

**Small and medium-sized enterprises and sustainable development: in the shadows of large lead firms in global value chains**

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***Abstract***

*The purpose of this paper is to shed light on the potential contribution of small and medium-sized enterprises (SMEs) to the Sustainable Development Goals (SDGs) and derive implications for policy makers based on the insights. Our findings indicate that despite their comparatively smaller size, SMEs can contribute significantly to the achievement of the SDGs. We conclude that both lead firms and policy makers need to take a more differentiated approach in their interactions with SMEs. Instead of universally regarding smaller firms as standard takers, lead firms and policy makers need to acknowledge that they can make a significant contribution to standard-setting and standard-adapting efforts. Consequently, SMEs need to be regarded as an important resource in multi-stakeholder initiatives regarding the SDGs.*

***Keywords***

sustainable development goals (SDGs); global value chains; small-and-medium-sized enterprises (SMEs); multinational enterprises (MNEs); responsible business; flexible pattern-matching

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## 1 Introduction

The purpose of this paper is to shed light on the potential contribution of small-and-medium-sized enterprises (SMEs) to the Sustainable Development Goals (SDGs). We are framing our study against the extant literature that emphasizes the contribution of multinational enterprises (MNEs) to the sustainable development agenda (cf. Buckley, Doh, & Benischke, 2017; George, Howard-Grenville, Joshi, & Tihanyi, 2016). By exploring the complexity of the interaction between the structural embeddedness of SMEs in global value chains (GVCs) and their agency (cf. Soundararajan, Jamali, & Spence, 2018), we seek to better understand the conditions under which the collaboration of SMEs with large firms, domestic or multinational, leads to meaningful SDG contributions beyond “SDG washing” (van Zanten & van Tulder, 2018). Thus, we propose to bring SMEs out of the shadows of MNEs and domestic large firms and examine how they fit into the sustainable development agenda.

The United Nations’ 17 SDGs and 169 targets represent the “the most important frame of the global development agenda until 2030” (van Zanten & van Tulder, 2018: 209). National governments now face the challenge of designing and implementing policy that considers this invisible agenda (ICSU, 2017). The SDGs embody a partnering-centered and opportunity-based framework (van Zanten & van Tulder, 2018: 209). Thus, it is not surprising that when the role of the private sector is discussed, the main focus rests on MNEs followed by large domestic firms, because of the extent of their resources and influence (Buckley et al., 2017; Scherer & Palazzo, 2011; Scherer, Rasche, Palazzo, & Spicer, 2016). Specifically, as lead firms in GVCs, they have the potential to drive and manage responsible practices within and outside their firm boundaries (cf. Gereffi & Lee, 2016; Sinkovics, Sinkovics, Hoque, & Czaban, 2015; van Tulder, 2018).

However, power and resources do not equal capability (cf. Wettstein, 2012) or effective action (cf. Sinkovics, Sinkovics, & Yamin, 2014). Van Zanten and van Tulder (2018) reported that MNEs are still more likely to assume a relatively narrow and passive role and tend to limit their SDG contributions to internally actionable SDG targets that mainly focus on avoiding harm. They concluded that while this is important, it is not sufficient if significant progress is to be made toward the SDGs by 2030 (van Zanten & van Tulder, 2018). Further, corporate social responsibility (CSR) standards, codes of conduct and other private governance measures can be used by MNEs to white/greenwash irresponsible behavior or non- or inadequate action (Sinkovics & Archie-Acheampong, 2020; Sinkovics, Sinkovics, & Archie-Acheampong, 2019b). As the term ‘SDG-washing’ suggests, the SDGs are not immune to being used to camouflage wrongdoing, inaction, or insufficient action (van Zanten & van Tulder, 2018).

Conversely, SMEs are often perceived in the academic literature as agile, innovative actors because of their local embeddedness and their need to compensate for resource constraints through social capital and alternative means of value creation (Sinkovics et al., 2015; Sinkovics et al., 2014). They are capable of successfully engaging in political CSR activities and implementing both formalized and improvised responsible practices (Soundararajan et al., 2018). Additionally, Soundararajan et al. (2018) posited that SMEs tend to be better bricoleurs; thus, they are better navigators of institutional voids than large firms. In fact, of the 14,605 Global Compact participants, 6,227 are SMEs and only 4,901 are large enterprises.<sup>1</sup> Nevertheless, in policy circles, the potential of SMEs as a source of valuable knowledge and hidden capability has not received sufficient attention (cf. United Nations Global Compact, 2015).

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<sup>1</sup> <https://www.unglobalcompact.org/what-is-gc/participants>, Accessed 30 June 2020

This contrast highlights that neither MNEs nor policy makers sufficiently rely on or leverage SMEs' understanding of the underlying issues when designing their interventions (Sinkovics, Hoque, & Sinkovics, 2016; Sinkovics et al., 2014). However, because SMEs are a significant source of employment across all economic sectors and geographical areas, their potential contribution to the SDGs should receive more attention (Kamal-Chaoui, 2017). To this end, we are responding to the call issued by Soundararajan et al. (2018) and aim to contribute to research on the interaction of the structural embeddedness of SMEs in GVCs and their agency, and how this shapes their contribution to the SDGs.

To capture the link between SMEs' agency and the contribution of their actions to the SDGs, we apply a simplified version of Sinkovics, Sinkovics and Archie-Acheampong's (2021) responsibility framework that maps the actions of a business in terms of their width and depth. The width dimension refers to an action's business model centrality, whereas the depth dimension examines the meaningfulness of the action. They propose that the more depth an action has, the more meaningful it is, and by extension, the greater its contribution toward one or several SDGs will be (Sinkovics et al., 2021).

Section 2 presents the conceptual underpinnings of the study. Subsequently, we provide a brief discussion of the study context and introduce the research design in the methods section. This is followed by the findings section. The paper concludes with a discussion of the contributions of the study, including policy implications and suggestions for future research.

## 2 Conceptual background

### 2.1 SMEs' structural embeddedness in GVCs and their potential impact on the achievement of the SDGs

The under-utilization of SMEs as a source of knowledge for designing more effective SDG strategies can be attributed to several factors, including misconceptions about SMEs' ability to contribute to the SDGs, search costs, management's ethical disposition, shareholder pressure to maximize profits, a lack of international visibility of the issues that SME partners address, and a wide range of other "hassle" factors (cf. Doh & Lucea, 2013; Frederiksen, 2010; Schotter & Beamish, 2013). Gereffi and Lee (2016) outlined six governance paths that can potentially lead to social upgrading. Social upgrading is concerned with improving worker rights and entitlements, as well as the quality of employment (Barrientos, Gereffi, & Rossi, 2011). Of these six paths, only one is concerned with the agency of local actors including firms, industry associations, and cooperatives (Gereffi & Lee, 2016).

While this path acknowledges that local actors can be as much standard setters as standard takers, the individual agency of SMEs is lumped together with the agency of other actors (Gereffi & Lee, 2016). Further, while social upgrading has implications for the wider community, it is predominantly focused on labor-related issues (cf. Giuliani & Macchi, 2014) that only capture a firm's contribution to some of the socially oriented SDGs. In contrast, Sinkovics et al. (2014) and Sinkovics et al. (2015) widened the scope of firms' potential contributions by focusing on social value creation, which is defined as addressing the root causes of issues that form the basis of development challenges. Although they demonstrated their arguments using the examples of social, economic, and human rights, the scope of this definition can be widened to the root causes of the issues underlying each SDG, including trade-offs between SDGs (cf. Nilsson, Griggs, & Visbeck, 2016).

Moreover, there is evidence that compliance with MNE-imposed CSR standards can produce significant negative unintended consequences and may destroy preexisting social value (Barrientos et al., 2011; Sinkovics et al., 2016). Soundararajan, Spence, and Rees (2016) found that the dependence of SMEs on large firms is not by itself a sufficient condition for compliance with standards and expectations. As a result of similar findings, Soundararajan et al. (2018) emphasized the need to further investigate how the interaction between SMEs' structural embeddedness and their agency shapes their responsible behavior.

Gereffi et al.'s (2005) five-value-chain governance types have been used extensively in the literature to examine the coordination efforts of lead firms in GVCs. The framework uses three variables to predict the type of governance a lead firm may adopt (Sinkovics & Sinkovics, 2019): (1) the complexity of information and knowledge required within a given transaction; (2) the degree to which this information and knowledge can be codified; and (3) the capabilities of a supplier to conduct these transactions (Gereffi, Humphrey, & Sturgeon, 2005). The resulting five ideal types are market, modular, relational, captive, and hierarchy. However, the ensuing degree of explicit coordination and control predominantly pertains to technical and quality standards (cf. Gereffi et al., 2005; Gereffi & Lee, 2016). Although there is a trend for MNEs to require their value-chain partners to adopt third-party sustainability and CSR certifications (Ponte, 2019), it is still conceivable that a lead firm may choose to exert tight control and coordination over an SME partner with respect to technical and quality standards, but not in regard to CSR and environmental standards.

As a consequence, for the purposes of this study, we propose a different typology, specifically focusing on how tightly lead firms control SMEs in their value chains with respect to their adoption of and adherence to environmental, labor, or other social responsibility standards. Figure 2 provides a graphical representation of the four categories.

According to our proposed categorization, independent SMEs do not experience buyer-imposed compliance pressures to meet social, labor, or environmental standards. Their lead firms, if they have any, tend to focus solely on quality standards. Therefore, these SMEs are highly independent in their decision-making in terms of how they do or do not create social value (cf. Sinkovics et al., 2014; Soundararajan et al., 2018), and by extension contribute to the SDGs. When SMEs are loosely governed by their lead firms, they experience considerable freedom in terms of which standards to follow and to what extent. In this category, lead firms rarely go beyond inquiring whether an SME is a signatory to any relevant third-party standard (cf. Jamali, Lund-Thomsen, & Jeppesen, 2015; Lund-Thomsen, 2019; Sinkovics et al., 2015; Soundararajan et al., 2018). SMEs that are moderately governed by their lead firms experience a higher degree of pressure to comply with more-specific requirements. Lead firms in this category tend to ask for more evidence of compliance than do lead firms in the previous category. However, SMEs still have “wriggle room” in terms of their actions (cf. Gereffi & Lee, 2016; Sinkovics & Archie-Acheampong, 2020; Sinkovics et al., 2016; Sinkovics & Sinkovics, 2019). SMEs that are tightly governed by their lead firms are required to perform a broader range of tasks, including due diligence reporting, evidence of attending and providing relevant training, and compliance with third-party standards. Lead firms in this category also frequently audit their SME partners (cf. Gereffi & Lee, 2016; Sinkovics & Archie-Acheampong, 2020; Sinkovics et al., 2016; Sinkovics & Sinkovics, 2019).

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*Insert Figure 1 and Figure 2 here*

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## **2.2 Responsible action enablers**

In addition to the strength of the lead firm’s governance that shapes SMEs’ “wriggle room” to design and implement interventions, there are several other factors that can foster or



hamper their responsible business action. There is evidence that SMEs are likely to facilitate cooperative responsible business behavior with their suppliers through trust-based relationships (Jenkins, 2004; Russo & Perrini, 2010) and by being locally embedded in the communities in which they operate (Del Baldo & Demartini, 2013). When there is co-location of SME buyers and suppliers—or at least a smaller distance to traverse—close communication is easier than it is from a larger distance (cf. Ponte & Sturgeon, 2014). Further, geographical proximity and a greater embeddedness in the region foster a stronger familiarity with the issues suppliers and other stakeholders contend with (cf. Lucea & Doh, 2012). In Gereffi's (2005) governance typology, geographical proximity, or at least frequent temporary co-location, is most relevant for relational governance because of the tacit nature of the knowledge exchange required for the transaction (cf. Ponte & Sturgeon, 2014). In contrast, when the focus is designing and implementing responsible action to meaningfully contribute to the SDGs, geographical proximity is expected to have a positive impact on firms' understanding of the social and environmental issues facing suppliers and other relevant local stakeholders (cf. Sinkovics et al., 2016; Sinkovics et al., 2015).

However, awareness and understanding of the local social and environmental issues is not sufficient. Two further factors act as enablers of responsible business action to address these issues, provided that the SME owner-manager is aware of the issue, understands it, and has sufficient "wriggle room" within the value-chain governance structure to act in a way they deem appropriate. These are the owner-manager's ethical disposition and the firm's resource availability. There is evidence that the ethical values of owner-managers are important in creating positive responsible business outcomes (Ciliberti, Pontrandolfo, & Scozzi, 2008; Fassin, 2008; Jenkins, 2006; Lepoutre & Heene, 2006). Cases in which there is no pressure from lead firms to comply with social or environmental standards, and the value system of the owner-manager also does not drive the business to tackle perceived social and

environmental issues, can lead to non-action or only superficial action (cf. Lund-Thomsen, Lindgreen, & Vanhamme, 2016; Soundararajan et al., 2018; Soundararajan et al., 2016).

Further, although in general SMEs face greater resource constraints than larger firms and that can curtail the extent of their ability to address social, labor, and environmental issues (cf. Lepoutre & Heene, 2006), there is evidence that when firms are embedded in a local community, they can design their business models such that the creation of social and environmental value is at the core of the business model (cf. Sinkovics et al., 2014).

However, it can be expected that the more geographically removed an SME is from its suppliers, the more effort and resources the design of meaningful responsible action will require.

### **2.3 Business model centrality of SME actions and the depth of their contribution to the SDGs**

Sinkovics et al. (2021) proposed a framework that can be used as a diagnostic tool to map the actions of firms along two dimensions: a width and depth dimension. The width dimension captures actions in relation to the firm's business model—specifically, whether they are related to the business model or peripheral to it. Each width dimension can also be mapped in terms of its depth. Sinkovics et al. (2021) proposed five depth categories ranging from delinquent action (i.e., purposefully inflicting harm) to advanced action (i.e., addressing root causes of a social or environmental issue). In this paper, we adopt a simplified version of the width and depth dimensions. Specifically, we reduce the width dimensions to three: collective action, individual action, and business model-related action. Further, we only focus on three depth dimensions: superficial action, symptom treatment, and root-cause treatment. We omit the delinquent and neutral depth categories for the purposes of this paper. This is because although theoretically relevant, firms in those categories are difficult to access in an

empirical setting. Figure 2 provides an overview and definition of each width and depth dimension.

### **3 Methods**

#### **3.1 Context: Agro-food sector**

The empirical part of this study stretches across four sectors within the larger agro-foods industry: shea butter, tea, coffee, and fruit and vegetables. We chose these four specific sectors because of how SMEs are structurally integrated into these GVCs. The ensuing variation in the way SMEs are governed by lead firms ensured that our sample contained representations of all four social and environmental governance types discussed in Section 2.1. These range from no coordination and control to tight coordination and control in terms of social, labor, and environmental compliance requirements.

The importance of the agro-food industry to the achievement of the SDGs (Randers et al., 2018; UN, 2019), as well as its characteristics, make it particularly suitable as an empirical context. Specifically, it is global in its reach and is largely characterized by low-skill, labor-intensive production in developing countries (Barrientos et al., 2011; Lee, Gereffi, & Beauvais, 2012). Thus, despite their centrality to food supply-chain resilience, producers are often in a vulnerable position in developing countries. In recognition of this vulnerability, the Food and Agriculture Organization of the United Nations outlined five principles with the aim of transforming the sector into a system capable of harmonizing social, economic, and environmental goals (FAO, 2018). These five principles are “1) Increase productivity, employment and value addition in food systems; 2) Protect and enhance natural resources; 3) Improve livelihoods and foster inclusive economic growth; 4) Enhance the resilience of people, communities and ecosystems; 5) Adapt governance to new challenges” (FAO, 2018: 8).

However, the first four principles need to be facilitated and guided by the fifth principle. In other words, the right combination of private- and public-sector interventions needs to be identified, and accompanied by “accountability, equity, transparency and the rule of law”.<sup>2</sup> To this end, our investigation of the implications of different social and environmental governance structures for the SDGs seeks to reveal areas in which such adaptation is necessary.

### **3.2 Research design and sample selection**

This paper employs an exploratory case study design with a flexible pattern-matching logic (Sinkovics, 2018). The pattern-matching method is useful for comparing preliminary theoretical patterns with observed patterns that emerge from the data. Sinkovics (2018) differentiated between three categories of pattern matching: partial, flexible, and full pattern matching. We chose flexible pattern matching because it is well suited for exploratory studies that aim to theorize. Conversely, full pattern matching focuses on explanation building when the operationalization of theoretical patterns is fixed and not changeable during the data analysis. Flexible pattern matching allows the refinement of initial analytical dimensions and the addition of new dimensions that emerge from the data. The initial pattern-matching framework is included in Table 1. The initial theoretical patterns were derived from the literature and will be defined briefly in Section 3.3. The purpose of this initial pattern-matching framework was to aid our data analysis in NVivo (cf. King, 1998; Sinkovics, 2018).

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*Insert Table 1 here*

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Given the exploratory nature of our study, we applied a theoretical sampling method (Gehman et al., 2018). We aimed to identify and access firms that fit each of the four

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<sup>2</sup> <http://www.fao.org/sustainability/background/en/>

governance categories outlined in Section 2.1 and Figure 1. A further selection criterion was that they identify as firms that performed some responsible business activities. We began our initial search in the FAME database. We searched for UK-based SMEs belonging to the four sectors of interest within the broader agro-food industry. However, the search results only provided a starting point because it was not possible to narrow the results to fit our needs within the database. Therefore, we also relied on the snowballing technique to identify and gain access to additional suitable SMEs.

We generally drew on the widely accepted categorization of SMEs that applies a cut-off point of 250 employees. However, as often discussed in the policy domain, this cut-off point is arbitrary; this is also demonstrated by the variation in cut-off points across countries (Ayyagari, Beck, & Demircuc-Kunt, 2007). Therefore, we also considered how owner-managers or directors themselves viewed their business's size. For example, although one of our case firms has 307 employees, the owner-manager still considered the business an SME. We conducted interviews with directors and senior managers across 22 SMEs. Additionally, we collected sustainability/CSR reports and other secondary data to triangulate information provided during the interviews and situate responses in the respective context. Table 2 provides an overview of the case firms.

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*Insert Table 2 here*

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### **3.3 Theoretical patterns used to guide the data analysis**

Our initial pattern-matching framework outlines five main theoretical dimensions that guided our data analysis (see Table 1). The four social and environmental governance modes were outlined in Section 2.1: independent SMEs, loosely governed SMEs, moderately governed SMES, and tightly governed SMEs. Following Sinkovics et al. (2021), the depth of SMEs' actions was deemed important to explore because it represents the meaningfulness of

those actions (discussed in Section 2.3). Actions directed at the root causes of the issues that underlie an SDG can be expected to be the most meaningful, followed by actions directed at the symptoms of issues (cf. Sinkovics et al., 2016; Sinkovics et al., 2015; Sinkovics et al., 2014). We categorized the least meaningful actions as superficial. These are actions that can be classified as white-, green-, or SDG-washing (cf. Sinkovics & Archie-Acheampong, 2020; Sinkovics et al., 2019b; van Zanten & van Tulder, 2018). An activity's centrality to the firm's business model differentiates between activities that are part of a firm's business model and those, such as individual or collective action, on the periphery (cf. Aguinis & Glavas, 2013; Bocken, de Pauw, Bakker, & van der Grinten, 2016; Sinkovics et al., 2021; Sinkovics et al., 2014; UN, 2019). Further, we searched for evidence in terms of contributions to the 17 SDGs and the corresponding targets. Last, we sought three control dimensions that we termed "responsible action enablers" (discussed in Section 2.2). These encompass the geographical distance between the SME and the producers they are in business with, the extent of resource availability within the SME, and the ethical disposition of the SME owner-manager (cf. Soundararajan et al., 2018).

### **3.4 Interview guide and material**

An interview guide was used, drawing on three key objectives, to: (1) map the GVC and clearly locate the position of the SME; (2) identify the responsible business activities of the SME and evaluate its contribution to the SDGs; and (3) determine how top-down compliance pressures or the lack thereof influence the SMEs' actions (see Appendix 1). The interviews were semi-structured, ensuring respondents' ability to give an accurate account of reality, uninfluenced by leading or fixed questions. Further, considering the complex nature of how responsible business behavior is understood and implemented, the inclusion of open-ended questions provided a space for gathering data on responsible business activities. To determine how tightly governed SMEs are in the respective value chains in terms of social and

environmental contributions, targeted questions sought to understand the requirements buyers placed on SMEs. We further sought to understand the level of coordination and control SMEs experienced from their lead firms. Data from the interviews and company reports were subsequently analyzed in NVivo, qualitative data analysis software (Sinkovics & Alfoldi, 2012; Sinkovics, Penz, & Ghauri, 2008).

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*Insert Tables 3, 4, and 5 here*

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## **4 Findings**

The observed patterns from our data analysis (see Appendix 2) convey an interesting story (see Tables 3–5). The tight governance of SMEs in our sample seems to have produced the most superficial action and the fewest symptom and root-cause treatments when compared with the other three categories (see Table 3). In contrast, independent SMEs and loosely governed SMEs exhibited the fewest superficial actions out of the total number of identified actions across all categories. Their efforts to directly address root causes and significant symptoms are facilitated by frequent co-location or, in cases in which that is not possible because of geographical distance, by building strong relationships with producers. For example, the director of firm AK stated:

*When you take full ownership of the supply chain, this batch of shea butter, I know who made it, I can even tell you the shea nut. I can go to the field in Ghana and I can tell you the tree they were collecting from to make this batch and the women who collected it. And that's where we add value; not many companies can do that.*

Further, some owner-managers in these two categories, independent and loosely governed, had had personal experiences in the sector that made them more aware of the challenges of producers. For example, the decision of one of the owner-managers to establish a cooperative for female shea butter producers was inspired by her own experience growing up in poverty in a farming community in Ghana:

*I come from a farming background. My paternal grandmother, she was a cocoa farmer and I grew up in poverty and so if you have an opportunity to be able to help, then why not... and because I have made shea butter my main source of income, so to speak, I thought, why not help them? (Director, SH)*

In terms of directly addressing the root causes of wicked problems, moderately governed SMEs led the count within our sample. However, a closer examination of the data revealed that the actions targeted at root causes were performed above and beyond lead-firm requirements. Examples include the use of electric vehicles to reduce carbon emissions, the creation of charity foundations targeted at alleviating poverty or promoting the health and well-being of marginalized groups, and engagement in collective action to promote best practice. Three of the five identified actions were not central to the SMEs' business models; they were the results of individual and collective action. Further, the sustainability director of firm BW highlighted that compliance and audits were most helpful when participating in a tender:

*The certifications give us a level of reassurance of internal audit reliability and we do our own audits of some suppliers but we wouldn't be able to get around [them] all, so it does work well in terms of impact upon the producers. A lot of this is done on paper, when you are doing tenders; there will be a slot to upload your modern slavery policy or policy that ensures there is no child labor. At the moment, there are a lot of tick box exercises, which I think is a good thing as it wasn't there five years ago. I think we are moving in the right direction, but I haven't heard anything or people coming to me to scratch further than that.*

However, despite the degree of traceability a certification scheme enables, the interviewee indicated that this does not guarantee that all issues are discoverable during an audit. The interviewee also explained what suppliers really need:

*We cannot underestimate the importance of long-term relationships. Yes, these certifications are great and they have value, but producers want buyers who will keep buying year after year after year and the only way you can guarantee this is by working with producers to work out what they need and what the opportunities are. So, if it is working with producers to help them adapt and mitigate the effects of climate change. If you know you are going to buy coffee from them the next ten years, then you might as well invest in them and it might not be cash investment but it might just be writing on the line and saying we will buy from you for the foreseeable future. (Sustainability Director, BW)*



Long-term commitment and the development of a good working relationship reduces the vulnerability of producers. Similarly, the CSR manager at firm MA explained that although their firm had adopted the Sedex certification as a prerequisite to supplying its specific customers, its responsible business behavior was an outcome of its own independent decisions, rather than what the lead firms or standards required of them. When asked about the effectiveness of the standards they adhered to, the interviewee asserted:

*I do think it is quite difficult for the audits to pick up on everything, especially when you are working with smallholders who are a part of a big co-operative. So Sedex, we use it purely for specific customers that ask it of us. I don't think it has a big impact on us, to be honest ... on how we do things. It is something we have to do to keep customers happy. ... I think the ISO14001 is a tricky one, actually we tend to have it because it's an easy way to communicate what we are doing everywhere, and from my experiences of standards it's mostly to do with how you document what you are doing, rather than the impact you are having, so to be honest I have mixed feelings about it. (CSR Manager, MA)*

SMEs in the tightly governed group also identified the limitations of standards and certifications. One interviewee in this group explained that suppliers were required to complete self-assessment questionnaires, making them open to interpretation and potentially produce unreliable data. This questions the credibility of certain risk ratings. To overcome this, MK uses audits to corroborate self-assessment findings. This entails sending representatives of the firm or those from third-party auditing bodies to the farms of producers. However, when asked whether all sites were audited, the respondent explained:

*No, they wouldn't and again we don't visit every site every year, we don't have the budget to do that, but when we do go around conducting audits, we will get a good feel of how that site is run and operated. Some of these businesses we have known for years. (Technical Director, MK)*

The interviewee further explained:

*Quite often audit burden and audit fatigue are things you hear quite regularly through our supply chains. Some Dutch producers now charge for you to come and do an audit on their site. Because they have so many customers and each of them needs to do a different audit and it takes a huge amount of time and, well, they say I'm sorry, if you want to come and audit me for two days it's 1,000 Euros please. (Technical Director, MK)*

As highlighted in the evidence gained from the moderately integrated SMEs, this response shows that while audits may improve responsible business behavior by providing an avenue through which employees from supplier firms can communicate their concerns, audits can be ineffective at preventing worker exploitation and modern slavery. This is not only because of the nature of audits themselves, but also because of the complexity of the issues they seek to address:

*You can't always spot exploitation by doing an audit once a year or once every two years ... but that's not the fault of the SMETA audit. I think it's the nature of the crimes that are being committed and not always to the knowledge of the grower or the producer. And I think there are numerous examples in the UK as there are anywhere in the world. (Technical Director, MK)*

This issue is also apparent in firm AG, which supplies large discount retailers with fresh produce sourced from across Europe and Northern Africa. To supply its retail buyer, AG is required to sign up to a system called Muddy Boots. This is a system in which growers across the world are identified as meeting certain labor standards, and therefore, are recognized as approved suppliers. However, despite this system, the interviewee highlighted the possibility of labor violations occurring in their firm's value chain, and the difficulty of preventing them:

*The problem you've got is it's very difficult to go across to someone's culture. What do you do? (Director, AG)*

AG specifically follows the Sedex audit methodology, in compliance with its buyer's requirements. However, imposing labor practices in contexts in which they are culturally incompatible with local norms limits the overall effectiveness of standards and their audit regimes. This impedes the potential contributions to advancing decent work and economic growth. When the director of RG was asked about how they ensured compliance in their suppliers, he argued:

*That's not our responsibility; that is the responsibility of the certifications. We are looking at the live information, from every container we import. Everyone has a live passport so that tells us what field it has been grown in, what are the proposed pesticides, what was actually used ... and hopefully you've got a few MRL testing along*

*the way. It's not our responsibility to make sure they are doing Grasp correctly; it is our responsibility to do a check.*

The interviewee further pointed out:

*A lot of this is being driven by big retailers and their social responsibility side. ... I think the biggest issue is that not everyone is adopting them. Instead of it being a retail-driven thing and retailers doing it just to look good, I think if it was more of a governmental thing, [where they] said everything that is sold has to have a certain level of accreditation, then it [would] make it a fairer playing field. (Director, RG)*

Firm LM, a supplier of fruit to large retail buyers in the United Kingdom, adopts a range of private-led company certifications in compliance with the requirements placed upon it by its buyers. When asked about the overall impact of the standards on the firm, the interviewee described the limitations of audits imposed by retailers:

*There are certainly some effects in helping you to think about social standards. On the other hand, they can have some negative effects because audits are quite expensive. I think last year we had to spend about £35,000 on ethical audits and sometimes that pushes you along a path where you stop doing the good things you are doing with the community because it is not an audit point, and you leave the money you would have spent on repainting schools or something like that, and you take this money and you spend it instead on audits, so it's a balance. (Technical Director, Case LM)*

Moreover, when standards do not consider contextual factors, the firm can face resistance from local actors. Yet, if they are subject to tight governance from their lead firm, this does not leave room for consideration of these local factors:

*The SMETA requirement was to have a maximum of 60 hours in a working week, which we had some problems with, particularly with some of the trade unions in Morocco because the workers wanted to work more than 60 hours a week, because it is a short season, possibly six months, so they want to earn enough money in those six months so that, when they are not working, they can take it easy. They want to do as many hours as possible during the season and that is obviously at odds with the customer's requirement of a 60-hour week. But we had to reduce it... I find, with retailers, it doesn't matter. They want you to follow their corporate culture no matter what the local culture is. (Technical Director, LM)*

In this tightly governed group, when firms addressed the root causes, these were mainly related to the environment; the motivation behind this was linked to their internal risk mitigation. In contrast to the moderately governed SMEs, they did not seem to have room to

maneuver, nor the capacity to even out the shortcomings of the standards. This can partly be explained by the inflexibility of lead firms regarding finding alternative solutions that would work locally. Another partial explanation seems to be the perceived psychic distance vis-à-vis the home country of the producers (cf. O'Grady & Lane, 1996). Last, the focus on internal risk mitigation and the fulfillment of lead-firm requirements also seems to have shifted the way owner-managers think about their accountability and responsibility (cf. Kamuf, 2007; McKernan & McPhail, 2012).

Next, we examined the range of SDGs to which the identified actions across all categories contributed (see Table 4). Moderately governed SMEs covered a wider range of SDGs than did SMEs in other categories. Interestingly, independent SMEs covered the smallest range of SDGs. Nevertheless, their efforts were targeted at root causes and significant symptoms. In contrast, tightly governed SMEs covered a broader range of SDGs, yet most of these actions were superficial in nature. Overall, SDG 8, followed by SDGs 2, 12, and 1, received the most contributions from firms in our sample. Part of the reason for this pertains to the interconnection of these Goals. Decent work often includes a fairer remuneration that has implications for reducing poverty and hunger. However, superficial actions will not catalyze the possible synergies between the Goals (cf. Nilsson et al., 2016).

In terms of the awareness of SMEs of the existence of the SDGs, moderately and tightly governed SMEs had a greater awareness. Conversely, independent, and loosely governed SMEs were less aware. Nevertheless, SMEs' awareness did not directly translate into actual meaningful contributions, defined as the treatment of root causes or significant symptoms (cf. Sinkovics et al., 2015).

In terms of the business model centrality of the identified actions (see Table 5), most were tied to the business model of the SME. Interestingly, independent and loosely governed SMEs in our sample did not engage in collective action. These two categories also

demonstrated the least amount of individual action. In contrast, moderately governed SMEs engaged in the highest amount of individual action and one of the sample firms in this category also engaged in meaningful collective action. However, this can be explained by their effort to supplement the insufficient impact of compliance with standards. Last, while one of the tightly governed SMEs also participated in collective action, it was merely superficial.

## **5 Policy implications**

Notwithstanding the limitations ensuing from the small sample size and the exploratory nature of our study, the findings provide several policy implications. Our findings suggest that SMEs that have strong relationships with their producers as a result of low psychic and/or geographical distance have a sound understanding of the real needs of these producers and the contextual factors that diminish the impact of standards. Policy makers need to create mechanisms that allow identification of these pockets of excellence and facilitate knowledge exchange and more dialogue between the various GVC actors (cf. Gereffi & Lee, 2016; Sinkovics et al., 2016). This would align with the recommendations of the Food and Agriculture Organization of the United Nations (FAO, 2014). Yet, as the insights from our cases demonstrate, the knowledge flow between SMEs and their lead firms is frequently blocked. In addition, policy makers may also launch initiatives to help reduce the psychic distance between the SMEs and their producers located in a culturally distant country (cf. Sousa & Bradley, 2006). Drawing on the expertise of migrant and transnational entrepreneur networks with ties in the respective host countries can offer an effective starting point (cf. Kahiya, 2020; Kurt, Sinkovics, Sinkovics, & Yamin, 2020).

Further, in the context of technology-intensive industries, temporary co-location and knowledge connectivity are shown to enhance innovation (cf. Cano-Kollmann, Cantwell,

Hannigan, Mudambi, & Song, 2016; Cano-Kollmann, Hannigan, & Mudambi, 2018; Hannigan, Cano-Kollmann, & Mudambi, 2015). However, in labor-intensive industries in which product specifications can be easily codified and lead firms have significant power over their SME suppliers or intermediaries, there is little incentive for co-location and the development of a more relational governance (cf. Ponte & Sturgeon, 2014). Similarly, lead firms often rely on social and environmental standards to reduce coordination costs. Our findings echo and reinforce the findings of many previous studies—that standards and audits alone are not sufficient to effectuate meaningful change. Further, in certain contexts, they may even do harm through triggering unintended consequences (Sinkovics et al., 2016).

Therefore, policy makers need to encourage lead firms to complement standards with capacity-building efforts. However, both lead firms and policy makers need to acknowledge that capacity-building can and should go both ways. While MNEs and government bodies can assist SMEs and producers with technical skill and capability development, SMEs will have more experience with and knowledge of on-the-ground implementation and the challenges thereof. Therefore, policy makers need to set incentives for MNEs to maintain meaningful dialogues with SMEs so that double-loop learning can occur (Argyris, 1976; Argyris & Schön, 2003). In other words, policy makers can foster knowledge connectivity between SMEs and their lead firms and direct innovation efforts toward achieving the SDGs. Science and technology can be used to find alternatives to physical co-location, when this is not possible (cf. Sinkovics, Choksy, Sinkovics, & Mudambi, 2019a).

Our findings also suggest that the proliferation and multiplicity of standards poses a problem, not just because of variations in what they require of firms that adopt these standards, but also because of the ensuing audit fatigue—and high cost—at the supplier end. Fransen, Kolk, and Rivera-Santos (2019) identified a trend and a countertrend with respect to standards. Although in some sectors the proliferation of standards is ongoing, in other sectors

there is an observable countertrend to shift from standards altogether and focus on capability-building initiatives instead. This seems to be an attempt to correct the widely criticized shortcomings of standards. Based on our findings, we propose a middle ground. We advocate an international harmonization of standards driven by governments to reduce their multiplicity and foster their adoption. Simultaneously, to enhance their effectiveness, standards need to be able to capture the width and depth of actions (Sinkovics et al., 2021). Additionally, the implementation of standards needs to allow for some flexibility in local adaptation and require capacity-building by drawing on public–private partnerships. Such an approach would ensure greater connectivity between top-down and bottom-up initiatives.

Further, we also advocate that policy makers extend capacity-building efforts to the education system (cf. Thurik, 2009). Building awareness of the SDGs and underlying issues at a young age and incrementally equipping students with relevant skills to tackle at least part of these issues will create a different mindset in future generations of consumers, entrepreneurs, and professionals. University education also needs to accord more attention to topics such as modern slavery and other social and environmental issues present throughout the value chain (Cooke, DuBois, Sawant, Sprott, & Treviño, 2020).

## **6 Conclusions**

This paper sought to shed light on the potential contribution of SMEs to the SDGs and derive implications for policy makers based on insights from interviews in the agro-food industry. Our findings indicate that despite their comparatively smaller size, SMEs can indeed contribute significantly to achieving the SDGs. Further, our results echo the conclusions of prior studies—that tight governance without dialogue and room for local adaptation can have detrimental unintended consequences in terms of sustainable development outcomes (e.g. Sinkovics et al., 2016). Moreover, despite compliance with lead-

firm-imposed standards, SMEs in the tight governance category displayed the highest number of superficial actions toward the Goals. SMEs in the other categories, with more freedom and capacity to decide how they defined their responsibility, engaged in actions that are more meaningful. These findings have clear policy implications. Both lead firms and policy makers need to take a more differentiated approach in their interaction with SMEs. Instead of universally regarding smaller firms as standard takers, lead firms and policy makers need to acknowledge that they can make a significant contribution to standard-setting and standard-adapting efforts (cf. Gereffi & Lee, 2016; Sinkovics et al., 2014). Therefore, SMEs need to be regarded as an important resource in multi-stakeholder initiatives toward meeting the Goals. Given our small sample size and the exploratory nature of our study, future research will need to embark on larger-scale explorations. Further, future studies may also launch deeper investigations into the strength of social and environmental governance and how this relates to or interacts with Gereffi's (2005) five governance types.



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## 8 Author biographies

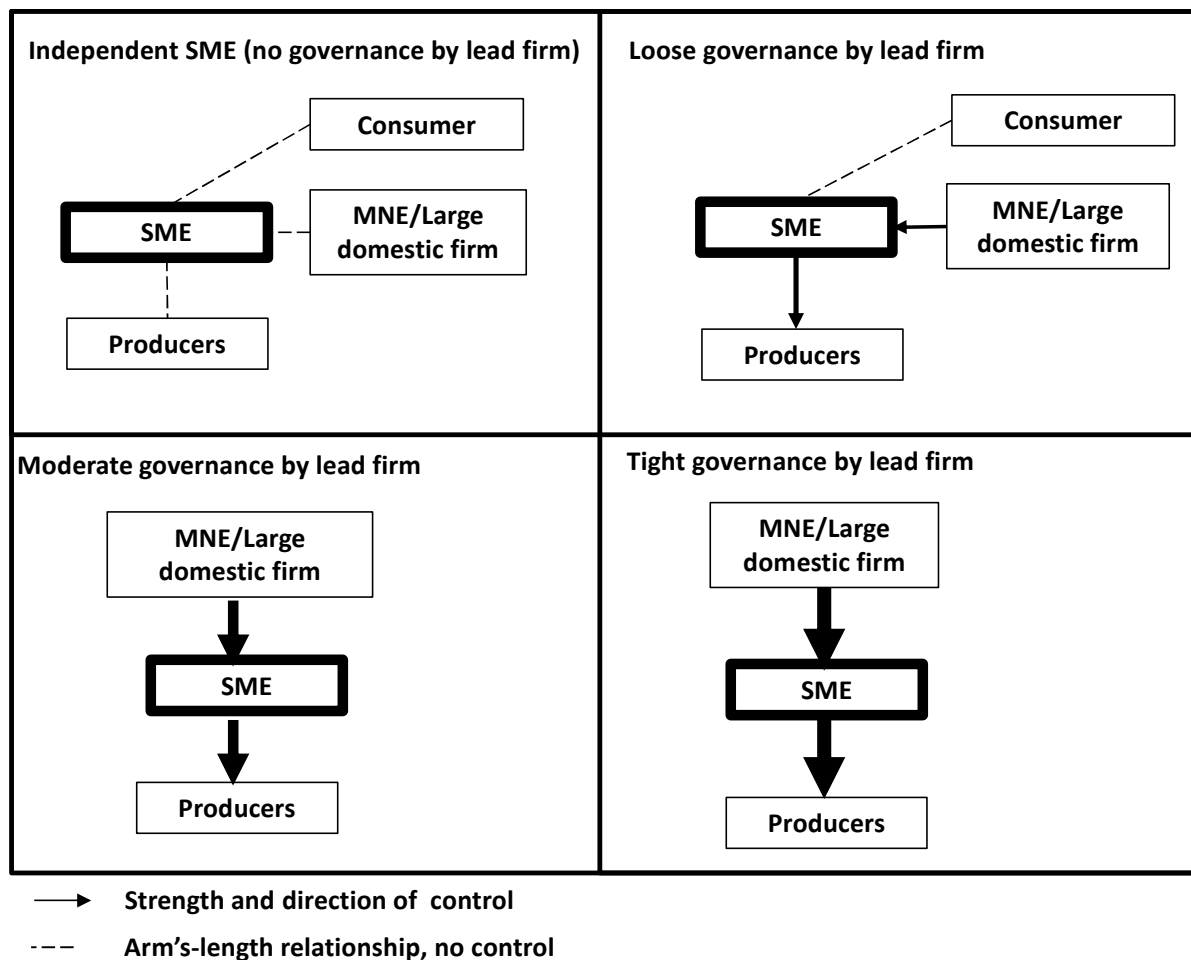
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9 Figures and tables

Figure 1: Strength of lead firm’s social and environmental governance



Source: Authors.

**Figure 2 Width of SME actions and depth of their contribution to the SDGs**

		Width dimension of responsible action		
		Collective action	Individual action	Business model-related action
Depth dimension of responsible action	Superficial	The firm forms a partnership or joins a network in which membership does not result in positive contributions to any SDGs. The purpose of the partnership or membership is to tick a box or SDG-washing.	The firm makes an ad-hoc donation to a charity or another cause.	The firm implements operational practices and procedures in response to compliance pressures; actions do not result in positive contributions to the SDGs and/or the firm responds to pressures by offering a product/service that reduces a previously negative impact but it still causes harm.
	Symptom treatment	The firm has an active participatory role within a network or partnership that aims to mitigate the negative social or environmental effects of issues underlying the SDGs.	The firm regularly engages in philanthropic giving to mitigate the negative social or environmental effects of issues underlying the SDGs.	The firm implements practices and procedures that minimize the negative effects of social or environment problems underlying the SDGs within its operations and/or the firm offers a product or service designed to minimize the negative effects of a social or environmental issue underlying the SDGs.
	Root-cause treatment	The firm takes a leadership role within a network or partnership to address the root causes of issues underlying the SDGs and to drive industry change.	The firm establishes a philanthropic initiative or donates on a long-term basis to a project or projects that aim to address the root causes of issues underlying the SDGs.	The firm adapts its operations to address the root causes of problems underlying the SDGs and/or offers a product or a service that provides a long-term solution to tackling the root cause of a issues underlying the SDGs.

Source: Adapted from Sinkovics et al. (2021).



**Table 1: Initial flexible pattern-matching template to guide the data analysis**

Expected theoretical pattern	Reference	Implication for data analysis
Lead-firm governance mode/structural embeddedness (social, environmental, labor) <ul style="list-style-type: none"> <li>• none (independent SMEs)</li> <li>• loose</li> <li>• moderate</li> <li>• tight.</li> </ul>	(cf. Gereffi & Lee, 2016; Lund-Thomsen, 2019; Sinkovics & Archie-Acheampong, 2020; Sinkovics et al., 2016; Sinkovics & Sinkovics, 2019; Sinkovics et al., 2019b; Sinkovics et al., 2015; Sinkovics et al., 2014).	To be matched to observed patterns in the data.
Responsible action enablers (control dimensions) <ul style="list-style-type: none"> <li>• geographical distance of SME from producers</li> <li>• resource availability</li> <li>• ethical disposition of owners/managers.</li> </ul>	(cf. Lucea & Doh, 2012; Maon, Lindgreen, & Swaen, 2010; Ponte & Sturgeon, 2014; Soundararajan et al., 2018).	To be matched to observed patterns in the data.
Depth of SME's action <ul style="list-style-type: none"> <li>• superficial</li> <li>• symptom treatment</li> <li>• root-cause treatment.</li> </ul>	(cf. Sinkovics et al., 2016; Sinkovics et al., 2015; Sinkovics et al., 2014).	To be matched to observed patterns in the data.
Activity's centrality to SME's business model <ul style="list-style-type: none"> <li>• related to business model</li> <li>• individual action outside of business model (philanthropy, altruism)</li> <li>• collective action outside of business model.</li> </ul>	(cf. Aguinis & Glavas, 2013; Bocken et al., 2016; Sinkovics et al., 2014; UN, 2019).	To be matched to observed patterns in the data.
SDGs and targets.	<a href="https://sdgs.un.org/goals">https://sdgs.un.org/goals</a>	To be matched to observed patterns in the data.

Source: Compiled by the authors based on existing studies.

**Table 2: Case overview**

Case	Sector	No. of employees	Turnover (mil.)	Degree of integration	Buyer/lead firm	Geographical location of producer	Social/labor environment standards
SH	Shea nuts	3	0.015	Indep	Consumer via third-party website	gha	NGO certification (Soil Association)
AN	Coffee	14	0.041	Indep	Consumer via third-party website	bol	N/A
NA	Fruit/veg	218	21.7	Indep	Consumer via third-party website	ita	NA Sourcing (own standard)
NB	Tea	1	0.017	Indep	Consumer via third-party website	ind, chn	N/A
AK	Shea nuts	4	0.096	Loose	Large domestic	gha	NGO certification (Fairtrade)
CV	Coffee	146	20.3	Loose	Large domestic	col, slv, ecu	NGO certification (B certified)
DR	Coffee	18	37.6	Loose	Large domestic	ecu, per, gtm	NGO certification (Fairtrade, Rainforest, Organic)
UR	Coffee	50	12.5	Loose	Large domestic	bra, col, per, gtm, bdi	UD Trade (own standard)
JF	Fruit/veg	43	10	Loose	Large domestic	cri, gtm, civ, gha	NGO certification (Fairtrade—rainforest) Global GAP
JC	Fruit/veg	22	0.030	Loose	Large domestic	gtm, zaf, chn	Company (Industry) Global GAP
GG	Seeds/grains	8	15.5	Mod	MNE/large domestic	usa, chn, ind	Government/company (Sedex, BRC, GFSI)
SP	Fruit/veg	5	0.171	Mod	Large domestic	fra, deu, nld	Government, NGO certification (Fairtrade, Red Tractor)
BW	Coffee/tea	144	32.5	Mod	MNE/large domestic	nic, slv, ken	NGO Certification (Fairtrade)
JG	Fruit/veg	76	58.8	Mod	MNE/large domestic	tur, chl, zaf, ind	Company (Industry) BRC, FPC
MA	Coffee	234	41	Mod	MNE/large domestic	per, hnd, eth, idn	NGO certification, Company (Industry) (10S14001, Sedex, Organic, Fairtrade, Rainforest Alliance)
LM	Fruit/veg	7	18	Tight	Large domestic	mar	Company (Industry Company led) SMETA, GRASP Walmart Food Security Ethical Audit SAI, FSA

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GF	Fruit/veg	65	305	Tight	MNE/large domestic	gbr, esp, prt, pol	Company (Industry led) Soil Association, Tesco Nuture, BRC, Sedex, Red Tractor, 10S 14001)
MK	Fruit/veg	307	268	Tight	MNE/large domestic	zaf, chl, chn, ind, mar, egypt	Government / Company (Industry & Company led) BRC, Global Gap, Sedex, GSCOP, SIZA
AG	Fruit/veg	7	1.2	Tight	MNE/large domestic	gbr, prt, esp, egypt, zaf	Government / Company (Industry & Company led) Sedex, Global Gap
RH	Fruit/veg	50	167	Tight	MNE/large domestic	chl, grc, ind, fra	Government / Company (Industry & Company led) 10S 14001, ETI base code, FPC guidelines
JM	Fruit/veg	112	30	Tight	Large domestic	tur, bra	Company (Industry) BRC, Sedex
RG	Fruit/veg	22	35.6	Tight	MNE, large domestic	esp, prt, usa, zaf, chl, egypt	Company (Industry & Company led) Tesco nurture, M&S field to fork, BRC, Grasp, IFS

*Note: Degree of integration: Indep = independent, Mod = moderate, ISO 3166-alpha3 country codes: bol = Bolivia, bra = Brazil, bdi = Burundi, cri = Costa Rica, civ = Côte d'Ivoire, chl = chile, chn = China, col = Colombia, deu = Germany, ecu = Ecuador, egypt = Egypt, esp = Spain, fra = France, gbr = United Kingdom, gha = Ghana, gtm = Guatemala, grc = Greece, hnd = Honduras, idn = Indonesia, ita = Italy, ind = India, eth = Ethiopia, ken = Kenya, mar = Morocco, nic = Nicaragua, nld = The Netherlands, per = Peru, pol = Poland, prt = Portugal, slv = El Salvador, tur = Turkey, uga = Uganda, usa = United States, zaf = South Africa.*

**Table 3: Observed main patterns: Meaningfulness of action**

Type of action per governance type	No. of actions	Within case	Cross-case	Breakdown of actions and cases	
Independent root cause	4	29%	25%	Number of actions of independent SMEs	14
Independent symptom	8	57%	21%	Number of independent SMEs in sample	4
Independent superficial	2	14%	10%		
Loose root cause	4	19%	25%	Number of actions of loosely governed SMEs	21
Loose symptom	15	71%	39%	Number of loosely governed SMEs in sample	6
Loose superficial	2	10%	10%		
Moderate root cause	5	23%	45%	Number of actions of moderately governed SMEs	22
Moderate symptom	11	50%	41%	Number of moderately governed SMEs in sample	5
Moderate superficial	6	27%	40%		
Tight root cause	3	17%	19%	Number of actions of tightly governed SMEs	18
Tight symptom	4	22%	11%	Number of tightly governed SMEs in sample	7
Tight superficial	11	61%	52%		
				Total number of actions	75
				Total number of cases	22

Source: Authors.

**Table 4 Observed main patterns: Distribution of SDGs covered**

	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17	Count across SDGs
Independent SMEs	3	2	0	1	0	0	0	4	0	0	0	6	0	0	0	0	0	<b>5</b>
Loosely governed SMEs	5	7	2	0	0	1	0	5	1	0	0	4	0	0	2	0	0	<b>8</b>
Moderately governed SMEs	3	3	2	2	0	1	3	7	2	0	0	2	0	0	0	0	2	<b>10</b>
Tightly governed SMEs	0	2	1	0	0	1	1	11	0	0	0	1	1	0	0	0	1	<b>8</b>
<b>Count within SDG</b>	<b>11</b>	<b>14</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>27</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>	

Source: Authors.

**Table 5 Observed main patterns: Business model centrality of action**

Governance type	Business model	Individual action	Collective action
Independent SMEs	12	1	0
Loosely governed SMEs	19	2	0
Moderately governed SMEs	15	6	1
Tightly governed SMEs	13	4	1
<b>Total</b>	<b>59</b>	<b>13</b>	<b>2</b>

Source: Authors.

## 10 Appendix

### Appendix 1: Interview guidelines

- (1) *Background.* Nature and history of your business. Founding member(s), Origin of idea for business.
- (2) *Position in the GVC & relationship with buyers & suppliers.* Position in the value chain (from raw materials to the final product). Assessment of freedom to conduct business as management intends to. Main influencers on the way business is conducted. Relationship with buyers/clients. Main requirements that buyers/clients ask for. Characteristics of buyers. Relationship with suppliers. Main requirements of suppliers.
- (3) *Firm responsibility and community impact.* Description of organization's impact on environment/society/local communities/workers/employees. Procedures/processes to determine social, labor, and environmental impact. Description of design and implementation of social responsibility initiatives.
- (4) *Addressing sustainable development goals (SDGs).* Familiarity with the SDGs. Active contribution to particular SDGs. Motivation for adopting particular SDGs and addressing them.
- (5) *Impact of buyers upon firm and its responsibility.* Position of buyers regarding social, labor, or environmental impact. Values of buyers regarding impacts. Communication with buyers about SDG-related topics. Standards and their adoption. Reasons for (non)adoption and extent of implementation. Overall impact of standards on firms.

**Appendix 2: Observed patterns**

SME Case ID	Governance type	Responsible action enablers	Responsible action	Action's centrality to business model	Depth of action	Outcome	Connection to SDG
SH	Independent	Geographical distance between SME and producer (low)	Coop management	Business Model	Root cause	Improve supplier capacity	8.2, 2.4, 2.3
			Charity foundation	Individual Action	Root cause	Access to education	4.1
			Recyclable packaging	Business Model	Symptom	Reduce plastic waste	12.5
		Ethically disposed leadership (high)	Sell product with health benefits	Business Model	Symptom	Relieve eczema discomfort	3
		Resource constraints (high)	Informal, irregular supplier site visits	Business Model	Superficial	Reduce labor violations	8.8
AN	Independent	Geographical distance between an SME and its producers (high)	Pay above premium or market rate	Business Model	Root cause	Farmers paid more	1.1, 8.5
		Resource constraints (high)	Irregular supplier site visits	Business Model	Superficial	Reduce labor violations	8.8
NB	Independent	Geographical distance between an SME and its producers (low)	Recyclable packaging	Business Model	Symptom	Reduce plastic waste	12.5
		Ethically disposed leadership (high)	Pay above premium or market rate	Business Model	Root cause	Farmers paid more	1.1, 8.5
		Resource constraints (high)					
NA	Independent	Geographical distance between an SME and its producers (low)	Support sustainable farming	Business Model	Symptom	Pesticide-free production	12.4, 2.4

SMEs and SDGs

			Cash loans to growers	Business Model	Symptom	Minimize farmer risks	1.4
			Recyclable packaging	Business Model	Symptom	Reduce plastic waste	12.5
			Turn waste into renewable energy	Business Model	Symptom	Reduce food waste	12.3, 12.5
			Donate excess food	Individual Action	Symptom	Reduce societal hunger	12.5
AK	Loose	Geographical distance between an SME and its producer (low)	Coop management	Business Model	Root cause	Improve farmer capacity	2.3, 2.4
			Health check-ups for workers	Individual Action	Symptom	Minimize health risks	3.8.1
			Fairtrade certification	Business Model	Symptom	Farmers paid more	1.1, 8.5
			Income diversification	Business Model	Symptom	Minimize farmer risks	2.3
		Long-term commitment with supplier (high)	Cash loans to growers	Business Model	Symptom	Minimize farmer risks	1.4, 9.3.1
Ethically disposed leadership (high)	Support sustainable farming	Business Model	Symptom	Reduction in deforestation	15.2		
CV	Loose	Geographical distance between an SME and its producers (low)	Pay above certification premium	Business Model	Root cause	Farmers paid more	1.1, 8.5
			Support sustainable farming	Business Model	Root cause	Farmer capacity-building	2.3, 8.2
			Recyclable packaging	Business Model	Symptom	Minimize crop failure	2.4



SMEs and SDGs

		Long-term commitment with supplier (high)	Pension and healthcare insurance for rural farmers	Business Model	Symptom	Reduce plastic waste	12.5
		Ethically disposed leadership (high)				Farmer social security,	3.8.2
DR	Loose	Ethical disposed leadership (high)	Fairtrade certification	Business Model	Symptom	Farmers paid more	2.3
		Long-term commitment with supplier (high)	Top up payments	Business Model	Symptom	Minimize farmer risks	1.5
		Geographical distance between an SME and its producer (high)	Farmer training program	Business Model	Symptom	Farmer capacity-building	2.3
UR	Loose	Geographical distance between an SME and its producers (low)	Pay above certification premium	Business Model	Root cause	Farmers paid more	1.1, 8.5
			Farmer training program	Business Model	Symptom	Farmer capacity-building	2.3, 8.2
		Long-term commitment with supplier (low)	Income diversification	Business Model	Symptom	Minimize farmer risks	2.4
			Support sustainable farming	Business Model	Symptom	Reduce harmful pesticides washed into rivers/	6.3
		Ethically disposed leadership (high)	Recyclable packaging	Business Model	Symptom	Reduction in deforestation	15.2
						Reduce plastic waste	12.5
			Fund school engagement projects	Individual Action	Symptom	Promote biodiversity projects	15.5

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JF	Loose	Geographical distance between an SME and its producers (high)	Source from Global Gap certified supplier	Business Model	Superficial	Reduce food safety risks	12
JC	Loose	Ethically disposed leadership (low)	Source from Global Gap certified supplier	Business Model	Superficial	Reduce food safety risks	12
GG	Moderate	Lead-firm pressure to comply with formal standards (high)	Third-party audits	Business Model	Superficial	Reduce labor violations	8.8
		Geographical distance between an SME and its producer (high)	Presentations and supply-chain evaluations	Business Model	Superficial	Reduce labor violations	8.8
SP	Moderate	Lead-firm pressure to comply with formal standards (high)	Pay certification premium	Business Model	Symptom	Farmers paid more	2.3
		Geographical distance between an SME and its producers (high)	Electric vehicles	Business Model	Root cause	Remove carbon emitting sources	7
JG	Moderate	Ethical disposed leadership (high)	Charity for promoting sport	Individual Action	Root cause	Sport participation for disadvantage groups	3
			One-off fresh produce donations	Individual Action	Superficial	Reduce hunger	2.1

SMEs and SDGs

		Geographical distance between an SME and its producers (high)	One-off donation to sponsor fruit conference	Individual Action	Superficial	Enhance reputation	
BW	Moderate	Lead-firm pressure to comply with formal standards (high)	Electric vehicles	Business Model	Root cause	Remove carbon emissions	7
			Fund water project	Individual Action	Symptom	Provide access to water	6.1
			Pay Fairtrade premium	Business Model	Symptom	Farmers paid more	1,8, 2.3
			Carbon offsetting	Business Model	Symptom	Minimize carbon emissions	7
			Recycle waste packaging	Business Model	Symptom	Reduce plastic waste	12.5
			Training young people into farming	Business Model	Symptom	Upskilling young people	4.4, 8.6, 9.3
	Geographical distance between an SME and its producers (high)	Supplier audits	Business Model	Symptom	Avoid labor violations	8.8	
Long-term commitment to supplier (high)	Research on consumer plastic consumption	Business Model	Superficial	Provide data for government research	17		
MA	Moderate	Lead-firm pressure to comply with formal standards (high)	Charity foundation to alleviate poverty	Individual Action	Root cause	Provision for poor families	1, 8.5
			Advocacy by promoting best practice	Collective Action	Root cause	Lead industry sustainability	17.9
			Occasional charitable giving	Individual Action	Symptom	Fund health center	3
			Training young people into farming	Business Model	Symptom	Upskilling young people	4.4, 8.6, 9.3
			Reusable cups	Business Model	Symptom	Reduce plastic waste	12.5

SMEs and SDGs

		Ethical disposed leadership (high)	Pay Fairtrade premium	Business Model	Symptom	Farmers paid more	1.1
		Lead-firm pressure to comply with formal standards (high)	Supplier audits	Business Model	Superficial	Avoid labor violations	8.8
LM	Tight	Lead-firm pressure to comply with formal standards (high)	Provide safety equipment and safety training	Business Model	Symptom	Minimizing risk of injury	8.8
			Supplier audits	Business Model	Superficial	Reduce labor violations	8.8
		Geographical distance between an SME and its producers (high)					
GF	Tight	Lead-firm pressure to comply with formal standards (high)	Build water canal for community	Individual Action	Symptom	Provide access to clean water	6.1
			Supplier audits	Business Model	Superficial	Reduce labor violations	8.8
		Geographical distance between an SME and its producers (high)				Creates financial burden for supplier	
		Ethical disposed leadership (high)	Support suppliers with access to export markets	Individual Action	Root cause	Increases supplier business resilience and economic growth	8.3, 2.3
MK	Tight	Lead-firm pressure to comply with formal standards (high)	Supplier audits	Business Model	Superficial	Reduce labor violations	8.8
			Provide safety equipment and training	Business Model	Superficial	Minimizing risk of injury	8.8
		Geographical distance between an SME and its producers (high)	Climate spatial data research	Business Model	Superficial	Data on future climate risks	13.2

SMEs and SDGs

		Risk adversity (high)	Sustainability initiative member	Collective Action	Superficial	Sharing best practices	17
AG	Tight	Lead-firm pressure to comply with formal standards (high)	Supplier contract termination if non-compliant	Business Model	Superficial	Reduce labor violations	8.8
		Geographical distance between an SME and its producers (high)	Supplier audits	Business Model	Superficial	Reduce labor violations	8.8
RH	Tight	Lead-firm pressure to comply with formal standards (high)	Renewable energy sources	Business Model	Root cause	Remove carbon emitting sources	7
		Geographical distance between an SME and its producers (high)	Supplier self-assessment audit	Business Model	Superficial	Reduce labor violations	8.8
		Risk management (high)					
JM	Tight	Lead-firm pressure to comply with formal standards (high)	Supplier contract termination if non-compliant	Business Model	Superficial	Reduce labor violations	8.8
			Occasional charitable giving	Individual Action	Symptom	Fund cancer research	3.4
RG	Tight	Lead-firm pressure to comply with formal standards (high)	Supplier self-assessment audit	Business Model	Superficial	Reduce labor violations	8.8
			Waste avoidance	Business Model	Root cause	Prevent food waste	12.5
		Risk management (high)	Donate food waste	Individual Action	Symptom	Reduce hunger	2.1