability management applied in clusters. The online management tool for SDG evaluation aimed at SMEs and commissioned by the CMO can be considered a relevant contribution to the academic literature, which as of yet, it is mainly focused on describing the experiences of corporate sustainability management tools in large companies and not in SMEs. At the same time, from the perspective of the practitioners, this study will contribute to adding value through sustainability to the business sphere by facilitating the dissemination and integration of the SDGs in SMEs applying Lehi-ODS through CMO joint-action.

Supplementary Materials: Lehi-ODS questionnaire. The following are available online at <https://www.mdpi.com/article/10.3390/su13115939/s1>, Video-tutorial for Lehi-ODS guidance available on: <https://www.youtube.com/watch?v=BJtgWizv-MU&t=6s> (accessed on 15 February 2021).

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