

SME-nvironment 2003: Scotland

A survey to assess environmental behaviours among smaller UK businesses

SME-nvironment 2003 was undertaken for NetRegs, a unique web resource designed to help small and medium-sized enterprises (SMEs) to navigate the environmental legislation that affects them. The site – www.netregs.gov.uk – has been developed by the Scottish Environment Protection Agency, the Environment Agency in England and Wales and the Environment and Heritage Service (N. Ireland), in conjunction with the DTI's Small Business Service. NetRegs includes general management guidelines that apply to most businesses and sector specific advice; guidelines for at least 100 industry sectors will be online by March 2004. SME-nvironment 2003 is the largest ever UK-wide study into the environmental behaviour of SMEs and included interviews with 785 Scottish businesses.

INTRODUCTION

Despite recognising the business benefits of going green, many smaller Scottish businesses are failing to take practical measures to reduce their impact on the environment and only a quarter of them have an environmental policy in place.

Until recently, the drive to reduce the impact of business on the environment had been primarily focused on large companies with more than 250 employees but all businesses, however small, have an impact on the environment.

Generally speaking, the smaller the business the less time and resource will be available to address environmental issues. The SME-nvironment 2003 survey of 785 small and medium-sized businesses in Scotland reveals that many of them have a poor understanding of the effects of their activities on the environment and want more information and advice on green issues.

ENVIRONMENTAL ACTION

The majority of SMEs have yet to introduce any practical measures to limit their environmental impact. Only 22% of respondents had implemented any measures aimed at reducing harm to the environment.

Those businesses that had taken positive steps to reduce harm to the environment were presented with a list of four practical environmental measures and asked whether they had introduced one or more of them.

Appointing a member of staff to be responsible for environmental matters was the most common measure amongst businesses with environmental measures in place – more than half of respondents had an environmental officer in place (52%). Forty percent had implemented a programme of environmental improvements, 24% had undertaken an environmental assessment and 18% had taken measures to improve energy efficiency and/or reduce water use.

METHOD AND RESPONSE

The **SME-nvironment** 2003 survey, carried out by WS Atkins by telephone interview on behalf of NetRegs, covered 785 SMEs (businesses with less than 250 employees) in 28 industries across Scotland:

Agriculture; Basic Metals; Chemicals; Clothing; Construction; Electricity/Gas/Steam; Electrical Machinery; Electronics; Fishing; Food and Drink; Forestry; Hotels and Restaurants; Land Transport; Leather; Machinery Miscellaneous; Metal Products; Mineral Products; Mining and Quarrying; Motor Vehicles; Optical and Medical; Printing and Publishing; Pulp and Paper; Retail of Vehicles and Fuels; Rubber and Plastics; Sewage and Refuse; Textiles; Water Transport; Wood and Wood Products.



ENVIRONMENTAL POLICY

Having an environmental policy in place is a key indicator of a business's attitude towards environmental improvements. Of those businesses surveyed, only 25% had an environmental policy in place.

Of the total number of respondents with an environmental policy in place, only 18% had a stand-alone written policy, another 35% included the policy in their overall business plan and the majority (41%) have an informal management aim to address environmental issues.

ENVIRONMENTAL MANAGEMENT SYSTEMS

A formal Environmental Management System – such as the international ISO 14001 or European EMAS standard – identifies and quantifies the impact of a business on the environment and helps to ensure legislative compliance and improved management control. An EMS addresses waste minimisation and improved energy efficiency and puts the business in a better position to reduce environmental risks and exploit market opportunities.

Only 7% of businesses have an accredited environmental management system (EMS) in place and only a further 1% has any plans to introduce one. The low uptake may partly be a result of ignorance about what an EMS is and the potential benefits and costs entailed. However, the take up in Scotland is more than twice that for the UK as a whole where only 3% of SMEs surveyed had an EMS in place.

LEGISLATIVE AWARENESS

All businesses face increasing amounts of environmental legislation – with more in the pipeline from Brussels, yet only 20% of all respondents could name any environmental legislation unprompted.

However, when prompted with a list of eight pieces of environmental legislation, 80% of businesses had heard of at least one.

The most frequently recognised piece of legislation, by half of all businesses, was the Environmental Protection Act. This is probably because it is broad in scope and was heavily promoted on a sector-specific and generic basis when launched.

Only 17% of businesses had heard of the Duty of Care Regulations, which are applicable to all businesses.

DRIVERS FOR CHANGE

Legislative pressure and a general concern for the environment both play a big part in motivating businesses to implement positive environmental measures according to those asked, but few name potential business benefits as a reason for doing so. Supply chain or customer pressure is also still slow in taking effect.

Those respondents who had taken some form of positive environmental action (e.g. having a policy/EMS in place and/or implementing practical measures to reduce environmental damage) were asked what motivated them to make the changes (multiple responses allowed).

- 51% were motivated by a general concern for the environment
- 49% were motivated by legislative pressure
- 7% were motivated by potential business benefits
- 4% were motivated by parent company pressure

HIGH RISK ACTIVITIES

The low rate of implementing measures to reduce harm to the environment is in part a reflection of the fact that many businesses are failing to recognise that their activities may pose an environmental threat. When asked, only 6% of businesses thought that they undertook any activities that are considered to be potentially harmful to the environment. Yet when presented with a list of six activities with a high potential to cause environmental damage, 27% of respondents stated that they undertook one or more of them.

Examples of activities with potential to cause environmental damage:

- Storing waste
- Storing chemicals, fuels or oils
- Discharging to sewage or watercourse
- Emitting smoke or fumes to air
- High energy consumption
- High water consumption

Businesses reported storing chemicals, fuels or oil as the most common of these potentially damaging activities - mentioned by three-quarters of those who admit carrying out at least one of the activities. High water consumption and high energy consumption were each mentioned by 22% of these businesses.

DID YOU KNOW?

All fuel, chemicals and oils should be stored within a bunded area that can contain 110% of the volume of the largest container stored within it in case of leaks or spills. Only 38% of businesses regularly storing chemicals, fuels or oil, had ever bunded a chemical store or oil tank.



GETTING HELP

Local Authorities are most likely to be asked for assistance on environmental matters by small businesses. Of the 38% of businesses that had sought help on at least one occasion, 62% had contacted their Local Authority, 44% had contacted the Scottish Environment Protection Agency (SEPA) and 29% had contacted a waste company.

Forty-six percent of businesses asked said they would like more information and advice on environmental issues.

Businesses were asked how they would prefer to receive information on environmental issues in the future. Printed material remains the most popular with businesses, with 56% of respondents ranking it first. The internet was favourite with 29% of businesses, over telephone helplines, seminars and face-to-face visits, and is likely to grow in popularity as ever-increasing numbers of smaller businesses gain access to the internet. Currently, 59% of respondents have internet access.

CONCLUSION

The SME-nvironment 2003 survey reveals how few smaller businesses in Scotland are implementing practical measures to reduce their environmental impact.

The lack of action may be largely a result of the low awareness of environmental obligations among small businesses. The survey reveals the scale of SMEs that do not recognise the potential effects of their activities on the environment and have a poor knowledge of environmental legislation.

Time and resource pressures on small businesses, compounded by the slow-down in the economy, also contribute to the low priority given to environmental matters. Although environmental improvements could be just what are needed to reduce operating costs and give them a competitive edge, businesses who have implemented environmental measures still name legislation and a general concern for the environment as the main reasons for doing so.

However, when asked to consider the association between good environmental practice and real business benefits, the majority believe that environmental good practice and business success are linked.

So why are more positive environmental measures not being taken? Many smaller businesses want to improve their environmental performance but don't know where to begin.

Communication with SMEs is probably the single most critical factor – to raise awareness about the regulations that govern their activities and further promote the potential business benefits of good environmental practice. Increasing supply chain pressure is also key - few businesses currently feel compelled to alter environmental practices to win orders.

Ultimately, environmental issues are unlikely to take precedence over day-to-day running of the business or winning orders but if they can be addressed as an intrinsic part of these activities then improvements can be made that have a positive effect on the bottom line.

Smaller businesses are clearly asking for more information and advice on environmental issues in order to make positive changes. The NetRegs website – www.netregs.gov.uk – offering small businesses clear regulatory and good practice advice on environmental issues tailored for their industry sector, is part of the solution. It is essential that this resource is underpinned by a campaign to persuade small businesses of the risks of failing to confront environmental issues and the real business benefits of making improvements.

ENVIRONMENTAL MOTIVATORS

Recognising that good environmental management equals good business management is key to changing the environmental behaviour of smaller businesses. Businesses were prompted to consider whether they felt a link existed between environmental good practice and seven key business benefits: reduced operating costs; improved competitiveness; reduced risk of prosecution; increased sales & profitability; winning orders; good customer relations; motivating the workforce.

Complying with legislation is the key driver - most businesses felt the strongest links existed between environmental good practice and reduced risk of prosecution (77% agreed). However, more positive business benefits also scored well.

- Seventy-two percent of respondents agreed that good practice benefited customer relations.
- Fifty-seven percent agreed that good practice could help to reduce operating costs.
- Only 21% of businesses did not feel that there was a link between environmental good practice and increased sales and profitability and only 22% did not feel there was a link between good practice and winning orders.

CONTACT DETAILS

Scottish Environment
Protection Agency
Erskine Court
Castle Business Park
Stirling FK9 4TR
Tel: 01786 457700
Fax: 01786 446885

NetRegs Project Office
Environment Agency
Block 1
Government Buildings
Burghill Road
Westbury-on-Trym
Bristol BS10 6BF
Tel: 0117 915 6284
Fax: 0117 914 2770

Small Business Service
Kingsgate House
66-74 Victoria Street
London SW1E 6SW
Tel: 0114 259 7788
Fax: 0114 259 7330

www.netregs.gov.uk

Guiding small businesses through environmental regulations

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