

**Environmental Management Systems and the Third Sector:
Exploring weak adoption in the UK**

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Abstract

The environment has become an increasingly prominent consideration across the third sector in the UK. However, while there has been an ‘audit explosion’ in relation to demonstrating the social mission of third sector organisations (TSOs), this has not transferred to the management of environmental impacts. This article offers the first assessment of the development and adoption of environmental management systems (EMS) across the third sector. Through a comparison with the experience of the private sector, analysis of key documents, interviews with third sector and government actors and case studies of TSOs that have applied and/or adapted EMS, the article provides evidence of a relatively low level of innovation in this area. The article concludes with reflections on the tensions associated with the future development of EMS across the third sector, in particular the ambiguous role of government policy.

Introduction: from social to environmental performance management

The last two decades have witnessed an ‘audit explosion’ (Power 1997; Moran 2003) in the third sector in the United Kingdom, with charities, voluntary and community

organisations, co-operatives, mutuals, housing associations and social enterprises increasingly aiming to demonstrate or prove the social value of their activities through the use of a variety of performance management and impact assessment tools (Arvidson 2009).¹ For third sector organisations (TSOs) such ‘voluntary audits and awards promise a way of raising, reinforcing, and also differentiating themselves in the marketplace for contracts, grants and donations’ (Paton and Foot 2000: 331). Competition for funding is the most common explanation for the rise in accounting for social impact, although Kendall and Knapp argue that there are other explanations: ‘Performance measures are demanded by a number of stakeholders, including voluntary organizations themselves, their funders, the public sector bodies charged with regulating them, and many individual employees, volunteers, donors and service users’ (Kendall and Knapp 2000: 129). While commentators are often critical of the limitations of social auditing (Arvidson 2009; Arvidson et al 2010; Kendall and Knapp 2000), the desire amongst TSOs to provide evidence of the social impact of their activities has generated an industry of consultants (including third sector providers) offering a bewildering range of methods.

To date, the debate on performance management in the third sector, both amongst practitioners and academics, has focused almost entirely on social aspects of organisations’ activities and practices. While there is an expectation amongst third sector commentators that ‘socially responsible organisations must be environmentally

¹ The term ‘third sector’ is notoriously difficult to define since it includes the multitude of organisations not found within the private and public sector (themselves contested concepts). Estimates suggest that this equates to some 870,000 organisations in the UK (Task Force 2010). Other terms such as the voluntary sector and non-for-profit sector are more limited in the range of organisations they include and are sub-sets of the broader third sector. Commentators often highlight the value-driven (rather than profit-driven) nature of third sector organisations. For further discussion, see Kendall and Knapp (1995) and Alcock (2010).

responsible' (Pearce 2003: 33), this is only an assumed connection. There is currently a negligible evidence base on the extent to which environmental management systems (EMS) have been promoted and implemented across the sector (Edwards et al 2010). This is perhaps surprising given the constructive conditions for the development and spread of such management tools. First, a pro-environmental discourse is increasingly prominent amongst key actors in the third sector, most vividly demonstrated by the report of the Joint Ministerial and Third Sector Task Force on Climate Change, the Environment and Sustainability (from now on: the Task Force) in March 2010 – a process and report that we will discuss in more detail below. While high profile environmental organisations within the third sector (ranging from Greenpeace and Friends of the Earth to National Trust and Wildlife Trusts) have played a significant role in developing and promoting the environmental agenda for a number of decades, it is only relatively recently that this agenda has clearly made an impact on the policy agenda of the sector as a whole: on non-environmental organisations that make up the majority of the third sector. Second, government – in particular the Department of Environment, Food and Rural Affairs (DEFRA) – has increasingly highlighted the importance of sustainable procurement in its relations with the third sector. This will require organisations in receipt of public funding to provide evidence of their environmental credentials (DEFRA 2008; HM Government 2010).

This paper offers a first evaluation of the development and adoption of EMS within the third sector. It begins with a brief discussion of the emergence of EMS and relevant lessons that can be drawn from its adoption primarily in the private sector. The paper then draws on empirical evidence from a range of sources to explore the impact of EMS on the third sector. First, we analyse recent key third sector documents where EMS is (or could reasonably be expected to be) mentioned for

evidence of current practice and guidelines. This documentary analysis is supplemented by interviews with organisations that participated in the Task Force – from both the third and public sectors – and with third sector practitioners involved in the development and promotion of performance management tools. Together the documentary analysis and interview data confirm a lack of knowledge about EMS amongst leading actors. To understand more about the potential impact of EMS, we turn to four brief case studies of TSOs (again, drawing on a mixture of interviews and documentary analysis) that have displayed a level of commitment to undertaking environmental performance management. Based on this range of empirical evidence, we draw a set of conclusions about the development of environmental performance management in the third sector.

The emergence and impact of EMS

While there is a weak evidence base on the adoption of EMS within the third sector, this is far from the case for the private sector where there is extensive academic interest in the voluntary adoption of EMS through which ‘a firm pledges to take progressive environmental action beyond what its government regulations mandate’ (Prakash and Potoski 2006: 2). Much of the literature focuses on ISO14001, part of the International Standard for Organisation 14000 series, which ‘has slowly established itself as the reference model in environmental management’ (Boiral, 2007: 127). ISO14001 aims to minimize the environmental impacts of an organisation, ensure that it adheres to all environmental legal requirements and integrates continuous environmental improvements. In so doing, it endeavours to ensure that the environment is captured in daily organisational practices and improves the

environmental credibility of the organisation. Successful implementation of ISO14001 leads to formal accreditation.

Less widely adopted, arguably because it is more demanding than ISO14001, is the Eco-Management and Audit Scheme (EMAS) devised by the EU which relies on an environmental policy being continuously improved for on-going accreditation (Strachan et al, 1997). The Global Reporting Initiative (GRI) has also been taken up by a number of companies. Its broader framework of sustainable development requires organisations to report on economic, environmental and social considerations, although in practice, firms frequently focus more on environmental aspects (Hussey et al, 2001). Again, organisations are expected to continuously improve their performance, although in comparison to ISO14001 and EMAS there is no formal accreditation process.

The emergence of EMS can be seen as evidence of the discursive shift from treating environmental problems in isolation, in an adhoc manner, to recognising the demands of sustainable development: a more systematic attempt to integrate environmental considerations alongside economic and social dimensions in strategic and everyday decision making. A particular interpretation of sustainable development – namely ecological modernisation – has come to dominate in which sound environmental performance is related to more efficient economic performance (a ‘win-win’ scenario). For advocates of ecological modernisation, non-regulatory environmental policy instruments, including voluntary programmes such as EMS, have a central role to play in ensuring the integration of the environment into the governance of organisations (Jordan et al 2003; Gouldson and Murphy 1988).

There is a range of motivations at work that drive adoption of EMS, beyond a simple commitment to reduce environmental impacts and make savings from pollution prevention and other activities (Curkovic and Sroufe 2011: 76-77). Within the literature, a great deal of attention is paid to the ‘ceremonial’ role that EMS plays for companies in delivering on expectations of public authorities (Boiral 2007; Warner and Ryall 2000) or significant actors in supply chains (Nawrocka et al 2009) and the extent to which EMS can open up market opportunities – for example, Prakesh and Potoski (2006) make much of the exclusionary benefits for those firms that become part of the ‘green club’. EMS is recognised as a flexible tool through which corporate actors are able to demonstrate environmental credentials and legitimacy. Critics of EMS (and other voluntary approaches) are quick to raise questions about the extent to which such tools lead to significant environmental improvements (Boiral and Sala 1998, Boiral 2007). It is recognised that where there is meaningful commitment to the environment in an organisation, EMS can promote cultural change, but there are reasonable concerns that for many organisations this is a paper exercise undertaken to improve image. Finally, as a *voluntary* instrument, organisations are able to decide both whether to participate and the level of commitment: for many critics, responding to environmental problems is too critical to leave to voluntary action (Gouldson and Murphy 1998: 63-4).

Within the literature on EMS, a recurring theme is the relatively low take-up by small and medium-sized enterprises (SMEs), although there are ‘shinning examples’ of SMEs that have innovated with EMS (Hillary 2000), often adapting such practices to their own particular circumstances (O’Laoire and Welford 1998; Korolijova and Vornova 2007). A variety of explanations for the low rate of adoption have been offered, most often including: the degree of ignorance and disinterest in the

environment as an issue amongst SME managers, particularly when there is little or no demand from customers; cynicism towards the benefits of self-regulation and management systems, particularly their suitability for small firms; difficulties associated with finding reliable advice; and the challenge of diverting resources from what are perceived as the core activities of the firm, particularly when finance is tight (Hillary 2000; 2004; Petts 2000; 2005). Compared to larger firms and public authorities, the environmental impact of individual SMEs is typically relatively small, raising questions about the necessity of EMS. However, Ruth Hillary amongst others has pointed out:

It is an error to neglect the SME sector. If sustainability is to become a meaningful objective for societies, and fully integrated into their structures, then small firms must be brought into the process... Small and medium-sized organisations need to be part of the process not just because they employ so many people and have influence throughout the community but because their alienation and isolation from actions on the environment means that sustainability will never be achieved. SMEs comprise the fabric of all societies. Change their attitudes towards the environment and we have a chance to achieve sustainable development. Ignore them and we all suffer. (Hillary 2000: 9)

Beyond the private sector, there is a smaller literature discussing and promoting the adoption of EMS by public authorities, although much of this relates to the mid- to late-1990s as part of the response to the Rio Earth Summit and Local Agenda 21 (Hill and Smith 1994; Patterson and Theobald 1996; Jones 1996; Levett 1996; 1997; Brumstron 2000; Connelly et al 2012). Again, this represents a significant gap in the

literature on EMS. There is some evidence that a small number of public authorities are building on the long tradition of public authorities using the procurement and commissioning process to create social value (McRudden 2004) to give preference to suppliers with a certified EMS (Warner and Ryall 2001; Williamson et al 2006), confirming the role that supply chains can play in affecting adoption of EMS.

What lessons might we draw for the third sector from this brief analysis of the development and adoption of EMS? While there are differences in the mission, funding and activities of TSOs compared to private sector enterprises, the findings on the barriers to adoption experienced by SMEs may well be most relevant. Within the third sector, 99.7 percent of charities on the Charity Commission database² fall within the European Commission definition of ‘medium-sized’ enterprises; and, with 98.2 percent defined as ‘small’ (European Commission 2005).

Second, the question of whether there is any value in EMS adoption across the third sector is also highly pertinent. According to the REAP database³ ‘non-governmental organisations’ (the best available proxy for the third sector) are responsible for less than 1 percent of UK consumption-based carbon emissions in 2006. While improving environmental performance will reduce this figure, it is an open question as to whether it is worth the effort given their relative contribution. Here Hillary’s earlier comment about the important role that SMEs can play in influencing broader cultural shifts given that they ‘comprise the fabric of all societies’ resonates with familiar

² While the Charity Commission database only holds information on one institutional form within the third sector (‘charitable trusts’), this includes many of the more institutionalised organisations within the sector.

³ The Resources and Energy Analysis Programme (REAP) has been established by the Stockholm Environment Institute and provides data and tools for estimating greenhouse gas emissions and ecological footprints within the UK. <http://resource-accounting.org.uk/>, last accessed 29 December 2011

rhetoric about the unique capacity of the third sector to mobilise and enable individuals and communities to act (e.g. Task Force 2010; Hale 2010).

EMS and the third sector: an underdeveloped agenda?

To investigate the extent to which EMS has been considered, promoted and adopted across the third sector, we interpret a range of empirical material. First, we review key policy documents focused on the environmental activities of TSOs. Second, we draw on a set of interviews undertaken with nine elite actors involved in the Task Force in 2009 and 2010 (seven with third sector participants; two with government officials). Third, we draw on a second set of interviews with six third sector practitioners engaged in developing performance management tools. A final source of empirical data is drawn from four short case studies of TSOs (based on reports and eight interviews with key actors) that have adopted some form of EMS – the selection criteria for these cases is discussed later.

A weak policy steer?

Notwithstanding the impressive activities and impacts of environmental TSOs, it is not until towards the end of the first decade of the new century, that mainstream peak organisations in the third sector – national organisations that provide guidance on strategic developments to other TSOs, such as the Charity Commission, the National Council for Voluntary Organisations (NCVO) and the Association of Chief Executives of Voluntary Organisations (ACEVO) – began to systematically address environmental considerations in policy documents. As the Chief Executive of one significant peak organisation poignantly recognises: ‘We were late to the party’ (May

2011). One of the first occasions on which EMS is mentioned is in a 2009 think-piece, *Leading Better Environmental Performance in the Third Sector*. This report, prepared by ACEVO, was commissioned by the DEFRA to inform its third sector strategy. In a brief paragraph, the report bemoans the lack of attention and support within the sector:

Essential to any attempts to incentivise better environmental performance in the third sector will be a greater ability to measure and monitor that performance. Currently there is a lack of common language and standards for carrying out that measurement, and a lack of infrastructure for carrying out effective comparative monitoring of third sector organisations. (ACEVO 2009: 5)

ACEVO promotes EMS in *The Sustainability Challenge: Implications for Chief Executives in the Third Sector* published later in 2009: ‘Any effective, responsible organisation should consider undertaking a full environmental audit and developing an Environmental Management System (EMS)’ (ACEVO 2009: 17). However, the report offers nothing more than a very brief summary of what an EMS entails, identical to the text on the Envirowise website, a government funded programme promoting sustainable practices to the private sector (Gibson 2001).⁴ No third sector-specific EMS guidance is offered.

Again in the same year, the aforementioned Joint Ministerial and Third Sector Task Force on Climate Change, the Environment and Sustainability was initiated by DEFRA. This saw 17 TSOs working in partnership with several government

⁴ <http://envirowise.wrap.org.uk/uk/Topics-and-Issues/EMS.html>, last accessed 21 December 2011

departments⁵. The Task Force, chaired by the Green Alliance and the NCVO, published *Shaping Our Future* in March 2010 – a call to arms for the third sector to engage more effectively with environmental challenges, in particular climate change. The Task Force represents the first occasion where key mainstream TSOs have come together to give systematic attention to this set of policy challenges. The claim that the third sector is in a unique position to respond to such challenges is repeated throughout the report (see also Hale 2010).

While the report highlights a series of actions to be taken by third sector organisations and government bodies, there is only the briefest mention of environmental performance management. Under the section on commissioning and procurement of sustainable services the Task Force report makes specific reference to future guidance to be produced by ACEVO ‘looking at how government procurement processes and grant funders are likely to require sustainability in the services they commission and support’, specifically ‘steps that chief executives need to take on environmental performance management and on reducing carbon footprints’ (Task Force 2010: 92). This guidance has yet to surface.⁶ The Task Force provides no further recommendations to TSOs considering the implementation of an EMS.

A set of elite interviews held in 2010 with third sector and government participants in the Task Force process reinforce the perception that there is a strong desire to see the

⁵ Third sector partners: ACEVO, ACRE, BASSAC, British Red Cross, BTCV, Capacity Global, The Church of England, City Bridge Trust, Community Sector Coalition, Green Alliance, Grenfell Housing and Training, NCB, NAVCA, NCVO, the WI, Social Enterprise Coalitions, Volunteer Cornwall
Government departments: DEFRA, DECC, OTS, CLG. For more on the Task Force and its report, see <http://www.green-alliance.org.uk/grea1.aspx?id=3702>, last accessed 21 December 2011.

⁶ The Task Force report was poorly timed, published less than two months prior to the 2010 general election. The change of administration and the ensuing impact on the comprehensive spending review on the third sector may offer some explanation as to why work in this area is currently stalled.

third sector respond more effectively to the environmental agenda, but that key actors know very little about how TSOs can apply EMS or where such information is available. As an interviewee from one of the sector's largest peak organisations commented: 'I know that as a policy team we haven't really thought of sending that message out' (August, 2010).

On a couple of occasions, interviewees pointed towards initiatives such as JustAct⁷ or the now defunct Every Action Counts, as sources of relevant information. While the JustAct website offers a range of practical actions (and supporting resources such as small-scale carbon-counting tools) that TSOs can undertake, at the time of writing it does not offer advice on EMS or other comprehensive management tools. A number of actors were also aware of the work of the London-based City Bridge Trust that has provided funding for limited eco-audits for local TSOs,⁸ but again, such audits do not establish an on-going management system, nor an accredited standard.

Specific management systems were only mentioned in two interviews. A representative from a third sector organisation briefly commented on PQASSO, the Practical Quality Assurance System for Small Organisations promoted by the organisation Charity Evaluation Services (CES). While the third edition of the popular social auditing tool incorporates some consideration of the environment, the interviewee commented that it 'is not a major feature' (July 2010). The other tool mentioned by a government official was the Social Enterprise Balanced Score Card developed by Social Enterprise London from an initiative initially launched in the

⁷ <http://www.justact.org.uk>, last accessed 21 December 2011

⁸ For further details see: <http://www.bridgehousegrants.org.uk/CityBridgeTrust/StrategicInitiatives/Eco-audits.htm>, last accessed 21 December 2011.

private sector. The Social Enterprise Balanced Scorecard is a visual tool that helps organisations take a first step in considering their most important social, environmental and economic values.⁹

Frequently, in response to their lack of awareness of EMS, interviewees reiterated what they saw as a strong commitment to the environment amongst third sector organisations, but a lack of capacity to respond to the agenda. As one third sector interviewee argued: ‘I don’t think I have heard anyone in [my] sector say, “This isn’t our issue”. I think what I have heard people say is “We just don’t have the capacity”’. And the situation is likely to worsen ‘in the current kind of economic climate’ (July 2010). A second interviewee confirms this perception: ‘I’d have thought that resources will be the main obstacle because I mean attitude wise and when it comes to spreading the message about environmental sustainability and impact and climate change, it’s a very receptive sector’ (August 2010).

While provision of dedicated resources to promote the application of EMS was seen as one potential driver for uptake, a government official believed that the strengthening of public authority procurement rules would likely be a significant stimulus for further activity: ‘they’re pretty light touch at the moment, but that’s a start ... it will get tougher and tougher (May 2010). Similarly, a third sector interviewee commented that along with awareness-raising of EMS within the sector, ‘commissioners need to call for it more as well so that there’s kind of the carrot and the stick’ (July 2010).

Only one interviewee, from an environmental organisation involved in the Task Force process expressed some trepidation: ‘I think our concern would always be that if you

⁹ For a similar argument about the role of Ecomapping for SMEs, see Korolijova and Vornova (2007: 544)

get focused on a measurement of some kind, then actually that's almost a distraction'. But then, like others, the interviewee admitted that 'I don't think we've really looked into it.' There is a widespread lack of understanding across key actors as to whether the adoption of an EMS represents an effective way for TSOs to embed the environment more systematically into their practices.

The practitioner perspective

Interviews with third sector practitioners who are actively involved in the development and promotion of performance management tools reinforced the lack of work on sector-specific EMS. Amongst the plethora of TSO-specific performance management tools,¹⁰ practitioners again highlighted the most recent edition of PQASSO as the one example that had been adapted to 'encourage [TSOs] to consider environmental impact' (July 2010). But an interviewee involved in this development was unable to offer evidence of its impact, reinforcing the earlier observation that the inclusion of environmental considerations remains somewhat marginal.

Much of the attention of practitioners is currently focused on Social Return on Investment (SROI), in large part because of its heavy promotion by the Office for Civil Society (formerly Office for the Third Sector). SROI is not a management system; rather it aims to calculate the social value of particular activities using financial proxies. While there have been a small number of TSOs that have used

¹⁰ For example, PQASSO, Prove IT!, ABCD (Achieving Better Community Development), RADAR, Local multiplier 3 and The Big Picture. For more detail see www.proveandimprove.org/new/

SROI to consider environmental activities,¹¹ our interviewees were unaware of any pressure from government or elsewhere to extend the tool to incorporate environmental values. In fact there is scepticism amongst our interviewees that this could be achieved, both in terms of developing relevant financial proxies for environmental impacts and the way that trade-offs would be understood. Even TSOs that are generally supportive of the use of SROI and other financial tools are concerned about the robustness and credibility of environmental proxies (New Philanthropy Capital 2010: 9). It is striking (although unsurprising) that such discussions echo earlier heated debates in environmental economics and politics about the extension of cost-benefit analysis (CBA) to include environmental values (Smith 2003: 29-51).

Again, practitioners reaffirmed the view that it was likely to be external pressure that led to more widespread development and adoption of EMS. A Welsh performance management practitioner confirmed this was the direction of travel: 'I think it's only going to get more stringent in that respect... if you want an Assembly Government contract or tender you need to have some kind of environmental management system set up' (July 2010). But while recognising that 'some sort of external stimulus' may be necessary for TSOs 'to get started, but also to maintain a bit of momentum', another practitioner raised concerns that in some situations the costs of reporting requirements 'could be completely out of keeping with the amount of funding being awarded' (July 2009).

Our interviews with performance management practitioners confirm that there is no systematic, sector-wide approach to the development, promotion and adoption of

¹¹ See, for example, the work of Greenspace Scotland which has promoted SROI as a way of capturing the value of various greenspace activities undertaken by TSOs. <http://www.greenspacescotland.org.uk/greenspace-sroi.aspx>

EMS across the third sector. This leaves TSOs with only two options: the application of EMS initially developed for the private sector (for example, ISO14001, EMAS and Global Reporting Initiative); or the development of bespoke systems. The following case studies illuminate both of these approaches.

Implementing EMS: four vignettes

The evidence presented thus far indicates that significant opinion formers and practitioners in the third sector who are pushing forward the environmental agenda typically have little understanding of EMS. There are however a small number of committed organisations who have sought to demonstrate their environmental credentials by adopting an EMS. Through brief case studies or vignettes, we explore implications of decisions made by four organisations that are keen to be more systematic in their environmental management, but had to look to tools used primarily within the private sector.

Our selection of cases was limited by the lack of a database of TSOs that have implemented an EMS. As such we generated a purposive sample that, reflecting our knowledge of private sector activity, ensured differentiation in the size of organisations. Thus we could consider the relative capacity of organisations to implement an EMS. We were able to locate two TSOs that implemented ISO14001 with the explicit aim of strengthening their environmental reputation, but where implementation generated contrasting experiences. One organisation – a TSO of significant size in terms of employees and turnover – used ISO14001 as a stepping stone to EMAS; the other, whose turnover and staffing levels correspond to a small-sized SME, allowed its accreditation to lapse. Additionally we undertook interviews

in two further TSOs that had considered implementing an established EMS (ISO14001 and GRI), but which decided to develop bespoke processes that they felt better reflected their structure and practices. Again, one is a large enterprise; the other roughly corresponds to a medium-sized SME. The basic characteristics of the four TSOs are laid out below, representing some of the diversity of organisational forms across the third sector.

*Figure 1. Details of cases*¹²

Name	Type of TSO	Sector	Annual Turnover	Number of UK full-time employees	Private sector equivalent
Pact Homes	Industrial and Provident Society	Social housing	Over £50 million	Over 10,000	Large
Green Consulting	Registered Charity/ Company Limited by Guarantee	Environmental consultancy	Under £600K	Under 20	Small
Worldwide Action	Registered Charity	Anti-poverty	Over £300 million	Over 2,000	Large
Fair Trade	Social enterprise	Fair trade	Under £25 million	Under 40	Medium

¹² Pseudonyms and rough figures for turnover and FTE employees have been used to protect confidentiality. Private sector equivalence based on European Commission (2005).

Implementing international environmental accreditation

Within Pact Homes, a housing association group managing around 6,000 homes, the strong environmental commitment amongst a number of strategically important individuals led initially to the adoption of ISO14001 as a first step in the organisation's stated ambition 'of being the greenest housing association in the country' (October 2010). Following accreditation in April 2008, the organisation took the next step of adopting EMAS which enabled a more comprehensive embedding of environmental considerations across the whole organisation – from strategic to frontline decision-making:

[EMAS] was all about really getting organisational commitment. ... We did follow it to the letter, so we got the Board to sign up, we got Executive Teams to sign up... we got the Chief Exec signing things off, and so on, and got real engagement. (Pact Homes, October 2010)

The creation of 20 environmental improvement teams across the organisation led to noticeable culture change and a movement away from one-off improvements to focusing on long-term, structural goals. As one interviewee suggested:

in some ways, I don't think we've perhaps reduced our carbon footprint over the last couple of years by as much as we might by other methods, but I think the fact that we spend our time getting the whole organisation into this, sort of, cultural change means that in the medium- to long-term I think we'll achieve bigger savings than we would if one or two people had just pushed on with it. ...I think the culture change was really quite significant, to be honest... It has become one of our core values now and people fully understand what this is all about. (October 2010)

The EMAS statement, published in September 2009 provides evidence of the impact of the management system on all levels of the organisation, including a strict target for reducing CO₂ emissions; development of low and zero carbon housing; and increasing staff and resident awareness. The final objective ‘to achieve EMAS accreditation’ was realised with the publication of the statement.

For Pact Homes, the time and other resources required to achieve ISO14001 and then EMAS accreditation were well worth investing. The desire to become the greenest housing association is not simply an expression of a general ethical commitment to the environment. There is an expectation of commercial and competitive advantage for government contracts; of being part of the ‘green club’ (Prakesh and Potoski, 2006):

EMAS is going to start becoming a selection criteria and those that haven’t got it had better watch out... We could be winning contracts ahead of people who don’t have it. (October 2010)

There was a strong conviction that EMAS was ‘the basic minimum that any organisation that claims to be environmentally responsible should be doing’, with the proviso that ‘if you were a very small organisation, EMAS might be a bit too much for you, maybe ISO would be sufficient’ (October 2010). Whether those driving the EMS process in Pact Homes understand the resource demands that this places on smaller TSOs is unclear; demands that our second case clearly exhibits.

Green Consulting is a much smaller TSO, but shared similar environmental ambitions: it aimed to set a standard for the third sector by being the first TSO in the UK to attain ISO14001. This was achieved in 1991, although two decades later the accreditation has had been allowed to lapse after the member of staff responsible for

ISO14001 left the organisation. The organisation now relies on a less formal process of environmental management. While there was a recognition that ‘an organization like ourselves should be accredited’, the ‘Head of the Board of Directors... called into question the actual relevance of it’ and whether the costs of reinstating the process were justified: ‘it’s money we can’t spend at the minute’ (Interview, August 2010)

Green Consulting could see few negative impacts of allowing accreditation to lapse. For example, no funders were currently asking to see any accreditation: ‘if they had then we would have probably been thinking well we ought to spend this money’ (August 2010). There was also a strong belief that if the organisation was asked to, it could demonstrate its environmental performance through a set of policies, including sustainable procurement. Reflecting the findings of studies on SMEs (e.g. Petts 2000), Green Consulting’s work, primarily with SMEs, also raised questions as to whether a comprehensive EMS such as ISO14001 with its associated accreditation was always the most appropriate way of improving environmental performance of small organisations: ‘If they’ve got policies... and other such management and monitoring then they’re almost partway there already without having that formalization’ (August 2010).

Bespoke EMS

The final two cases are examples of TSOs that have considered adopting an established EMS but instead decided to develop a bespoke method to assess and demonstrate their environmental performance. Worldwide Action, an international anti-poverty charity, had considered implementing ISO14001, but had deemed it too expensive and difficult to implement across the complex structure of the organisation

operating in a number of countries; Fair Trade, a smaller social enterprise, had made similar judgements, although in its case having considered the Global Reporting Initiative (GRI). As the environmental manager from Fair Trade suggests:

It seems to be that each third sector organisation has a very specific way that they operate and you use something that is far more tailored... I think it's mostly the big guys that do this kind of stuff because they have the money to do it. (July 2010)

Worldwide Action decided to take an approach based on carbon counting, 'that links directly to climate change, which is now in our objectives'. In recognition of the organisations' limited capacity (both resources and time) to implement an EMS, their environment manager stated: 'We've done it as simply as possible... we're not making any pretence that we've done a full environmental assessment of everything we do' (July 2010).

Mimicking well-established EMS procedures, a steering group of senior directors, managers and representatives from across the organisation established a set of key performance indicators (KPIs). This had led to some considerable challenges to the practices of Worldwide Action, particularly in relation to air travel given that they are an international NGO: 'We've invested a great deal in video conferencing, audio conferencing, various IT solutions but it doesn't take away the need for people on the ground' (July 2010).

Worldwide Action also highlights some of the problems in relation to temporary rental infrastructure that faces many TSOs:

I'd say there's a big struggle dealing with our retail network where you're talking, about seven hundred and fifty retail units which are by their nature quite poor standard of buildings secondary retail buildings, on quite short leases, so what can you actually do? But we have done things, and the energy consumption is going down. (July 2010)

In implementing its bespoke EMS, Worldwide Action was able to estimate significant carbon savings under their selected KPIs: 'a thirty seven percent reduction in the first three years' (July 2010).

Fair Trade is also developing a bespoke management system based on KPIs that is sensitive to the complexity of its activities. Although a small organisation, it is part of a supply chain (from producers to consumers) that has a number of significant environmental impacts. Its commitment to equitable trading has meant focusing on areas of operation outside of the organisation's direct control: 'Our approach is to take responsibility for the whole, even though we don't control it' (June 2010).

While it was initially difficult to 'convince your higher ups' that this was the best approach to dealing with their environmental performance, Fair Trade was able to identify a range of different activities and practices that required attention:

We found out that of the entire supply chain, the areas with most carbon emissions are – especially decaffeination and freeze drying – energy intensive processes and consumption. Consumption being the biggest actually... kettle boiling, espresso machines. So we have carbon targets in both of those area... and the only way we can achieve this is by working with other people to reduce their emissions. (July 2010)

Finally, Fair Trade raised another interesting reason for why it developed its own approach: EMS focuses on the environment alone. Because of its commitment to trade-justice, the organisation does not wish to separate environmental considerations from broader sustainability issues: ‘they’re completely inter-meshed’ (July 2010).

Lessons from practice

While the environment, and in particular, climate change is playing a more significant role in the discourse of the third sector, the extent to which TSOs are responding by systematically analysing and managing their environmental impact is open to question. While it should not be seen as a panacea for dealing with environmental issues, it is striking that key third sector publications (e.g. from ACEVO and the Task Force) do not consider in any depth the role that existing or sector-specific EMS might play in improving the environmental performance of TSOs. Relevant documents and interviews with many of the key peak organisations in the sector indicate a lack of knowledge and understanding of the demands of environmental performance management and the availability (or otherwise) of specific tools. While the sector has developed a range of approaches to assess and improve its social impacts, this has not transferred to environmental considerations. There is often a tacit assumption that the social purpose of most TSOs will ensure that the environment is considered (Pearce 2003: 33). But this cannot be assumed in practice. Just because a TSO is realising social benefits, it does not necessarily follow that these are achieved in an environmentally-sustainable manner – or that the organisation has given any consideration to its environmental impacts. Our brief case studies confirm that those TSOs interested in EMS have to look to the private sector for inspiration. Whereas the

third sector has played a leading role in the development of tools for the consideration and management of social impacts, it is private sector practice on EMS that is arguably a long way ahead of the third sector.

While the case studies offer evidence that EMS can promote cultural change within organisations and challenge established practices of TSOs, a number of lessons can be drawn from our empirical work that poses challenges to the future development of EMS across the third sector. Many of these challenges reflect issues that have been recognised in the more developed research on the private sector. The first is that there is concern about the costs of implementation. This was one of the main reasons that Green Consulting allowed its accreditation to lapse and why Worldwide Action and Fair Trade decided to develop their own bespoke approaches. TSOs, particularly the majority that are small- and medium-sized, often find their resources stretched: the technical knowledge, staff time, financial outlay and the like that are needed to effectively embed EMS are limited. It is not surprising to find that of the four cases, it was Pact Homes that had achieved the demanding EMAS accreditation; a relatively large enterprise from a sub-sector (housing associations) that has adopted many private sector practices. This echoes similar findings from research on SMEs (Petts 2005): the costs involved represent a breaking point for many TSOs. City Bridge Trust has been willing to fund one-off eco-audits, but there is no programme of support for instituting more systematic EMS across the sector that recognises the limited capacity of many TSOs. There is a delicate balance to be struck between ensuring that environmental impacts are considered fully and recognising organisational limitations. Our cases represent TSOs with significant environmental commitments and three of these were not willing to resource ISO14001 or similar tools. More widespread adoption is unlikely under present conditions.

Second, the experience of Worldwide Action and Fair Trade suggests that there is room for the development of sector-specific tools that take into account the needs – including the limited resources – of different organisational forms and activities across the third sector. The adoption of an EMS that was primarily developed with larger-scale private businesses in mind is not necessarily the most relevant for TSOs. If it is unaffordable and unattractive for many SMEs, it will be the same for most TSOs. As a public official active in third sector policy suggested, what is needed is ‘a cheaper and easier way of categorising what your environmental and social benefits are as an organisation. But that’s kind of a holy grail really’ (July 2010). A step-wise approach which does not expect organisations to be able to achieve full ISO (or similar) accreditation immediately would be one possible solution. This has resonances with the Green Dragon Environmental Standard developed by Groundwork Wales with Arena Network for companies in Wales. All five levels are certified, with the final level leading to formal accreditation and registration with EMAS or ISO14001. The fact that such tools have not been developed to date within the third sector belies claims to environmental innovation amongst TSOs.

Third, Fair Trade’s experience also highlights the tension between environmental and a more holistic sustainability management approach. There are advantages and disadvantages to both types of tools. Given the argument that the environment has often been neglected in decision making, purely environmental tools focus the attention of the organisation on that aspect of their activities. But such a focus may mean that trade-offs between different priorities (environmental, social and financial) are not made explicit. If sustainability is to mean anything in practice, it will entail TSOs making explicit decisions about the priority to be given to different environmental, social and financial impacts. Much rests on the manner in which

environmental considerations are presented alongside other concerns: at present, for example, they are still a relatively marginal concern within PQASSO. If the environment is lost or overlooked within a broader analysis of more immediately pressing social and financial considerations, then the argument for purely environmental performance management reasserts itself.

Fourth, the development of bespoke systems as exemplified by Worldwide Action and Fair Trade and the willingness of Green Consulting to allow their ISO14001 certification to lapse raises important questions about the importance of accreditation. While any organisation can have environmental commitments in its mission statement or an environmental policy, publicly-recognised accreditation at the very least provides a reference point as to the efficacy of the environmental management in place. The lack of accreditation may prove problematic as sustainable procurement becomes more of the norm. Bespoke systems, however transparent, make it difficult to validate and compare management practices. There is a tension between flexibility and comparability.

Finally, we face the significant question of the demand for EMS. We have already highlighted the lack of knowledge and promotion amongst key actors in the third sector and it appears to be only particular types of organisations whose commitments are matched by sufficient capacities and resources that are willing to take environmental performance management seriously at the present time. Key sector policy documents and interviews with key actors indicate that there is currently little or no pressure from *within* the sector to take environmental management forward in a systematic fashion. While one interviewee from a leading environmental organisation considered EMS a ‘distraction’, most were fairly agnostic based on a lack of

knowledge and understanding. This may appear reasonable given the relatively limited environmental impact of TSOs compared to other actors. But it is an argument that has not been made across the sector and it is an open question as to whether TSOs can play the leadership role that many expect from them in the move towards a low-carbon future (Hale 2010; Task Force 2010) without them considering systematically their own environmental practices.

However, it may well be *external* pressure on TSOs that force the sector's hand in environmental performance management. Many of our interviewees (third sector and government officials) argued that whilst currently light, environmental expectations will increase in the coming years, particularly in relation to the procurement of public services. In this respect, Pact Homes is a prime example of an organisation that that has prepared for what it sees as future market advantage. But as we noted earlier, there is reasonable concern that such pressure might lead to inappropriate management and reporting demands 'completely out of keeping with the amount of funding being awarded'.

Conclusions

There appears to be a paradox facing the third sector in relation to environmental performance management. It may well be that it is external action and thus the agenda of funders – in particular, government – that stimulates the development of systematic adoption of EMS across the sector. This is arguably what drove much of the development and adoption of tools to consider social impact. But the development of social auditing and the like has not been universally celebrated across the sector.

While adoption may have led to improvements in the practices of a number of TSOs,

it has also resulted in inappropriate demands and at times a box-ticking mentality amongst many (Arvidson 2009). The desire to improve more systematically the consideration of the environment across the sector through the use of EMS could well become a further example of ‘regulatory creep’ on the part of the state (Moran 2003).

Are we witnessing a Catch 22 situation? External pressure may be the driver of improved environmental performance across the third sector through a requirement for adoption of EMS under procurement rules. But there is reasonable concern that bureaucratic requirements will be insensitive to the needs and interests of the sector, placing unacceptable burdens on TSOs and in many cases a degree of resentment towards the integration of the environment into decision making. Our brief case studies provide evidence that there is an opportunity for TSOs to develop their own path; for the third sector to define for itself how to demonstrate environmental performance, rather than reacting to an externally imposed framework. But our evidence indicates that currently there is a lack of sustained leadership and innovation.

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