1. Introduction

1.1 From MDGs to SDGs

To tackle the economic, social and climate challenges of our planet, the United Nations have defined a set of global aspirations and targets, summarized in 17 Sustainable Development Goals (SDGs). Governments of the world have agreed that the Global Goals for sustainable development need to be reached by 2030.

In comparison to the Millennium Development Goals (MDGs), which they succeed, the SDGs have a larger scope with e.g. more climate- and prosperity-related topics. The 17 goals can be divided into 5 themes: people, planet, profit/prosperity, peace and partnership. Together they cover the wide spectrum of sustainable development. Each of the 17 goals offers a range of specific and actionable targets – 169 in total. It is the ambition of the SDGs to establish a direct link between global goals on the one side and the operationalization of the human rights agenda and local sustainability (or CSR) on the other side.

Table 1: Overview of the 17 SDGs. Source: United Nations (2016).

<table>
<thead>
<tr>
<th>Goal 1</th>
<th>End poverty in all its forms everywhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 2</td>
<td>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</td>
</tr>
<tr>
<td>Goal 3</td>
<td>Ensure healthy lives and promote well-being for all at all ages</td>
</tr>
<tr>
<td>Goal 4</td>
<td>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
</tr>
<tr>
<td>Goal 5</td>
<td>Achieve gender equality and empower all women and girls</td>
</tr>
<tr>
<td>Goal 6</td>
<td>Ensure availability and sustainable management of water and sanitation for all</td>
</tr>
<tr>
<td>Goal 7</td>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all</td>
</tr>
<tr>
<td>Goal 8</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
</tr>
<tr>
<td>Goal 9</td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</td>
</tr>
<tr>
<td>Goal 10</td>
<td>Reduce inequality within and among countries</td>
</tr>
<tr>
<td>Goal 11</td>
<td>Make cities and human settlements inclusive, safe, resilient and sustainable</td>
</tr>
<tr>
<td>Goal 12</td>
<td>Ensure sustainable consumption and production patterns</td>
</tr>
<tr>
<td>Goal 13</td>
<td>Take urgent action to combat climate change and its impacts</td>
</tr>
<tr>
<td>Goal 14</td>
<td>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</td>
</tr>
<tr>
<td>Goal 15</td>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</td>
</tr>
<tr>
<td>Goal 16</td>
<td>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</td>
</tr>
<tr>
<td>Goal 17</td>
<td>Strengthen the means of implementation and revitalize the global partnership for sustainable development</td>
</tr>
</tbody>
</table>

The SDGs can be used to assess and pinpoint the current sustainability efforts of governments, business etc. and their positive impact on society and environment. But they also aim at steering and enhancing the individual engagement of a variety of stakeholders with regard to the SDGs. (CIFAL Flanders, 2015; United Nations, 2016, SDG Compass, 2015) The SDGs are designed to be universally applicable in both developing and developed countries. In order to achieve the ambitious goals, all stakeholders need to take their responsibility to take initiative, to act pro-actively and to solve the challenges the SDGs address.

The SDGs will be drivers for laws, directives, policies and stakeholder expectations for the next 15 years. This will result in the allocation of public and private investments in more SDG-related projects, leading to strong growth of certain markets. Markets at the ‘bottom-of-the-pyramid’ will become more relevant for companies with innovative technologies offering solutions for sustainability problems, thanks to those investments; externalities will be more often internalized. Moreover, integrating the SDGs in business strategy now will prevent companies from having to invest unexpectedly due to market shifts and legal changes. Complying with the SDGs will therefore result in a decrease of legal, image and other business risks. (SDG Compass, 2015; Prahalad & Hart, 2002)

Operating with a common sustainability agenda in mind will ease the alignment with governments and other organisations. Stakeholder engagement (e.g. employees, customers etc.) will increase thanks to diminished legal and reputational risks. Compliance with the SDGs is therefore a licence to operate and an effective and constant communication framework. The SDGs will assist in creating a stable business environment and society (e.g. less corruption, transparency etc.). (SDG Compass, 2015; PwC, 2015b)
1.2 Multi-stakeholder approach

The United Nations have adopted a multi-stakeholder approach for the realization of the SDGs. Seven key stakeholder groups were identified on national and local levels: national governments, civil society organizations, businesses, academia, development partners, sub-national governments and local governments. National and regional governments will be the facilitators for an effective local SDG planning process including useful, future-oriented strategies, monitoring and reporting. (SDSN, 2015; SDG Compass, 2015)

“Business is a vital partner in achieving the Sustainable Development Goals. Companies can contribute through their core activities, and we ask companies everywhere to assess their impact, set ambitious goals and communicate transparently about the results.” (Ki-Moon, 2015)

Contrary to the MDGs, the SDGs count on all businesses – both large and small – to provide solutions to sustainability-related problems. On the one side a company should strive to create value whilst minimizing externalities. On the other hand, the ambition of the SDGs is closely linked to the notion of shared value creation whereby business can solve social or environmental problems with a scalable business case or a sustainable business model.

The United Nations count on a variety of stakeholders to put the SDGs on the agenda. Two organizations offer specific help for business and governments: the UN Global Compact Network, which focusses on businesses, and the UNITAR CIFAL training centers for sustainability that serve a variety of organizations.

In order to be successful, the SDGs need to be discussed and applied not only in the board rooms of large corporations but also in SMEs. More than 99% of the companies in Europe are small- or medium-sized enterprises (European Commission, 2015). Together, SMEs generate almost 58% of the value added in Europe (EU28) and provide 66,9% of the employment. Their potential impact in the process of SDG realization is crucial, still, previous research has shown that they often lack resources and knowledge to systematically integrate sustainability goals in their strategies and operations. In order to achieve results, SMEs need a holistic, generic and user-friendly management approach that allows them to plan, implement and test their sustainability initiatives across the value chain. (Verboven & Vanherck, 2015) The contrast between the importance of SMEs for the European economy and the lack of attention for SMEs and concrete information about SDG implementation, however, is noteworthy.

1.3 Implementing the SDGs
Four main drivers of success for the global realization of the SDGs by 2030 have been identified:

- integration into company strategies;
- implementation & management tools;
- integration into R&D and new product development (NPD);
- financial support.

(Ki-Moon, 2015; NEN, 2015; PwC, 2015)

The focus of this article will be on the first two drivers of success: the integration of the SDGs into strategies and the operationalization via management tools or approaches. We will claim that the SDGs and the specific targets are not actionable enough for business. They lack materiality and are too far of daily business operations. It is therefore necessary to translate the SDG framework further into actionable parts and to position them against or in other methods and tools that can be used by SMEs.

Sustainability needs to be integrated in the strategy and daily business operations of the organisation to ensure tangible and material outcomes. An SDG management and implementation process is therefore a prerequisite for reaching the goals. (Verboven & Vanherck, 2015; SDSN, 2015).

The United Nations have developed, with other partners, the SDG Compass, an SDG implementation guide compatible with current sustainability reporting standards (SDG Compass, 2015). The SDG Compass aims to facilitate the effective realization of the Sustainable Development Goals, in a strategical way, and the improvement of in-company sustainability policies. The objective of the tool is twofold: 1) explaining how the SDGs influence business activities and 2) offering guidance for the SDG implementation and management. The authors of the Compass make the claim that business can “use the SDGs as an overarching framework to shape, steer, communicate and report their strategies, goals and activities (…).” (SDG Compass, 2015, p. 8)

The target audiences of the SDG Compass are multinationals and large enterprises. Nevertheless, the SDG Compass (2015) claims a multifunctional use of the Compass by stating that all types of organizations can adapt the tool to their specific context and that the tool can be used at different levels of the organisation. The main part of the SDG Compass is a 5-step cyclical process. This process is graphically represented in table 2.

Table 2. The SDG Compass 5-step cyclical process. Source: SDG Compass, 2015.
### Step 1: Understanding the SDGs.
Objectives: Explanation of the SDGs, gain insight in the business case for the organization/institution and establish compliance with national and international policies and legislation.

### Step 2: Defining priorities.
Objectives: Assess current and potential positive and negative impacts to identify impact areas in value chain. Define business indicators and prioritize.

### Step 3: Setting goals.
Objectives: Set SMART goals and define their scope, related to strategic priorities. Select specific KPIs and define the baseline and level of ambition.

### Step 4: Integrating.
Objectives: Anchor sustainability goals (SDGs) in business strategy, culture and operations by creating insight in the value creation of sustainability for the company and integrating them into incentive systems. Engage in multi-stakeholder partnerships.

### Step 5: Reporting & communicating.
Objectives: Report and communicate on the significance of the SDGs, the impacts and progress and the applied strategies.

---

### 1.4 Sustainability, CSR and Sustainable Development

The understanding of CSR and sustainability has changed over the last decades (Montiel, 2008). Many definitions exist (for a discussion thereof e.g. Van Marrewijk, 2003; Dahlsrud, 2006; Rahman, 2011). For practical reasons we assume CSR, which focusses on current organizational impact, to be a part of sustainability, which focusses more on current and future organizational impact and societal needs. Our approach to CSR and sustainability is determined by the 2011 definition of the European Commission and covers all these aspects:

“To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of: maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts. (…)” (European Commission 2011, p. 6)

The agenda of sustainable development and the operationalization of human rights that is embodied in the SDG framework can best be summarized with the definition of the Brundtland report:
“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: 1) the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and 2) the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.” (World Commission on Environment and Development, 1987)

We see CSR as the contribution of business to the realization of sustainable development. For the sake of our study, a theoretical description of the interdependences is not useful.

1.5 Research objectives and relevance

The added value of a global vision on sustainable development is irrefutable, but the practical value of the SDGs and the SDG Compass for SMEs, remains very unclear at first sight. As a consequence, we set the following research question:

*What is the practical added value of the SDGs and the SDG Compass with regard to the sustainability management process of SMEs?*

By answering this research question, we aim to explore:

1. the practical relevance and usability of the SDG framework implementation method for SMEs;
2. the added value of the 17 SDGs for SMEs and the alignment of the SDGs with existing best-of-breed methods.

To answer part 1 of the research question (RQ1), we will evaluate the SDG Compass with regard to the 5 most crucial features of a good sustainability implementation method for SMEs, listed in previous research (Verboven & Vanherck, 2015).

To answer part 2 of the research question (RQ2), we will analyse the potential value of the SDGs created by internal drivers, i.e. business benefits and compliance with personal motivations and external drivers, i.e. compliance with institutional and stakeholder expectations (European Commission/Adelphi, 2013, p. 10). Each SDG will be evaluated in order to be able to prioritise SDGs for use in SMEs. Prioritisation will be based on business insights and comparison with themes in the Sustatool and ISO 26000.

Since a successful realization of the SDGs will depend on the integration of the goals into companies’ strategies and therefore on the quality of implementation tools, it is necessary to investigate the practical feasibility of existing methods. Current methods and guidelines like the ‘SDG Compass’ and ‘Getting started with the SDGs’ focus mainly on governments, multinationals and large corporations.
A large majority of businesses does not see itself as the most responsible stakeholders for realizing the SDGs (PwC, 2015a). The SDGs, however, offer a chance to bring a global agenda to local boardrooms. This will only succeed when the SDGs are tailored to the specific context of SMEs. Therefore, we want to contribute to a better understanding of the importance of SDGs for SMEs and vice versa and give some recommendations on the practical implementation.

The distinctive character of our research will reside in:

- the analysis of the usability and relevance of the SDG Compass;
- the discussion about the relevance and added value of the SDGs in their current form for SMEs;
- the possibility to translate global goals and targets to the level of SMEs and the facilitation of a more action-driven approach of integrating SDGs into daily management of SMEs through the integration of the SDGs in the Sustatool.

In that way, this research wants to make a contribution to the dissemination of the SDGs to SMEs - the biggest contributors to economic change.

2. Relevance and usability of the SDG framework for SMEs

2.1 Benchmarking criteria

The practical relevance and usability for SMEs of the SDG Compass will be tested at two levels:

- the suggested process steps to implement the SDGs;
- the overall characteristics of the SDG Compass combined with the SDGs as a tool.

In earlier research, we proposed a sustainability management framework, the Sustatool, specifically for SMEs, based on tools, popular academic and management literature management processes for business. (figure 3)

In the process of constructing the Sustatool we established that an effective sustainability tool for SMEs needs to meet the following features:

1. the sustainability management process and supporting components and themes are different elements of the method;
2. the method is holistic;
3. the method allows for detailed insight in topics;
4. the method offers an analytical part and the tools to generate a report and a chart; 
5. the method is user-oriented and flexible in use. 

(Verboven & Vanherck, 2015)

Usability and applicability are central characteristics. Practical outcomes on the operational level and an extensive catalogue of simple actions on product, process, organizational level are a prerequisite for a best-of-breed tool.

2.2 Evaluation of the SDG framework as a sustainability tool

In order to extensively test usability, we will compare the SDG framework, consisting of the goals and the SDG Compass, for each of the five features of an effective sustainability tool as listed in 2.1.

A. Distinction between sustainability management process and supporting components and themes

This characteristic refers to necessity of providing both a management process and a thematic framework. The difference between the SDGs (themes) and the Compass or sustainability management process is made very clear by their specific positioning and strong communication efforts. Both elements are well-developed and could therefore be used separately too; e.g. SDG Compass process with another thematic framework or SDGs with another process or for ad hoc implementation.

⇒ YES

B. Holistic approach

An ideal sustainability toolkit should provide an overview of all possible sustainability themes and it should enable and support every phase of the SDG management process. Holistic refers furthermore to the ability to impact and ameliorate the strategic level as well as the tactical and operational level. The SDG framework is overarching and holistic albeit that the interdependence between the framework and some themes on the operational level, that were include in the Sustatool, could have been established more clearly for some domains that are relevant in the context of CSR in companies but to a lesser extent it in the broader context of sustainable development (Company culture & structure / Privacy / Knowledge & property rights / Green & sustainable marketing / Consumer protection).

⇒ YES
C. Detailed insight in topics

Previous research for SMEs indicated that a useful sustainability tool must offer detailed insight in possible actions. The Sustatool is linked to an exhaustive thematic framework with a vast catalogue of possible sustainability activities. (Verboven & Vanherck, 2015) The SDG Compass lacks a concrete translation of the SDGs (or themes) into actions. Still, the SDG Compass does provide a list of ‘business indicators’ oriented to multinationals. For SMEs this will hardly proof useful since the indicators are:

- not applicable (e.g. “initiatives to improve access to financial services for disadvantaged people”);
- too vague (e.g. “significant indirect economic impacts, including the extent of impacts”); or
- unmeasurable (e.g. “approximate proportion of young children of working parents who have access to local, affordable and safe childcare services”);

Therefore, we conclude that the SDG Compass fails to offer SMEs detailed insight – given its focus on multinationals this is not a critique, but merely a consequence of that choice.

⇒ NO

D. Analytical part, generating a report and a chart

⇒ NO (not applicable)

E. User-oriented and flexible in use

User-friendliness and flexibility assumes “examples of cases and initiatives are provided” and “usability in (almost) every business context” (Verboven & Vanherck, 2015). The United Nations provide limited case examples through their learning centers, but those are hard to find for SMEs that are not familiar with the operations of the UN. Though businesses were included as main stakeholders – the communication is aimed at large corporations multinationals. Therefore, the SDGs and the SDG Compass do not meet this criterion. The translation to the small business still needs to be done.

⇒ NO

Comparison with the five features of Verboven & Vanherck (2015) shows that the SDG Compass combined with the SDGs has a clear process (= SDG Compass), separated from supporting components and themes (= SDGs) and that they are holistic. Insight in concrete
actions is lacking and the provided business indicators are often not applicable, too vague or unmeasurable for SMEs. As a consequence, there is no analytical component. Information is scattered and mainly targeted at other stakeholders as a result of which the user-friendliness of the complete SDG framework is rather low.

2.2 The Sustatool versus the SDG Compass

The Sustatool is a method that enables sustainability and CSR implementation and follow-up in SMEs. Its development is still ongoing and based on academic and management literature and on research on more than 15 Flemish SME-oriented sustainability tools. The Sustatool method consists of a 5-step PDCA-based cyclical process, a thematic framework and catalogue with actions and KPIs. (Verboven & Vanherck, 2015)

Figure 1: The Sustatool sustainability management process. Source: adaptation of Verboven & Vanherck, 2015.

In the thematic framework of the Sustatool 15 themes were identified and categorized into 3 levels: ‘product excellence’, ‘process excellence’ and ‘organizational excellence’. A complementary layer ‘strategical excellence’ was added in order to facilitate far-reaching innovative outcomes and business model innovation, next to the smaller changes encouraged by the other levels. The second dimension of the framework divides the themes into an internal-oriented, resources-oriented and external-oriented category. The framework comprises the three dimensions of the triple bottom line, since the profit (prosperity), in the Sustatool, was seen as an overarching topic. For each of the 15 themes, subthemes and an extensive catalogue of actions and KPIs were composed to show SMEs clearly how they can have significant impact on each of the themes. The thematic framework is used to support phases 2, 3 and 5 of the process. (Verboven & Vanherck, 2015)

Figure 2: The 15 Sustatool themes. Source: adaptation of Verboven & Vanherck, 2015.

The distinctive character of the Sustatool lies in its comprehensiveness and its ability to use the method both as a bottom-up, action-oriented approach, and as a top-down approach, with a long term strategic focus.

Three notable differences exist between the SDG Compass and the Sustatool:

1. Though the prioritizing and goalsetting step are described quite extensively in the SDG Compass, there is no phase (or explanation) about how companies can choose concrete activities and about the actual execution of those activities. However, SMEs need more than any other organization guidance and a framework to put sustainability into operations.
2. Further, the SDG Compass lacks a phase about the control and follow-up of activities and strategies, although this could be implicitly included in the PDCA-like transition between step 5 and step 2. The focus on external reporting and communicating comes with a lack of attention to internal evaluation and follow-up of the actions taken.

3. The SDG Compass website offers a high-level translation of the SDGs and their individual targets to business themes, linking them also to sector-specific or general business indicators and reporting tools. The site also boasts an inventory of business tools mapped against the SDGs. However, the word ‘tool’ is somewhat misleading since these tools mostly are assessment, reporting or compliance standards. Their usability for small business managers is very low. There is no advice on how to operationalize the targets.

The SDG Compass is partially useful for SMEs since all necessary phases of the sustainability management process are included. However, in-detail steps about the real execution of activities and the follow-up, feedback and internal control are missing. Our previous research showed that practical and hands-on advice are considered as indispensable for SMEs.

2.3 Suggestions for improvement of the SDG Compass

We argue that the SDG Compass is at least usable for SMEs. Most of the necessary phases of a CSR (sustainability) management process are included. Some crucial steps and in-detail guidance for successful implementation in SMEs, however, are missing. The SDG Compass lacks information on inventing concrete activities and their actual execution. Furthermore, the PDCA-like transition between phase 5 and 2 is insufficient to guarantee good follow-up and internal control. A concrete measurement system with specific KPIs and other indicators for businesses should be established to ensure realisation of goals in the long term. The largest barriers for SMEs to use the provided tools that come along the SDG Compass, are the diffusion of information, the lack of detail and the lack of alignment with specific SME requirements.

In order to improve the relevance and usability for SMEs of the SDGs and the SDG Compass, several components need to be altered and some new added to the tool:

- Translation of high-level goals into concrete actions (or at least clear guidance on how to do this) should be added, e.g. the thematic catalogue of the Sustatool;
- More support for the implementation of actions;
- Addition of a clear measurement and reporting system for high- and low-level activities;
• Information distribution for businesses through one channel or gathered in one place.

In paragraph 3.4 we will show how we have tackled this problem by linking the SDG Agenda to the Sustatool.

3. Added value of the SDGs for SMEs

3.1 The SDGs and motivational drivers for CSR in SMEs

Given the strong interdependence between CSR and sustainable development and the SDGs (see 1.4) we can apply motivational theories to engage in CSR for SMEs also to the SDG implementation. Four important drivers for CSR implementation in SMEs are generally recognized:

1. tangible and intangible business benefits;
2. personal values;
3. compliance with institutional factors (e.g. industry, society and legislator);
4. fulfillment of stakeholder expectations.

(European Commission/Adelphi, 2013, p. 10)

The first and second driver address internal aspects of the SME, the third and fourth are external drivers of CSR engagement. (European Commission/Adelphi, 2013; Verboven & Vanherck, 2015) Other authors recognize similar drivers and divide them into moral or intrinsic and strategic or extrinsic drivers. (Moon & Chapple, 2013; van de Ven & Graafland, 2006) With Moon & Chapple (2013) we agree that the main drivers for CSR in SMEs are internal, i.e. value driven and benefit-oriented, in contrast to large companies that are also motivated by external drivers, such as compliance and stakeholder management.

Internal or external drivers will lead to different CSR performance. According to INSEAD (2007), there is no clear relation between external pressure (e.g. legislative) and good social performance. Contrary to this, organizational values do strongly influence the social performance of companies. Intrinsic drivers to engage in CSR/sustainability result in more dedication to CSR and better CSR performance (INSEAD, 2007; van de Ven & Graafland, 2006).

In table 3 we have applied the motivational model to the SDGs and listed the incentives to adopt the SDG framework as stated by the SDG Compass (2015) and by PwC (2015).

Table 3: Motivational analysis for SDGs. Source: own composition.
<table>
<thead>
<tr>
<th>Type</th>
<th>Driver</th>
<th>Inventive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Tangible and intangible business benefits</td>
<td>– Potentially more profitable markets.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Higher government investments in certain areas.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– SDG Compass may facilitate better CSR management (but this only applies when the SME is already involved in CSR).</td>
</tr>
<tr>
<td>Internal</td>
<td>Personal values</td>
<td>– Awareness building, fostering enthusiasm.</td>
</tr>
<tr>
<td>External</td>
<td>Compliance with institutional factors</td>
<td>– Reflection of possible future policy changes at the international, national and regional levels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Decrease of legal, reputational and business risks because compliant with future laws and expectations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– SDGs as a license to operate.</td>
</tr>
<tr>
<td>External</td>
<td>Stakeholder expectations</td>
<td>– SDGs reflect a series of stakeholder expectations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Prepared for changes in law and social expectations and therefore avoidance of costs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– SDGs as a communication framework.</td>
</tr>
</tbody>
</table>

The added value of the SDGs for SMEs is mainly situated in the range of external motivational drivers since the SDGs are not developed with the intention to influence the personal values and tangible and intangible business benefits for SMEs are not emphasized.

A first risk of the focus of the SDGs on external drivers is that it is less effective for SMEs and limits potential outcome. A second risk poses window-dressing or greenwashing, the practice of misleading consumers about the environmental or social responsibility of products and services. The SDG Compass stresses compliance with stakeholder expectations as one of the key reasons for implementing the SDGs. However, it is exactly this type of perceived consumer and stakeholder pressure that often is the trigger to greenwash, so one should at least be more conscious thereof. (Markham, Khare & Beckham, 2014; Delmas & Burbano, 2011).

### 3.2. Prioritization of the individual SDGs

The United Nations state that the Global Goals are one and indivisible and not designed for cherry-picking (SDSN, 2015; Wollaert, 2016, cited by Develtere, 2016). Given the limited
resources of SMEs and the fact that they struggle already with implementing directly business-related SME-policies it is unfeasible to bring all SDGs on the agenda of their boards. We believe that prioritization in terms of geographical and business relevance and significance is necessary in order to achieve impact with SMEs. Cherry-picking is not illegitimate when it is done based on materiality of issues instead of the organizations’ comfort zones (PwC, 2015). It is almost impossible to determine accurately which SDGs can offer the largest opportunity for business or to which SDGs business can contribute most, although some goals are clearly more relevant for business than others.

PwC (2015) executed an SDG Engagement Survey that established which SDGs businesses think they could impact most and which will offer most opportunity. In terms of impact, SDGs ‘8. Decent work & economic growth’, ‘13. Climate action’, ‘9. Industry, innovation and infrastructure’, ‘4. Quality education’ and ‘3. Good health and well-being’ are reported as the most relevant themes for business worldwide. In terms of business opportunity, SDGs 8, 9, ‘12. Responsible consumption and production’, 13 and 3 were ranked highest.

The ranking is illustrated in figure 3. Such surveys have a methodological flaw since they start from the hypothesis that respondents truly grasp the meaning and scope of each SDG and the 169 targets. Nevertheless, it is a useful way to at least prioritize roughly. The survey furthermore revealed that impact on SDGs and opportunity for businesses differ between sectors. This is congruent with our belief that SDG prioritization is context dependent. (PwC, 2015)

Figure 3. Impact and opportunity perception of SDGs. Source: PwC Engagement Survey, 2015.

In order to establish the priority of the SDGs for SMEs, we adopted a different, bottom-up approach, based on the catalogue with actions of the Sustatool. In the Sustatool we have identified 15 themes related to business processes of the SME. For each of the Sustatool themes we have grouped practical actions with links to best practices and KPIs. (Verboven & Vanherck, 2015)

Through the mapping of all actions within the 15 themes on the 169 SDG targets, we have established a good idea of where most impact and priority for SMEs lie. This is illustrated by figure 4. But still this approach remains subjective and context-dependent.

The mapping of the Sustatool on the SDGs is not a one-on-one exercise. Many actions within the thematic clusters of the Sustatool cannot be linked directly or only to a very limited extent to the SDGs because they address specific business processes like governance, mission and
values formulation, marketing and product liability. We also noticed that some of the SDG targets seem hard to translate to a typical European SME context because they are either out of scope or are the subject of legislation, e.g. targets concerning gender equality and minimum wage.

Other actions can be attributed to different SDGs. Linking gets difficult when SDGs are interrelated, e.g. through causal effects. This is the case for quite some actions in the field of product and process innovation that lead to less waste and more energy efficiency. SDG 13 (Climate) can e.g. be a result of the work within SDG ‘7. Affordable and clean energy’, ‘12. Responsible consumption and production’, etc.

It makes sense that every SME does its own homework to establish how the opportunities link to their own business model and context.

Figure 4. Priority of the SDGs for SMEs based on concordance with the Sustatool. Source: own composition.

3.3 Added value of the SDGs

The SDGs can act as a cluster of themes for sustainability or CSR initiatives. On one hand CSR can be seen as an operational implementation method of the SDGs (United Nations Brussels, 2015) and therefore the SDGs enable ‘changes within the game’. On the other hand Laljani (2015) suggests that the SDGs might change the way companies deal with CSR. In that case the SDG framework will have a normative effect on the way we think of CSR and it will act as a ‘game changer’.

3.3.1 SDGs as catalyst for changes within the game

By linking individual CSR-related actions, with clear KPIs and feasible project planning schemes, to the SDGs, we can stimulate SMEs bottom-up to cluster their actions and to contribute to specific, selected SDGs. As shown, the selection of SDGs can be based on opportunity, impact, significance, specific stakeholder expectations et cetera, but always is context dependent.

In this case the Sustainable Development Goals can be the framework to pinpoint one’s own CSR policy. In doing so SMEs contribute to the realization of the SDGs by minimizing negative impacts and maximizing positive impacts on people and planet. This linking of individual actions with global goals offers an opportunity to reflect on policies, but also to communicate them easily to stakeholders and comply with tacit requirements. These are changes within the game.
The added value of the SDGs compared to other methods for achieving those changes within the game, is rather limited. Nevertheless, the SDGs can increase companies’ levels of ambition, boost CSR engagement by enabling companies to contribute to a global mindset and therefore be steering (SDG Compass, 2015). The SDGs require a translation to a more action-oriented level. This is very challenging and time-consuming for businesses (PwC, 2015), especially for SMEs, or it requires specific tools like the Sustatool (see paragraph 2.2 and 3.4). The fact that companies need to use several tools for this and that information is scattered, might be a barrier for bottom-up SDG realization by CSR action-taking in businesses.

Table 4: Added value of the SDGs compared to the Sustatool. Source: own composition.

<table>
<thead>
<tr>
<th></th>
<th>SDGs</th>
<th>Sustatool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value for SMEs</td>
<td>• Inducement</td>
<td>• Inducement &amp; support</td>
</tr>
<tr>
<td></td>
<td>• Increase in level of ambition &amp; more engagement, steering</td>
<td>• Complete set of themes for business</td>
</tr>
<tr>
<td></td>
<td>• Compliance &amp; license-to-operate</td>
<td>• Concrete actions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Easy, low-level CSR implementation</td>
</tr>
<tr>
<td>Missing for SMEs</td>
<td>• Translation to action-oriented level</td>
<td>• Global steering framework (necessary for SMEs?)</td>
</tr>
</tbody>
</table>

➤ Barrier: information on practical implementation of themes (targets and activities) is not gathered

3.3.2 SDGs as a potential game changer

We believe that there is an urgent need to explain business that it can be the solution of many societal, health and environmental problems through scalable business initiatives. Designing business models through partnerships to meet unaddressed societal needs is the model of the future. It is in this field that the SDG agenda can really take a steering role and change the way we think about doing business.

The UN recognized this need for strategic change and profound innovation by introducing SDG ‘9. Infrastructure, industrialization and innovation’ and SDG ’17. Partnerships’. By adopting novel innovative business models like co-creation, product-to-service etc. and through extensive collaboration with local and foreign parties, SMEs can also reach out to a more inclusive way of doing business impacting through shared value creation. We therefore think that those two SDGs are inextricably bound up with each other for SMEs. Addressing
this sets the SDGs apart from other sustainability- and CSR-related frameworks since our previous research showed that a strategic approach in CSR-tools is rare. (Verboven & Vanherck, 2015)

Inspiration is difficult to translate in a PDCA approach or into actions. The best way to promote this is via cases from which success criteria can be derived. For SMEs we suggest to start with the more easy to grasp notion of shared value creation, targeting the local society. By asking simple questions a company can establish whether or not a specific action, product or service creates shared value besides the normal economic value of transactions:

- Does the initiative solve social or environmental problems?
- Is there a link with the unique specialty or core business of the company?
- Is it profitable and scalable?

(Porter & Kramer, 2006).

Although the SDGs recognize the need to be innovative and therefore design new business models through partnerships, they neglect that value cannot always be captured completely in GDP (e.g. target 8.1 and 9.2) (Choucron, 2011; Jonker, 2014). This partially undermines the transformative and steering power of the SDGs.

In order to become a real game changer, the SDG framework needs a prescriptive and actionable model for sustainable business model development and facilitation. This type of model can be congruent with the ‘Strategical Excellence’ dimension in the Sustatool, which is still under development.

3.4 Linking the SDG agenda to the ISO standards and the Sustatool

Translating the SDGs into more action-oriented levels is key to their realization. The best way to achieve this is by linking the SDGs to an existing method.

Several ISO standards can help to facilitate specific SDG realization, e.g. ISO 14064 or greenhouse gasses, ISO 50001 or energy management, and ISO 14001 or environmental management. However, we opted for a holistic approach, since SMEs do not have the resources to focus on different individual norms or tools. Here ISO 26000, social responsibility, comes into the picture as this ISO standard is specifically targeting the broad theme of CSR in business contexts.

However, it is exactly the fact that ISO 26000 is developed for high-level use and mainly indicates ‘what’ to achieve instead of ‘how’ to achieve it, that limits the possibility to
concretize the SDGs for SMEs with the assistance of ISO 26000. The core subjects of ISO 26000 are formulated much broader than the SDGs, which hinders the comprehensibility for SMEs and the direct mapping of the SDGs on ISO 26000 and vice versa. In addition, several core subjects of ISO 26000 have become irrelevant against the backdrop of the SDGs; e.g. human rights since the SDG framework is intended to operationalize the human rights agenda. Consequently, the mapping of ISO 26000 on the SDG framework can be done to a limited extent, and will not contribute to a simple way of action-taking in SMEs for SDG realization.

To facilitate action-taking, a more hands-on approach is required. We therefore provided a comprehensive mapping of the SDGs and their 169 targets to several Sustatool themes, subthemes and the related low-level activities. A visualization is given in figure 5. With this mapping, SMEs are able to select concrete actions in their own language and context that contribute bottom-up to the realization of a specific SDG. The approach can be merely communicative – in that way it misses out on the steering potential. However, ambitious SMEs could focus systematically on those actions over various themes that are linked to a singular or a small set of SDGs. In that case the mapping has steering power. The best way to do so is to reflect on potential SDGs in the third phase (make specific) of the Sustatool process when selecting the themes and activities to focus on. If not, the exercise remains limited to mere window-dressing.

**Figure 5: Linking the Sustatool to the SDG targets. Source: own composition.**

4. General Conclusions

In this paper we discussed to what extent the SDG framework, consisting of goals and a management process, can be applied to implement the SDGs in SMEs. With regards to the relevance and usability of the SDG Compass, we can conclude that it is holistic and that the management process and sustainability themes are well-delineated. However, it lacks a translation to concrete business actions for SMEs and a system for measurement and feedback. This might be due to the fact that the SDG Compass is not targeting SMEs. Overall, the main phases of the process in the SDG Compass are sufficient to use in SMEs but they miss a high level of detail, which is essential for SMEs. We stated that several characteristics should be included into the SDG Compass approach:

- Translation of high-level goals into low-level activities;
- Inclusion of support for implementation of actions;
- Addition of a measurement and reporting system;
Centralized information distribution.

Without those additions, the SDGs and the SDG Compass are not actionable enough for business. They lack materiality and are too far from daily business operations.

In addition to the process of the SDG Compass, we also investigated the relevance of the SDGs in itself for CSR. We concluded that SMEs should apply a gradual approach by prioritizing SDGs, based on materiality. We identified 7 SDGs that are of high priority for SMEs in a West-European setting: 4. Quality education; 7. Energy; 8. Decent work & Economic growth; 9. Industry, innovations and infrastructure; 12. Responsible consumption and production; 13. Climate action and 17. Partnerships, however the prioritization is strongly context dependent (e.g. legislation).

The added value of the SDG framework (table 5) lies in the link between individual goals and activities to a global agenda, which can steer, motivate and increase the quality of communication. In order to directly improve the sustainability management process of SMEs, the SDGs need to be linked with concrete actions and tailored to the company’s context. A first translation should be done by governments – as indicated by SDG Compass (2015). Until now, it seems that this translation remains too high-level for integration of actions at the level of SMEs. We demonstrated that with the aid of hands-on tools, like the Sustatool, a translation to a lower, more action-oriented level can be made. This brings the SDGs on the local agenda of small companies, enabling them to make their own contribution to the global goals.

Table 5: The added value of the SDGs for SMEs. Source: own composition.

<table>
<thead>
<tr>
<th>ADDED VALUE OF THE SDGS FOR SMES</th>
</tr>
</thead>
</table>
| **WITHIN THE GAME** | What it facilitates | Compliance  
Minimization of negative impacts  
Maximization of positive impacts |
| **Prerequisite** | Making it actionable  
Management tools |
| **GAME CHANGER** | What it facilitates | Shared value creation  
Steering effect (starting with CSR) |
| **Prerequisite** | Case-driven inspiration and enthusiasm |
These limitations of the SDGs should however be nuanced in the light of the novel character of the framework. Several initiatives, e.g. CIFAL action-learning, have been initiated only recently. Once governments have translated the Global Goals to national levels, more specific, local and action-oriented tools and initiatives for SMEs hopefully will emerge. An SDG realization approach without the inclusion of SMEs would miss out on opportunity after all, regarding the enormous economic impact of SMEs in the European context.

The most value is added in the domains of partnerships and business model innovation by the SDGs compared to other tools. Nevertheless, guidance on how to initiate and manage this in existing SMEs is barely available. Therefore, we think that future research, based on theory and on cases, should be done on how local partnerships for SMEs can be valuable and create shared value and how to do business model innovations. A specific elaboration and ‘how to’-guidance on those themes would be valuable instruments for the assurance of SDG realization and the facilitation of long term sustainability efforts in SMEs. Both the SDGs as the Sustatool (and most other sustainability management tools) are lacking a hands-on approach for this part of sustainability management in SMEs.

**Literature**


