Sustainable Practices in Small and Medium-Sized Enterprises in Ecuador

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Abstract: Small and medium-sized enterprises (SMEs), as well as larger enterprises, generate economic, social, and environmental impacts on their environment. However, in the case of these types of enterprises, the accumulation of these impacts is very significant in the immediate surroundings where they offer their products and services. This discussion is particularly relevant in Ecuador, where 99% of all enterprises are SMEs. The objective of this research is to find out if small and medium-sized enterprises in this country are involved in the adoption of sustainable practices as well as see if there are significant differences in adoption based on size, sector, and age. The methodology used is the performance of a descriptive analysis and regression of the data obtained through a structured questionnaire (indicators of the Ethos Institute of Brazil). Previously, the reliability of the questionnaire was validated through an exploratory factor analysis. The target population consists of 9843 enterprises, obtaining a sample size of 188 valid surveys, which implies a response rate of 2%, representing a sampling error of ±7.08%. The results obtained enabled us to perform a sustainability diagnosis of SMEs in Ecuador, identifying the strengths and weaknesses. The managers have a positive and favourable attitude towards sustainability. The practices considered show a medium-high implementation level of 79.71% in economic sustainability, 82.28% in social sustainability, and 78.14% in environmental sustainability in the enterprises considered in the sample. Although these percentages are significant, there is plenty of scope for improvement.

Keywords: sustainability; Triple Bottom Line; ethos indicators; SMEs; Ecuador

1. Introduction

Concern for and criticism about environmental degradation and social injustice are not new because they involve a large proportion of business activity [1]. Since business activities have been considered one of the main causes of environmental degradation, it has become important to analyse the role played by employers and their organizations in the sustainability of territories [2–5]. Thus, in the last decade, a concern to understand what the real impact of companies on society is has grown exponentially, with some authors even talking about a paradigm shift in the economy. The traditional understanding of value creation simply in terms of economic gains has expanded to include non-economic gains [6]. Following this line, a new discipline called "sustainable business initiative" has been developed that seeks to link the effort of entrepreneurship to sustainability management [7].

The need for a global approach in social, ecological, and economic aspects has catalysed the trend towards a paradigm shift in the business world. In addition, the search for viable solutions to develop organizations encourages their managers to be more open to social and environmental problems. There is no doubt that they have begun to pay more attention to community growth, human rights, and labour force conditions [8,9], and thus a change towards sustainability has emerged.

Sustainability recognises that companies are fully aware of the impact of their behaviour on the material and immaterial situation of their direct and indirect environment [10]. It deals not only with the exploration of opportunities and threats in the market, but also with analysing consciously the social, environmental, and economic impact that the developed business activity is having on the territory. It is also important to bear in mind that sustainability contributes greatly to the economic and non-economic development of a country because it creates employment sources, improves products and processes, establishes new companies, and it changes people's lives [11,12]. Castrillon and Mares [13] (p. 63) consider that there are seven variables that intervene in the sustainability of organizations: strategy on climate and eco-efficiency, Corporate Social Responsibility, Corporate Governance, Code of Ethics, Stakeholders, Reputation, Environmental responsibility, and Management system.

In recent years, sustainability has aroused the interest of numerous researchers, with numerous conceptual and empirical studies emerging. The scope of this discipline can be observed through the studies of Kajikawa et al. [14], Bettencourt and Kaur [15], Schoolman et al. [16], Buter and Van Raan [17], White [18], and Kajikawa et al. [19] among others. In these investigations, bibliometric, bibliographic, and citation analysis techniques on the field of sustainability knowledge are combined, enabling us to see a complete in-depth analysis of the area of study.

The literature on sustainable business practices has focused on large companies, such as multinationals, whose individual impacts are significant [20–23]. However, although small and medium-sized enterprises have relatively little individual importance, associatively they can have great impacts on the regions where they are operating. This characteristic is relevant in certain regions or countries, such as Latin America, where 95% of its business fabric is SMEs, and, specifically, in Ecuador, where 99% of its business fabric is SMEs. So, it is very important to take into account the strategic role of these types of companies in the economy and the economic, social, and environmental impact of their activities taken together.

Taking into account the above, the objective of this research is to find out if small and medium-sized enterprises in Ecuador adopt sustainable practices individually as well as see if there are significant differences in adoption based on size, sector, and age. With this purpose in mind, a survey was carried out with 188 managers of SMEs of three provinces included in the Planning Zone 7. The importance of the study is that it allows us to provide relevant information to managers about their level of implementation of sustainability as well as show their weaknesses and strengths in terms of sustainability. On the other hand, a tool for measuring sustainability is statistically validated, with the aim of providing a tool to Ecuadorian companies to know the degree of maturity in sustainable management of their business fabric and to monitor the progress made in this area.

This work is structured into five sections. After the introduction, the theoretical framework contextualizes the concept of sustainability in SMEs. In Section 3, the methodology followed in the research work is presented and in the next section, the results obtained are discussed. Finally, in the last section, the most relevant conclusions are presented as well as the limitations of the research and future lines of research.

2. Literature Review: The Sustainability Approach

Sustainable development was initially linked to the environmental dimension, and the first definition that appears on sustainability with an environmental approach appears in the Brundtlan Commission's report [24] that was adopted by the United Nations General Assembly in 1987, which proposes practical means to reverse environmental problems. This report defines what is

understood by sustainable development: "*it is development that meets current needs without compromising the ability of future generations to meet their own needs*". However, "sustainability" is a complex and multidimensional concept [25] with multiple interpretations.

John Elkington [26] introduced the concept of "Triple Bottom Line", in which he explained the idea that for a company to be sustainable, it has to ensure a triple objective: being economically viable, being socially beneficial, and being environmentally responsible, with everything focused on a gain-gain-gain situation for business, society, and the environment [26]. In this sense, this author considered it important to move from environmental management to sustainable management so that companies manage environmental, social, and economic aspects in an integrated manner, enabling organizations to improve their performance in these three areas, and this becomes a factor of competitiveness.

Many definitions that consider different aspects or approaches to the field of sustainability have emerged in recent years. However, almost all of the bibliographic sources identified in the systematic review carried out refer to the concept of "Triple Bottom Line" as the underlying principle of sustainability [27]. Castrillon and Mares [13], when reviewing the concepts contributed by Hart and Milstein [25], Freeman and Evan [28], Garbett [29], Gregory [30], Turban and Cable [31], Beatty and Ritter [32], Fonbrum and Sanley [33], Preston and O'Banon [34], Margolis and Walsh [35], Allouche and Laroche [36], and Bradley and Parrish [37], propose that the concept of sustainability

> "*defines companies that create value at the level of strategies and practices to move towards a more sustainable world, with a formula of profitability on a human scale, that through the connection with all groups of interest (Stakeholders) and the natural environment, face the challenge of minimizing waste from operations and reorienting their portfolio of competences towards sustainable and competitive technologies*" [13] (p. 60)

Sustainability incorporates the notions of economy, governance, the environment, and society [38], so it is not surprising that the creation of value from a company perspective shows overlaps with the concepts of a conventional, social, and environmental company. Although each of the concepts emphasize one or two aspects of sustainable development, sustainable development requires a holistic perspective in the creation of business value [39]. As a result, sustainable enterprises need to balance the competition objectives of creation of economic, social, and ecological value [40]. This leads to an increase in the complexity of sustainability compared to other forms of entrepreneurship, which could be one-dimensional or two-dimensional in nature [3].

In short, there are three sustainability dimensions. The economic dimension refers to the economic viability of the company, which is necessary because it generates benefits, employment, and means that contribute to social and environmental welfare in general. The social dimension comprises the responsibility of companies to the environment in which they operate and combines the interests of employees and society in general with the aim of doing business following an ethical approach. The environmental dimension refers to the impacts of companies on natural systems [38].

Nowadays, sustainability is considered one of the key factors of success in a long-term business strategy, since for a company to be profitable today it must be able to manage the economic, social, and environmental impact on the environment [41]. On the other hand, integrating sustainability into companies provides many benefits:

> "*better reputation, transparency and good governance, reaching better economic results, which are more appealing to work, less vulnerable to crises and more attractive for responsible investors; they achieve greater quality in their commercial offer, in labour quality, ethical, environmental, social and innovation responsibility and manage to reconcile economic development with the care of the social environment and the protection of the environment*" [13] (p. 60)

There have been several academic studies developed in the field of Business Sustainability [42,43]. In the literature, it has been argued that this type of policy aimed at achieving corporate sustainability leads to favourable results for the company [44] as it contributes to improving financial

results [28,45–47] and favours the improvement of reputation, image, or brand value [33,48,49]. On the other hand, according to Madueño [50] (p. 32) it is a reflection of the expectations of the clients [49,51], employees [52–55], investors [56], managers [57], and other interested parties [58].

3. Methodology

3.1. Universe Study, Questionnaire, and Measurement

In Ecuador, with the desire to initiate deconcentration and decentralization processes, the Government published by decree the Official Gazette No. 205 of 2 June 2010, which provides that the country is to have nine planning zones composed of 140 districts and 1134 circuits. Regarding the business sector, as we have already mentioned, 99% are small and medium-sized enterprises, which, according to their turnover, social capital, number of workers, production level, or assets, have characteristics of this type of economic entity. According to the Superintendency of Companies of Ecuador as of November 2016, there are 233,809 active SMEs in the nine planning zones in the country, and 25% are microenterprises, 31% are small enterprises, and 44% are medium-sized enterprises. According to the Resolution of the Andean Community-CAN [59], a company can be classified according to the number of workers: microenterprise (from 1 to 9 workers), small company (from 10 to 49), medium company (from 50 to 199), and large company (200 or more workers).

In this context, due to the impossibility of surveying all companies, it was decided to conduct research in three provinces belonging to zone 7 (Zamora, Loja, and El Oro) with administrative headquarters in the city of Loja. The decision to use zone 7 as a pilot project is based on the fact that this area "privileges the sustainable use of natural heritage and biodiversity, innovates and develops technologies and biotechnologies, and generates bio-knowledge based on having consolidated a synergy between conservation, research, and bioindustrialization" [60] (p. 75). The target population is made up of 9843 companies with 64% established in el Oro, 30% in Loja, and 6% in Zamora.

The questionnaire was designed using the indicators of the Ethos Institute as a reference, which is a non-governmental organization of Brazil founded in 1998 with the aim of mobilizing, sensitizing, and supporting companies in the incorporation of sustainability and corporate social responsibility in their business strategies. This management tool is free of charge and can be used by all companies, regardless of their size and sector of activity. In view of our investigation, the questionnaire was structured into two different parts: general data of the company that enables us to define the profile and sustainability indicators that are to be measured. Specifically, 13 indicators of economic sustainability, 21 of social sustainability, and 6 of environmental sustainability were defined. We used a seven-point Likert scale that goes from 1, totally disagree, to 7, totally agree. We considered sustainability practices that correspond to the reality of Ecuador's SMEs.

The Ethos Institute [61] indicators are designed to be a means of assisting companies to implement socially responsible management and have been jointly developed by Latin American organization leaders in Corporate Social Responsibility (CSR) and the Ethos Institute within the Latin American Program of Corporate Social Responsibility (PLARSE). These indicators introduce a new approach to the management of companies, integrating CSR principles and behaviour, based on the concept of sustainable and responsible business. Their purpose is to evaluate how much sustainability and social responsibility has been incorporated into businesses. The Ethos Institute groups them into the areas of human rights, labour standards and environmental protection, and the fight against corruption.

Prior to sending the final questionnaires, pre-sampling with chief executives of the enterprises and experts in sustainability was done. One hundred and eighty-eight valid questionnaires were obtained, so the sample consisted of 30 newly created companies (less than 42 months) and 158 consolidated companies (4 years or more). The response rate was approximately 2%, representing a sampling error of ±7.08% for a confidence level of 95% ($Z = 1.96$, $p = q = 0.5$). The Harman single-factor test was used as a common method bias post control measure [62–64]. The existence of a common variance or bias of

the method was examined and the test detected no single factor that could explain most of the total variance, which suggests that bias is very unlikely.

3.2. Analysis of Data

The data analysis was done with the statistical program SPSS 19.0 (Statistical Package for the Social Sciences). In the first place, with the objective of analysing the implementation level of sustainability practices, a descriptive analysis was carried out (% of companies with implemented practices, mean and standard deviation). In order to determine the implementation level of sustainability practices, the scale is converted to a percentage although both scales are equivalent: 7 represents 100% implementation and 1, 0% implementation.

Secondly, the scale of measurement (reliability and validity) was validated. For the internal consistency analysis, the calculation of Pearson's total-item correlation coefficients was used (the correlation between the items should exceed 0.3 according to [65]) together with Cronbach's alpha, where alpha must be greater than 0.7 [65] or 0.6 for exploratory studies [66]. The items ES5, SS15, and SS17 were eliminated because they showed values below the recommended minimum of 0.3, which allowed us to improve Cronbach's alpha. After eliminating the scales, the Cronbach's Alpha coefficient reached values higher than 0.7, which is the minimum required.

An exploratory factor analysis (EFA) with varimax rotation was carried out to identify the dimensionality of the scales [67,68] through the percentage of variance explained (minimum 50%) and the factor load of each indicator. This process allowed us to group the items of each of the concepts and to know their structure. Prior to this analysis, it was found that the data are suitable for the application of this technique: the correlation matrix was examined and a Bartlett's test of sphericity (estimate of the χ^2 test), the Kaiser–Meyer–Oklin index, and a Measure of simple adequacy (MSA) were done.

Finally, the T-Student's test was applied to two independent samples in order to check if there were significant differences. This test allows us to compare the means of two groups of variables, one dependent with another independent and dichotomous as to the size (microenterprise, from 1 to 9 workers; small company, from 10 to 49; and medium, from 50 to 199), the sector (manufacturing sector and service sector), and the age of the companies (consolidated companies, 4 years or more; newly created companies, less than 42 months). So, if the significance of the T-Student test is <0.05, the hypothesis of equality of means is rejected, so there are significant differences and it can be affirmed that there is an association between the dependent variable and the independent variable. Since the groups are of different sizes, it is necessary to analyze homoscedasticity or equality of variances through the Levene test. It is verified that the two sample populations have the same variance. This test allows us to test the hypothesis that the population variances are equal, so that if the level of significance is less than 0.05, the equality hypothesis is rejected and the Kruskal–Wallis test is applied (a non-parametric test).

4. Results

Descriptive analysis enables us to observe that economic sustainability practices show a significant implementation level in the companies of the sample in general terms of 79.71%. Table 1 shows the percentage of companies with a high and weak implementation of the practices. It is observed that the practice implemented in most companies is compliance with legal labour obligations in 89.4% of the companies together with customer service and quality care of their products (80.9%). The number of companies that do not have a channel to meet customers' and consumers' demands (38.8%) is very high.

Regarding the implementation of social sustainability practices, it is observed that the implementation level is 82.28%. The number of companies that have implemented the practices in this case is also very high; more than 85% of the companies comply with clear ethical criteria, which allows them to convey an image of a responsible and reliable company (82.9%) (Table 2).

Table 1. Economic Sustainability Practices.

Economic Sustainability (ES) Mean = 5.58; % Implementation = 79.71% *	% Companies with High Implementation (Higher than 85%)	% Companies with Weak Implementation (Lower than 57%)
(ES1) The number of clients of the company has increased.	49.4	25.6
(ES2) The company increased in the average customer purchase.	47.9	34.6
(ES3) It is profitable and well-managed.	59.0	18.6
(ES4) The company complies with all legal labour obligations regarding the payment of salaries and benefits by law.	89.4	4.2
(ES5) The company employees have decreased.	31.4	60.2
(ES6) The company has local labour.	71.8	16.5
(ES7) The company employees are well-paid compared to the competition.	51.1	30.8
(ES8) There is provision for employee benefits.	55.3	34.1
(ES9) The company reflects a positive attitude towards economic factors.	55.8	26.1
(ES10) It is recognized for the service given to its customers and caring for the quality of its products and services.	80.9	7.4
(ES11) The company gives preference to the purchase of supplies and/or services from suppliers that are socially responsible.	63.3	22.3
(ES12) The company has a channel to meet customer/consumer demands.	48.4	38.8
(ES13) The company has a financial accounting balance at the final results date.	76.6	13.8

* An average score between 6 and 7 indicates strongly implemented practices (higher than 85%); between 5 and 6 significant implementation (between 70% and 85%); between 4 and 5 moderate implementation (between 57% and 70%); and between 1 and 4 weak implementation (less than 57%). Source: Authors' own data.

Table 2. Social Sustainability Practices.

Social Sustainability (SS) Mean = 5.76; % Implementation = 82.28% *	% Companies with High Implementation (Higher than 85%)	% Companies with Weak Implementation (Lower than 57%)
(SS1) The company has community support.	60.7	19.1
(SS2) The company participates with the community.	62.2	20.2
(SS3) The company promotes work and family life reconciliation among its employees.	68.1	17
(SS4) It is concerned about its employees' professional and personal development and equality of opportunities.	61.1	17.1
(SS5) The company has a process of dialogue and participation of the internal and external public in defining the issues that must be addressed in its vision of sustainability.	54.3	23.4
(SS6) The company has relationship initiatives with its employees that allows them to be heard.	64.9	13.8
(SS7) The company defends the interest of society to participate in the development of public policies.	48.4	38.3
(SS8) The company has formal practices of relationship with its employees, to listen, evaluate, and accompany them in order to incorporate new learnings and knowledge.	66.5	18.1

Table 2. *Cont.*

Social Sustainability (SS) Mean = 5.76; % Implementation = 82.28% *	% Companies with High Implementation (Higher than 85%)	% Companies with Weak Implementation (Lower than 57%)
(SS9) The company includes references to sustainability in the statement documents of vision, mission, and values.	59.5	21.4
(SS10) The company is concerned about its supplier companies also performing responsibly.	72.4	13.2
(SS11) It conveys the image of a responsible and reliable Company.	82.9	7.0
(SS12) It complies with ethical and clear criteria.	85.1	3.7
(SS13) It provides its employees with a safe and healthy environment to work.	78.2	10.1
(SS14) The company has specific policies to deal with issues related to human rights.	66.5	21.3
(SS15) The company repudiates exploitation of child labour in its code.	73.9	17.6
(SS16) The company participates in the development of public policies that seek the elimination of forced labour.	44.2	43.6
(SS17) The company has discrimination problems.	19.1	74
(SS18) The company provides employees with basic training to carry out their operations.	69.6	19.2
(SS19) The company complies with current local legislation related to dismissals and retirement processes.	72.9	13.8
(SS20) The company regularly conducts training in employee health and safety.	59.1	23.3
(SS21) The company respects employees' daily working hours.	72.8	12.3

* An average score between 6 and 7 indicates strongly implemented practices (higher than 85%); between 5 and 6 significant implementation (between 70% and 85%); between 4 and 5 moderate implementation (between 57% and 70%); and between 1 and 4 weak implementation (less than 57%). Source: Authors' own data.

SMEs in the environmental field have developed good sustainability practices, with an implementation level of 78.14% (Table 3). Among the most implemented practices, it can be seen that 74.5% of companies are concerned about caring for and protecting the environment, for which 52.6% carry out specific initiatives to reduce energy consumption, 54.8% to reduce materials, and 54.2% to reduce water consumption.

This descriptive analysis allows us to fulfil one of the objectives set out in this research: to know the implementation level of sustainability practices in companies in Ecuador. Before proceeding with the analyses that enable us to fulfil the second objective, it is necessary to check the validity, one-dimensionality, and reliability of the scale used. The exploratory factor analysis shows the factors in which economic sustainability practices are grouped (Table 4).

The three factors identified are Practices related to "Results obtained", "Compliance with legal obligations", and "Management". These factors accounted for 52.15% of the total variance (exceeding the minimum requirement of 50%). Cronbach's Alpha that measures the reliability of each factor (0.750, 0.736, and 0.699, respectively) is greater than the 0.7 recommended minimum [65]; for exploratory studies, values higher than 0.6 can be accepted [33].

The analysis of the unidimensionality of the social sustainability dimension grouped the items into four factors (Table 5). The four factors identified are related to "stakeholders", "corporate image of the company", "Human Rights", and "Human Resources". These factors accounted for 52.87% of the total variance (it exceeds the required minimum of 50%). Cronbach's alpha that measures the reliability of each factor (0.827, 0.640, 0.641, and 0.749, respectively) is higher than the recommended 0.7 minimum [65] or 0.6 for exploratory studies [33].

Table 3. Environmental Sustainability Practices.

Environmental Sustainability Mean = 5.47; % Implementation = 78.14% *	% Companies with High Implementation (Higher than 85%)	% Companies with Weak Implementation (Lower than 57%)
(EVS1) The company cares for and protects the environment.	74.5	13.3
(EVS2) The company seeks to know the possible impacts on climate change for its business.	53.8	29.7
(EVS3) The company is recognised for excellence in cleaner production and in pollution prevention management.	43.1	34.6
(EVS4) The company carries out specific initiatives to reduce materials.	54.8	25
(EVS5) The company carries out specific initiatives to reduce water consumption.	54.2	27.2
(EVS6) The company carries out specific initiatives to reduce energy consumption.	52.6	24.5

* An average score between 6 and 7 indicates strongly implemented practices (greater than 85%); between 5 and 6 significant implementation (between 70% and 85%); between 4 and 5 moderate implementation (between 57% and 70%); and between 1 and 4 weak implementation (less than 57%). Source: Authors' own data.

Finally, the environmental sustainability dimension shows a one-dimensional structure. The cumulative percentage of variance explained is greater than 50% and Cronbach's alpha that measures reliability is higher than the recommended 0.7 minimum (0.803) (Table 6).

In all scales, the cumulative percentage of variance explained is greater than 50%, β is higher than 0.3, and Cronbach's alpha is higher than the recommended 0.7 minimum. Therefore, taking into account the results, we can affirm that the proposed scales are highly reliable, being therefore free of random errors and capable of providing consistent results.

It was also verified whether there were significant differences in the implementation level of the practices based on the age of the companies in the market (newly created companies (less than 42 months) and consolidated companies (4 years or more)), size (1, microenterprise, from 1 to 9 workers; 2, small company, from 10 to 49; and 3, medium, from 50 to 199), and sector (1, manufacturing sector; and 2, service sector). We used the T-Student test for two independent samples, which allows us to compare the means of two groups, a dependent variable (practices) with a dichotomous independent variable, age and sector (Table 7). If the T-Student test is <0.05, we reject the hypothesis of equality of means, corroborating that there are significant differences (there is an association between both variables) (Table 4).

It is verified that there are significant differences between the item SS9 and size and the item EVS5 and the sector. In both cases, there is an association, which means that microenterprises place greater emphasis on references to sustainability in the statement documents of vision, mission, and values (microenterprises: mean 5.83, standard deviation (s.d.) 1.38; small company: mean 5.38, s.d. 1.55). It is also observed that companies in the service sector make a greater effort in the implementation of specific initiatives to reduce water consumption (manufacturing sector: mean 5.16, s.d. 1.57; service sector: mean 5.63, s.d. 1.34).

If the differences are analysed taking into account the factors obtained in the confirmatory factor analysis for each of the variables (economic sustainability, social and environmental), it is observed that there are significant differences in the environmental sustainability dimension and the sector (Table 8). It is also observed that the implementation level of practices related to environmental sustainability is higher in the service sector (mean 5.59, s.d. 0.981).

Table 4. Descriptive findings and exploratory factor analysis (reliability and validity of scales). Economic Sustainability.

Dimension	Scale Items [A]	Mean	(s.d.) [B]	Item-Total Correlation	Exploratory Factor Analysis [1]	
					Loadings	Bartlett's Test of Sphericity Kaiser–Meyer–Oklin Index
	Factor 1: Practices related to the results obtained (Eingenvalue = 2.079; %; Variance = 17.32; α Cronbach: 0.750)					
	ES1	5.29	1.65	0.310	0.859	
	ES2	5.09	1.68	0.371	0.830	
	ES3	5.60	1.36	0.471	0.664	
	Factor 2: Practices related to the fulfilment of Legal Obligations (Eingenvalue = 1.766; %; Variance = 14.712; α Cronbach: 0.736)					χ^2(sig.): 497.705 (0.000)
Economic Sustainability (ES) (α Cronbach: 0.719)	ES4	6.59	0.96	0.340	0.788	KMO: 0.768
	ES13	6.11	1.54	0.359	0.789	Measure of simple adequacy:
	Factor 3: Practices related to Management (Eingenvalue = 2.413; %Variance = 20.11; α Cronbach: 0.699)					(0.688–0.711)
	ES5	3.78	2.27	−0.015	The item is removed	% Variance: 52.15
	ES6	5.78	1.77	0.323	0.602	
	ES7	5.34	1.55	0.447	0.668	
	ES8	5.07	1.94	0.346	0.519	
	ES9	5.37	1.75	0.518	0.588	
	ES10	6.28	1.23	0.484	0.528	
	ES11	5.59	1.63	0.504	0.652	
	ES12	5.03	1.83	0.271	0.477	

N = 188; Likert scale: 1 = Totally disagree/7 = Totally agree. [A] The items listed in this table have been summarized for ease of presentation and comprehension; [B] s.d.: Standard deviation. [1] Tests that show that the data obtained through the questionnaire are adequate to perform the factor analysis (requirements: Bartlett's Sphericity Test χ^2 (sig. >0.05), Kaiser–Meyer–Oklin (KMO) >0.7 median, measure of simple accuracy (MSA) = unacceptable for values below 0.5). Source: Authors' own data.

Table 5. Descriptive findings and exploratory factor analysis (reliability and validity of scales). Social Sustainability.

Dimension	Scale Items [A]	Mean	(s.d.) [B]	Item-Total Correlation	Exploratory Factor Analysis [1]	
					Loadings	Bartlett's Test of Sphericity Kaiser–Meyer–Oklin Index
	Factor 1: Practices related to Stakeholders (Eingenvalue = 3.167; %; Variance = 16.67; α Cronbach: 0.827)					
	SS1	5.51	1.73	0.420	0.714	
	SS2	5.59	1.57	0.585	0.685	
	SS3	5.86	1.46	0.614	0.593	
	SS4	5.75	1.30	0.603	0.475	
	SS5	5.48	1.37	0.587	0.630	
	SS7	5.09	1.67	0.530	0.666	
	SS9	5.62	1.48	0.547	0.427	
	Factor 2: Practices related to the social image of the company (Eingenvalue = 2.140; %; Variance = 11.26; α Cronbach: 0.640)					
Social Sustainability (SS) (α Cronbach: 0.852)	SS10	6.05	1.19	0.452	0.603	χ^2(sig.): 1169.502 (0.000) KMO: 0.867 Measure of simple adequacy: (0.805–0.870) % Variance: 52.87
	SS11	6.39	1.14	0.314	0.787	
	SS12	6.45	0.90	0.514	0.689	
	Factor 3: Practices related to human rights (Eingenvalue = 2.150; %; Variance = 11.31; α Cronbach: 0.641)					
	SS13	6.17	1.23	0.436	0.403	
	SS14	5.72	1.52	0.534	0.585	
	SS15	5.95	1.72	0.175	The item is deleted	
	SS16	4.75	2.04	0.370	0.765	
	Factor 4: Practices related to Human Resources (Eingenvalue = 2.589; %; Variance = 13.63; α Cronbach: 0.749)					
	SS6	5.78	1.29	0.599	0.549	
	SS8	5.71	1.37	0.627	0.402	
	SS17	2.76	2.26	−0.071	The item is deleted	
	SS18	5.88	1.45	0.483	0.577	
	SS19	6.09	1.36	0.400	0.598	
	SS20	5.56	1.49	0.476	0.568	
	SS21	6.08	1.24	0.367	0.733	

N = 188; Likert scale: 1 = Totally disagree/7 = Totally agree. [A] The items listed in this table have been summarized for ease of presentation and comprehension. [B] s.d.: Standard deviation. [1] Tests that show that the data obtained through the questionnaire are adequate to perform the factor analysis (requirements: Bartlett's Sphericity Test χ^2 (sig. >0.05), KMO >0.7 median, MSA = unacceptable for values below 0.5). Source: Authors' own data.

Table 6. Descriptive findings and exploratory factor analysis (reliability and validity of scales). Social Sustainability.

Constructs Included SEM	Scale Items [A]	Mean	(s.d.) [B]	Item-Total Correlation	Exploratory Factor Analysis [1]	
					Loadings	Bartlett's Test of Sphericity Kaiser–Meyer–Oklin Index
	EVS1	6.01	1.27	0.461	0.612	
	EVS2	5.34	1.53	0.594	0.740	χ^2(sig.): 325.403 (0.000)
Environmental Sustainability (EVS)	EVS3	5.19	1.52	0.531	0.683	KMO: 0.802
(α Cronbach: 0.803)	EVS4	5.44	1.57	0.631	0.771	Measure of simple adequacy: (0.892–0.784)
	EVS5	5.47	1.44	0.587	0.736	% Variance: 50.406
	EVS6	5.40	1.52	0.550	0.707	

N = 188; Likert scale: 1 = Totally disagree/7 = Totally agree. [A] The items listed in this table have been summarized for ease of presentation and comprehension. [B] s.d.: Standard deviation. [1] SEM: standard error of the mean. Tests that show that the data obtained through the questionnaire are adequate to perform the factor analysis (requirements: Bartlett's Sphericity Test χ^2 (sig. >0.05), KMO >0.7 median, MSA = unacceptable for values below 0.5). Source: Authors' own data.

Table 7. Statistical tests of comparison of means (only those items that present significant differences are included).

	Test of Levene		Student's T test		Sig.
	F	Sig.	t	Sig.	
Size (number of workers; Microenterprise n = 108; Small company n = 80)					
(SS9) The company includes references to sustainability in the statement documents of vision, mission, and values.	2.022	0.157	2.093	0.003	<0.05
Sector (manufacturing n = 66, service n = 122)					
(EVS5) The company carries out specific initiatives to reduce water consumption	0.651	0.421	−2.161	0.032	<0.05

Test of Levene for equality of variances. This test allows us to test the hypothesis that population variances are equal. If sig. <0.05, we reject the equality hypothesis. Source: Authors' own data.

Table 8. Statistical tests of comparison of means (only those the factors that present significant differences are included).

	Test of Levene		Student's T test		Sig.
	F	Sig.	t	Sig.	
Sector (manufacturing n = 66, service n = 122)					
Environmental Sustainability	1.691	0.195	−2.055	0.041	<0.05

* Test of Levene for equality of variances. This test allows us to test the hypothesis that population variances are equal. If sig. <0.05, we reject the equality hypothesis. Source: Authors' own data.

5. Conclusions

In this research, an exploratory–descriptive study is carried out, which allowed us to go into detail about sustainability practices that SMEs in Ecuador include in their management, allowing us to fulfil the first objective raised in this research. It is observed that managers have a positive and favourable attitude towards sustainability. The practices considered have a medium-high implementation level of 79.71% in economic sustainability, 82.28% in social sustainability, and 78.14% in environmental sustainability in the companies considered in the sample. Although these percentages are significant, the scope for improvement is wide. The individual analysis of each of the items allows to observe the weaknesses and, therefore, it is relevant information for companies as well as for the authorities involved in promoting the concept of sustainable enterprise.

From the analysis of the average scores obtained for each of the items, the main strengths and weaknesses are observed. The four main strengths are related to the social image of the company and related to human rights; the analysed companies show concern that their supplier companies should also perform responsibly to convey the image of a responsible and reliable company. Additionally, they comply with ethical and clear criteria and they provide their employees with a safe and healthy environment to work. The main weaknesses that companies must take into account to start their improvement process are related to social sustainability; the companies must participate in the development of public policies that seek the elimination of forced labour and others related to economic sustainability; and companies must have a channel to meet customer/consumer demand, provide for employee benefits, and adequately remunerate their employees compared to the competition.

The scale of measurement used in the investigation was statistically validated; its validity and reliability were tested, and the unidimensionality of each of the dimensions was analysed, which enabled us to know its structure. Therefore, it can be said that it is a reliable scale that provides consistent results, so it can be used in companies in Ecuador to deepen the implementation level of sustainability practices. The unidimensionality analysis shows that economic sustainability is grouped into three factors that we denominate "Results obtained", "Compliance with legal obligations", and "Management". The items that measure social sustainability were grouped into four factors: "stakeholders", "corporate image of the company", "Human Rights", and "Human Resources". Environmental sustainability has a one-dimensional structure.

The main contribution of this research to the scientific literature is that the size of the companies in the market does not influence the level of implementation of the Practices related to the results obtained, the fulfilment of Legal Obligations, Management, the social image of the company, human rights, Human Resources, and the environmental practices of SMEs. It was observed that microenterprises show greater interest to make known their commitment to sustainability by recording it in their documents of vision, mission, and values and if there are differences between the manufacturing sector and the service sector in relation to water consumption, companies in the service sector are much more aware of the implementation of practices that reduce water consumption.

This research has some limitations. The first one makes specific reference to the sample in one of the planning zones of Ecuador, with nine zones. This pilot work will enable the validation of an instrument for measuring sustainability, with the aim of applying it in the future to the rest of the zones. On the other hand, the data was obtained from company managers, which implies the risk of receiving biased responses by a person involved. This limitation was overcome by applying the Harman test. Therefore, it would be interesting to carry out the study taking into account the response of the company's human resources, which would bring different points of view. A third limitation is related to the cross section of the study, since it is carried out at a specific moment in time.

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