

SME-nvironment 2005: England

A review of changing environmental attitudes and behaviours among small and medium-sized businesses in England

The SME-nvironment 2005 survey was undertaken for NetRegs, a unique website that guides small and medium-sized enterprises (SMEs) through their environmental obligations. The free site – www.netregs.gov.uk – includes specific advice for more than 100 industry sectors and general management guidelines that apply to most businesses. NetRegs is run by the Environment Agency, in partnership with the Scottish Environment Protection Agency and the Environment and Heritage Service in Northern Ireland.

INTRODUCTION

There is increasing pressure on businesses to improve their environmental performance, driven by growing customer pressure, changing legislation and rising waste disposal costs. However, many small and medium-sized businesses still have low awareness of their environmental obligations and are failing to take the sustained action needed to reduce their environmental impact. This is a significant concern given that SMEs make up more than 99% of businesses and are estimated to generate as much as 60% of commercial waste and 80% of pollution incidents in England and Wales.

In 2003, NetRegs conducted a survey of 8,604 SMEs across the UK to reveal their environmental attitudes and behaviours. Two years on, the SME-nvironment 2005 survey has been undertaken to assess what changes there have been. The survey comprised telephone interviews with 5,554 SMEs across the UK, including 1,778 businesses based in England.

Fifteen business sectors are represented in the survey: Agriculture; Construction; Electrical Equipment & Machinery Manufacture; Fabricated Metal Products; Food & Drink Manufacture; Hotels & Restaurants; Machinery Manufacture; Mining & Quarrying; Non-Metallic Mineral Products Manufacture; Printing and Publishing; Recycling; Sewage, Waste & Cleansing; Textiles & Clothing; Land Transport; and Wood & Wood Products.

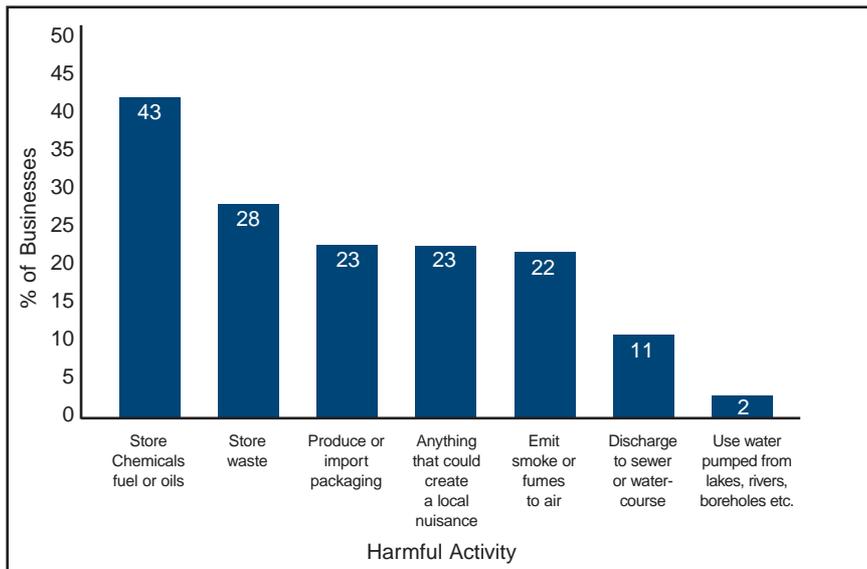
KEY FINDINGS

- Only 8% of English businesses thought that they undertook activities that could cause harm to the environment. This is some improvement on the 5% who thought so in 2003, but is still worryingly low given that 43% of businesses admitted to carrying out at least one potentially harmful activity when prompted with a list.
- Overall, 71% of businesses in England had implemented at least one practical measure to reduce their environmental impact. Recycling waste was the most common measure – mentioned by 59% of businesses.
- Encouragingly, almost two-thirds (64%) of businesses in England that had taken environmental action were motivated by a general concern for the environment. Other key drivers for change were the need to comply with legislation (23%) and the need to reduce costs (17%).
- English businesses are still most likely to use their Local Authority as the principal source of help on environmental issues.

ACTIVITIES HARMFUL TO THE ENVIRONMENT

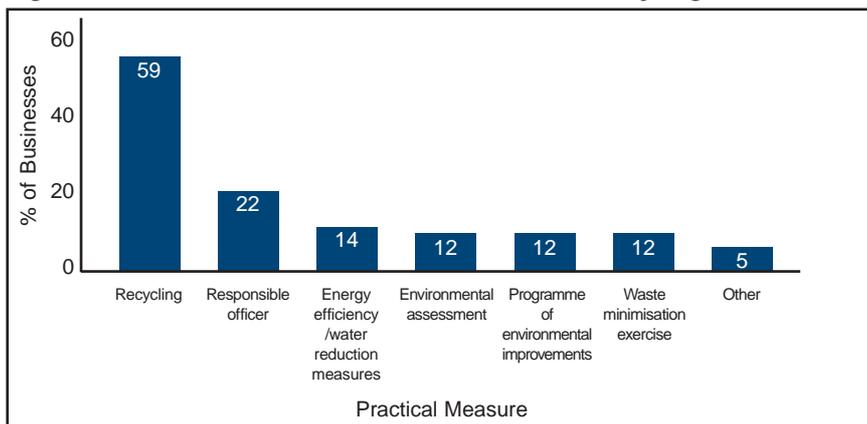
The vast majority of English businesses surveyed still do not consider that their activities have any potential environmental impact. Only 8% of English businesses readily acknowledged that they undertook activities that could cause harm to the environment – a rise of just 3% from the 2003 survey. However, when prompted with a list of activities that are potentially harmful to the environment, 43% of businesses asked said that they undertook at least one of them. This is slightly higher than the UK average of 41%. The most common activities undertaken by businesses in England were storing chemicals, fuel or oils (43%) and storing waste (28%). Of those businesses who stored chemicals, fuels or oils, just 28% had ever banded an oil tank or chemical store to prevent harmful leaks and spills.

Figure 1 - Potentially harmful activity undertaken by businesses in England (Prompted)



N=911 Base: All respondents who conduct at least one potentially harmful activity. (Multiple responses allowed)

Figure 2 - Practical environmental measures undertaken by English businesses



N=1,778 Base: All respondents (Multiple responses allowed)

REDUCING ENVIRONMENTAL IMPACT

Less than a third (30%) of English businesses surveyed in 2005 thought they had introduced any practical measures to reduce their environmental impact when first asked (compared to 19% in 2003). However, the picture became rather more positive when businesses were presented with a list of environmental improvement measures and asked if they had undertaken any of these activities. Overall, 71% of businesses in England had implemented at least one practical measure to reduce their environmental impact. Recycling waste was the most common measure – mentioned by 59% of businesses. Just 22% of respondents had given a member of staff responsibility for environmental issues, while 14% had introduced energy efficiency or water reduction measures and 12% had implemented a programme of environmental improvements. Only 9% of English businesses were involved in a business forum that discussed environmental issues, which is slightly lower than the UK average.



ENVIRONMENTAL POLICIES AND ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS)

Developing an environmental policy is an important first step towards reducing environmental impact. A quarter of English businesses asked had an environmental policy, which is in line with the UK average and an increase of 5% since 2003. Of those businesses with an environmental policy in place, over half (51%) had it as an informal management aim, while 35% had a formal written policy and 11% included it as part of their business plan.

An Environmental Management System identifies and quantifies the environmental impact a business has and introduces a structured approach for continuous improvement. Only 6% of businesses in England surveyed had an EMS in place, compared to 4% in 2003, and just 1% planned to introduce one in the future.

AWARENESS OF LEGAL OBLIGATIONS

The 2005 survey found that there was still a generally low level of legislative awareness amongst businesses in England, with only 18% able to name any environmental legislation unprompted. (The Waste Management Licensing Regulations were most commonly mentioned.) However, this is an improvement since 2003 when only 15% of businesses could name any environmental legislation.

When prompted with a list of eight pieces of legislation and asked if they had heard of them, 67% of English businesses recognised at least one. However, even the most widely known - the Waste Management Licensing Regulations and the Duty of Care Regulations - were only recognised by 36% and 35% of respondents respectively.

Table 1 - Level of awareness of legislation (Prompted)

Legislation	% of Respondents
Waste Management Licensing Regulations	36
Duty of Care Regulations	35
Draft Hazardous Waste Regulations	27
Pollution Prevention and Control Regulations	26
Packaging Waste Regulations	22
Water Resources Act 1991	16
End of Life Vehicles Regulations 2003	15
Environmental Liability Directive 2004	10

N=1,778 Base: All respondents (Multiple response allowed)

REASONS FOR MAKING ENVIRONMENTAL IMPROVEMENTS

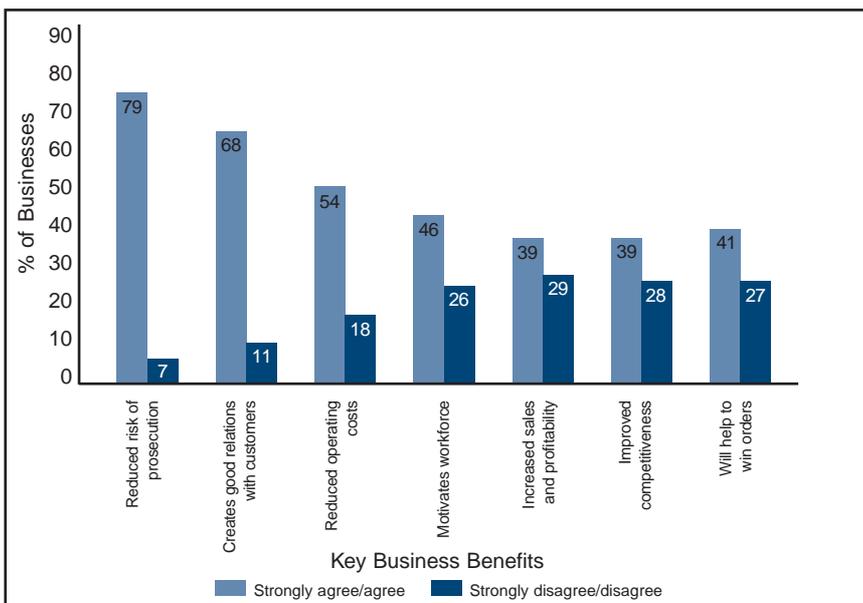
It is a common perception that businesses will only make environmental improvements if they can see a commercial benefit. However, almost two-thirds (64%) of the English businesses surveyed that had taken some action to address their environmental performance said they did so out of a general concern for the environment, compared to 59% in 2003. Far fewer environmentally active businesses were driven by the need to comply with legislation (23%) or to reduce costs (17%).



BENEFITS IN ADDRESSING ENVIRONMENTAL ISSUES

Businesses in England considered the main benefit of addressing environmental issues to be a reduced risk of prosecution - 79% of respondents agreed that this was a benefit (compared to 72% in 2003). A significant 68% agreed that reducing environmental impact could help develop good customer relations and more than half (54%) that it could reduce operating costs. The majority of businesses remained to be convinced that making environmental improvements could help motivate the workforce, increase sales or improve competitiveness, with many actively disagreeing that these were benefits.

Figure 3 - Perceived business benefits of good environmental practice



N=1,778 Base: All respondents.

ADVICE ON ENVIRONMENTAL ISSUES

Businesses in England are still most likely to contact their Local Authority for guidance on environmental issues - 59% of respondents would ask the council for help, compared to 52% who would ask their waste company and 37% who would ask the Environment Agency.

A third (34%) of English businesses asked thought that they received enough support from the Government and its agencies to deal with environmental issues, but almost half (46%) of businesses said that they wanted more help.



CONCLUSIONS

Overall, the environmental awareness and performance of small and medium-sized businesses in England has improved between 2003 and 2005 and it is encouraging that nearly three-quarters of businesses surveyed had implemented at least one practical environmental measure. However, introducing a single measure such as recycling is not enough to deliver real change and too few smaller businesses have an environmental policy or EMS in place to tackle their environmental impact on a broader scale. Things are moving in the right direction but not as fast as they need to.

Clearly, there is still a serious perception gap that needs to be tackled in terms of businesses acknowledging their own environmental impact. If businesses do not think their behaviour makes any difference then they are not likely to change it. This may also explain to some degree why so many of the businesses surveyed are unaware of the environmental legislation affecting their activities.

Interestingly, the majority of businesses surveyed that had taken positive action said they had done so out of general concern for the environment rather than to comply with legislation or reduce costs. However, it seems likely that to take greater action, businesses need to be more directly motivated by commercial benefits. It is therefore worrying that the majority of those asked still don't believe that making environmental improvements can help increase sales, improve competitiveness and motivate staff.

Consistent information from a range of sources, combined with more effective government support and increased supply chain pressure is required to persuade businesses of the benefits of tackling environmental issues and help them to start making changes throughout their business. The NetRegs website (www.netregs.gov.uk) - which offers small businesses clear guidance on their environmental obligations and good practice advice - is a sensible starting point for businesses with limited time and resources that want to improve their environmental performance.