

A methodological approach to assessment of environmental sustainability status of small and medium scale enterprises in Sri Lanka in meeting competitive challenges

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Abstract

Recent studies disclose that any business, in the light of recent global changes, is facing three competitive challenges. The three challenges are the sustainability challenge, the global challenge and technological challenge. One of the less attended sectors in recent literature is how businesses face the challenge posed by responsibilities of environmental management which comes under sustainability challenge. Meanwhile, one of the strategies of the developing economies to reduce trade balance is promoting export-oriented and import substituting Small and Medium Enterprises (SMEs). This venture requires careful study of potential strategies to be part of environmental conservation by SMEs. The research problem here is how to compare environmental performance of institutes with varying dimensions with environmental aspects of impact. The objective of this study was to construct a methodology able to compare readiness of SMEs in Sri Lanka to be a part of global environmental conservation initiatives. The study is based on extensive literature survey using thematic analysis methodology. Among various approaches, such as Eco-Management and Audit Schemes, Green Global 21 and Eco-Lighthouse, it is advantageous to compare environmental performance of any type and characteristics of institutions and firms with any level of environmental impact by multi-level grading system capturing all steps of the environmental management system cycle. The suggested methodology consists of six components representing various steps of the system. There is a varying number of sub-components in each component of environmental performance. These sub-components are graded according to the efforts required to reach expected level of performance: higher the grade, higher the resources required to establish the standard. The values of sub-components are added and divided by the number of sub-components resulting average for the component. These values are compared with the same with other institutions and firms. Finally, total value of all components shows the level of the particular institution's efforts required to meet appropriate standards. This approach has an advantage of worldwide acceptance facilitating international trade by harmonizing and provided a blueprint for sustainable development. The disadvantage is that the relative values dependent on the individual firms and institutions and therefore cannot be converted to monetary values.

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