

SME-nvironment 2005: UK

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

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 England and Wales, the Environment and Heritage Service in Northern Ireland and the Scottish Environment Protection Agency.

INTRODUCTION

There is increasing pressure on businesses in all sectors 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 they 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 alone.

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, stratified by country, business sector and size of business.

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, Publishing & Reproduction of Recorded Media; Recycling; Sewage, Waste & Cleansing; Textiles & Clothing; Transport by Land and Wood & Wood Products.

KEY FINDINGS

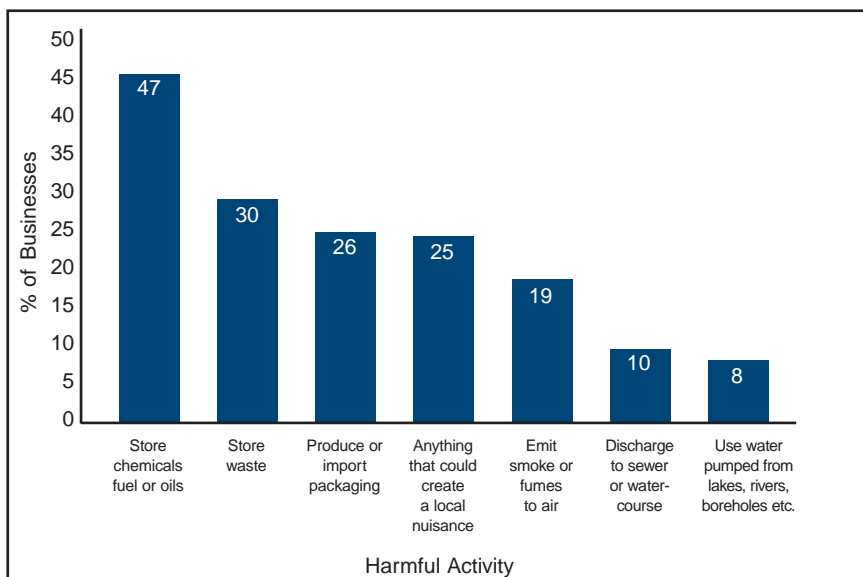
- Only 7% of UK businesses surveyed thought that they undertook activities that could cause harm to the environment. However, 41% of businesses admitted to carrying out at least one potentially harmful activity when prompted with a list.
- Overall, 66% of businesses had implemented at least one practical measure to reduce their environmental impact. Recycling waste was the most common measure - mentioned by 55% of businesses.
- Encouragingly, almost two-thirds (64%) of businesses 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 (22%) and the need to reduce costs (16%).
- Small and medium-sized 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 UK businesses surveyed still do not consider that their activities have any potential environmental impact. Only 7% of businesses readily acknowledged that they undertook activities that could cause harm to the environment. However, since 2003 there has been a general increase in awareness of the potential environmental impact of business activities, particularly among larger SMEs. Medium-sized businesses with 50-249 employees showed an 8% increase in awareness since 2003; small businesses with 10-49 employees showed a 5% increase; while micro businesses with 0-9 employees showed a 2% increase. There was a large variation between sectors in terms of awareness - only 1% of businesses in the hotels and restaurants sector thought they had an environmental impact, compared to 23% of businesses in the land transport sector.

When prompted with a list of activities that are potentially harmful to the environment, 41% of all businesses said that they undertook at least one of them. The most common activities undertaken by businesses were storing chemicals, fuel or oils (47%) and storing waste (30%).

Figure 1 - Potentially harmful activities undertaken by businesses (prompted)



N=2,542 Base: All respondents who conduct at least one potentially harmful activity. (Multiple responses allowed)

REDUCING ENVIRONMENTAL IMPACT

Less than a third (31%) of UK businesses surveyed in 2005 thought they had introduced any practical measures to reduce their environmental impact when first asked. 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, 66% of UK businesses had implemented at least one practical measure to reduce their environmental impact. Recycling was by far the most common measure - mentioned by 55% of all businesses surveyed. The larger the business, the more likely they were to have taken action - 88% of businesses with 50-249 employees had implemented at least one practical measure, 80% of businesses with 10-49 employees and 63% of businesses with 0-9 employees.

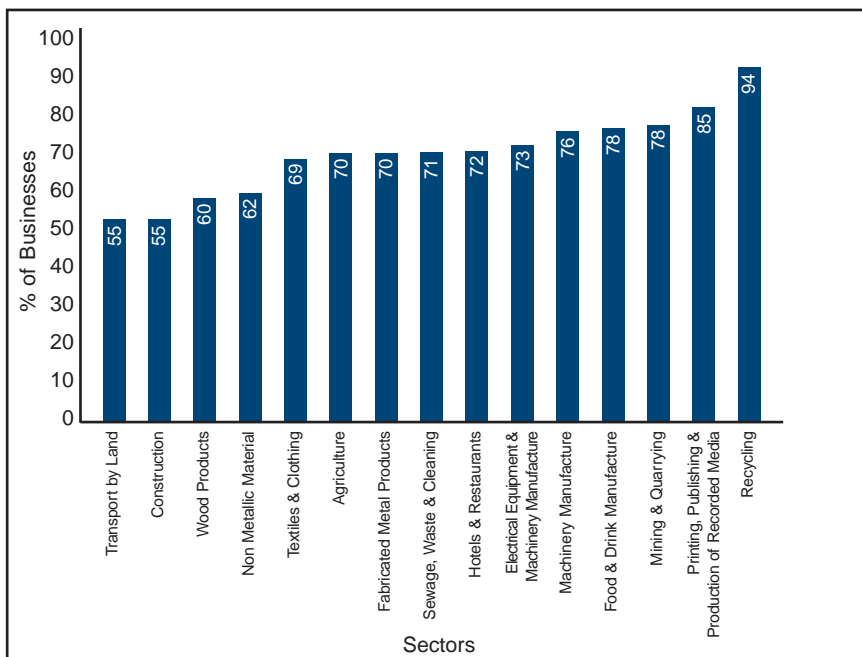
Table 1 - Potentially harmful activities undertaken by businesses (prompted)

Practical Measure	Size of Business % of Employees			Total %
	0-9	10-49	50-249	
Recycling	52	66	74	55
A responsible officer	17	31	57	20
Energy efficiency/ water reduction measures	17	23	41	19
A programme of environmental improvements	11	18	48	13
An environmental assessment	9	17	45	11
Waste minimisation exercise	9	17	39	11
Other	7	11	17	8

N=5,554 Base All respondents (Multiple responses allowed)

Not surprisingly, businesses within the recycling sector were most likely to have implemented practical measures to prevent harming the environment - 94% had done so. The least likely sectors to have taken action to reduce their environmental impact were land transport (55%) and construction (55%).

Figure 2 - Percentage of businesses within each sector who have undertaken practical measures to reduce their environmental impact



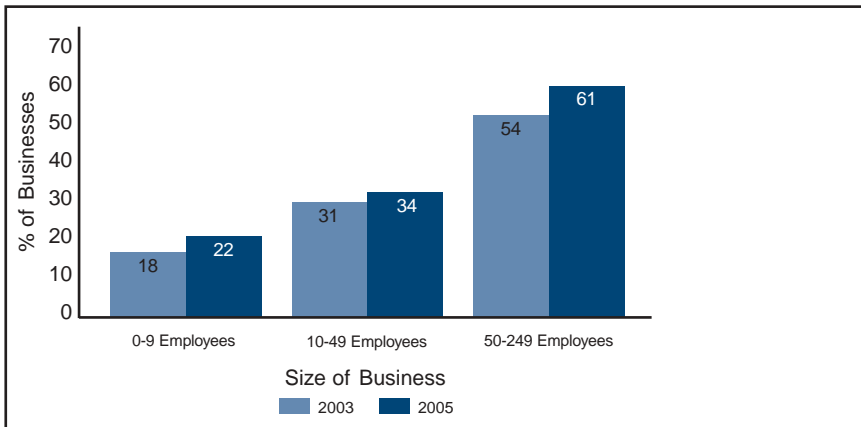
N=5,554 Base: All respondents



ENVIRONMENTAL POLICY

Developing an environmental policy is an important first step towards reducing environmental impact. A quarter of UK businesses asked had an environmental policy, an increase of 4% since 2003. Not surprisingly, those businesses with 50-249 employees were much more likely to have a policy in place (61%) than those with 0-9 employees (22%). Of those businesses with an environmental policy in place, 53% had it as an informal management aim, while 31% had a formal written policy and 13% included it in their business plan.

Figure 3 - Comparison of the percentage of businesses with an environmental policy (2003 & 2005)



N= (4,725 in 2003 and 5,554 in 2005) Base: All respondents

BUSINESS FORUMS

Ten percent of businesses surveyed were involved in some kind of regular business forum that discusses environmental issues. Larger businesses with 50-249 employees (25%) were more likely to be involved in a business forum than smaller businesses with 0-9 employees (9%). With the exception of agriculture, those sectors most likely to be involved in a business forum were again also those most likely to have an EMS and an environmental policy, namely:

- Recycling (36%)
- Mining and quarrying (25%)
- Agriculture (22%)
- Sewage, waste and cleansing (22%).

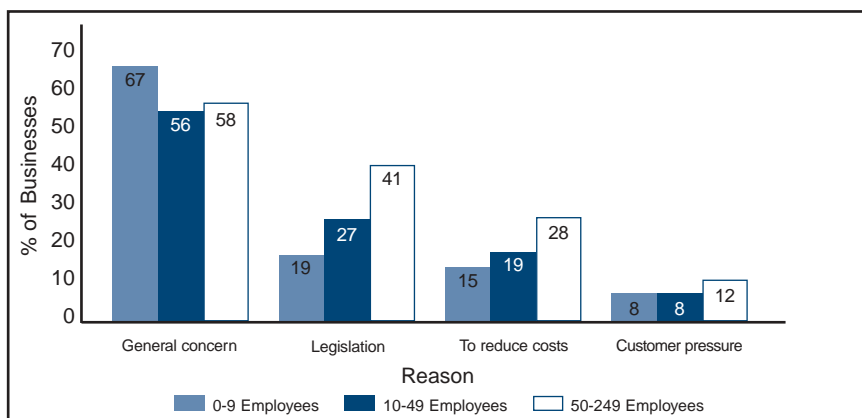
ENVIRONMENTAL MANAGEMENT SYSTEMS

An Environmental Management System (EMS) identifies and quantifies the environmental impact a business has and introduces a structured approach for continuous improvement. Only 6% of UK businesses had an EMS in place and 3% planned to introduce one in the future. Although these figures are still relatively low, there has been a marked increase since 2003 across all sizes of business and 13% more medium-sized businesses with 50-249 employees had an EMS in place. Perhaps not surprisingly, recycling businesses were most likely to have implemented an EMS - 34% had done so - followed by mining and quarrying businesses (25%) and sewage, waste and cleansing businesses (18%).

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 UK businesses surveyed that had taken some action to address their environmental performance said they did so out of a general concern for the environment. Far fewer environmentally active businesses were driven by the need to comply with legislation (22%) or to reduce costs (16%). Interestingly, the smallest businesses were most likely to be motivated by general concern for the environment but were far less likely to be driven by legislative pressure or commercial benefits.

Figure 4 - Reasons for addressing environmental issues by size



N=2,942 Base: Businesses who have introduced measures to address environmental harm (Multiple responses allowed)

Table 2 - Legislation that businesses had heard of in the UK (prompted)

Practical Measure	Size of Business % of Employees			Total %
	0-9	10-49	50-249	
Waste management licensing regulations	34	42	53	35
Duty of care regulations	30	42	57	32
Pollution prevention and control regulations	30	35	44	31
Draft hazardous waste regulations	27	29	42	28
Packaging waste regulations	23	27	42	24
Water resources act 1991	20	19	27	20
End of life vehicles regulations 2003	17	18	25	17
Environmental liability directive 2004	11	16	22	12

N=5,554 Base: All respondents (Multiple response allowed)

AWARENESS OF LEGAL OBLIGATIONS

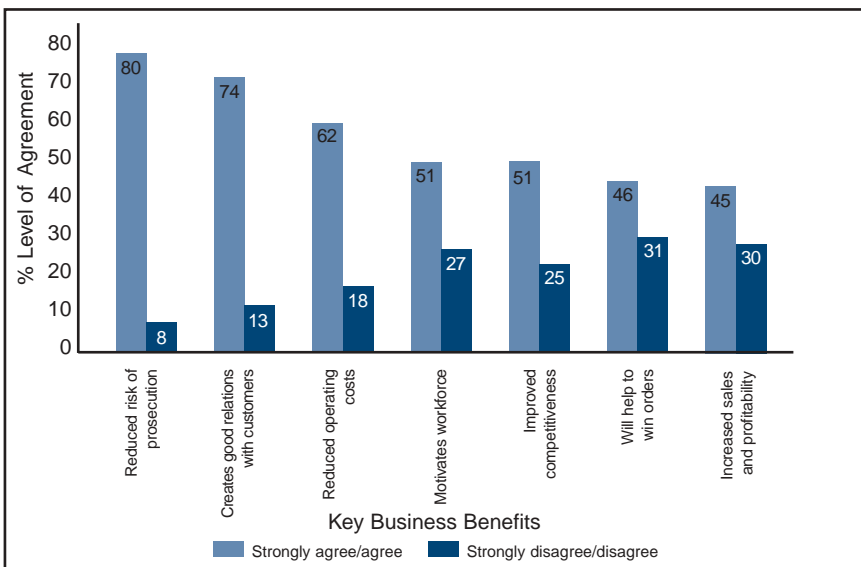
The 2005 survey found that there was a low level of legislative awareness amongst businesses in the UK, with only 14% able to name any environmental legislation unprompted. (The Waste Management Licensing Regulations were most commonly mentioned.)

However, when prompted with a list of eight pieces of legislation and asked if they had heard of them, 64% of businesses recognised at least one. The most widely known - the Waste Management Licensing Regulations and the Duty of Care Regulations - were recognised by 35% and 32% of respondents respectively. In all cases, businesses with 50-249 employees were more aware of legislation than the smaller businesses.

BENEFITS IN ADDRESSING ENVIRONMENTAL ISSUES

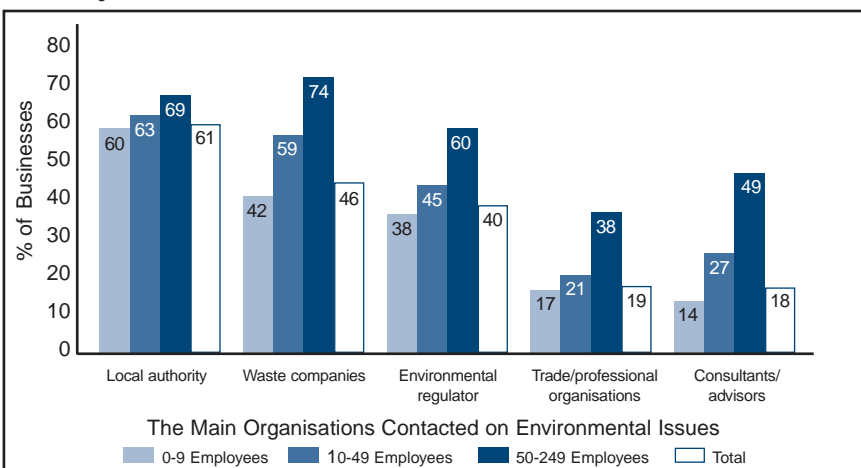
Businesses considered the main benefit of addressing environmental issues to be a reduced risk of prosecution - 80% of respondents agreed that this was a benefit. A significant 74% agreed that reducing environmental impact could help develop good customer relations and 62% that it could reduce operating costs. The majority of businesses remained to be convinced that making environmental improvements could help motivate the workforce or increase sales, with many actively disagreeing that these were benefits. The agriculture sector saw the fewest benefits in taking environmental action and the recycling sector saw the most benefits.

Figure 5 - Level of agreement amongst businesses concerning a link between environmental good practice and key business benefits



N=5,554 Base: All respondents

Figure 6 - The main organisations that businesses contact about environmental issues by size



N=2,932 Base: Respondents who named an organisation that they contact about environmental issues (Multiple responses allowed)

ADVICE ON ENVIRONMENTAL ISSUES

Overall, UK businesses are still most likely to contact their Local Authority for guidance on environmental issues - 61% of respondents seeking help would ask their council, compared to 46% who would ask their waste company and 40% who would ask the Environment Regulator. However, larger SMEs (50-249 employees) were most likely to contact the waste companies for information on environmental issues and generally used a wider range of information sources than smaller businesses.

CONCLUSIONS

Overall, the environmental awareness and performance of small and medium-sized businesses in the UK has improved between 2003 and 2005 and it is encouraging that two-thirds 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 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, particularly with smaller SMEs. 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.

Not surprisingly, there are big differences in awareness, knowledge and activity between sectors. In general, those sectors that are most regulated or have the greatest potential environmental impacts are more aware and more likely to take environmental action. However, this is not always the case and it is important that businesses from all sectors understand their environmental impact and take action to reduce it.

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, and this was particularly true of the smallest businesses. However, it seems likely that to take further action, businesses need to be more directly motivated by commercial benefits. It is therefore worrying that the majority of those asked still do not 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 smaller 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.

GOVERNMENT SUPPORT

More than a third (37%) of UK businesses asked thought that they received enough support from the Government and its agencies to deal with environmental issues, but almost half (47%) of businesses said that they wanted more help. Somewhat surprisingly, there was little difference between the different business sizes in terms of their requirement for more information. Forty-eight percent of businesses with 0-9 employees would like more information compared with 51% of businesses with 10-49 employees and 55% of businesses with 50-249 employees.

Overall, half of UK businesses asked would still prefer to receive information on environmental issues via printed materials. However, a majority of larger SMEs (50-249 employees) surveyed said they preferred to receive information via the internet.

Table 3 - Priority order for receiving information by business size

Top priority for receiving information	Size of Business % of Employees			Total %
	0-9	10-49	50-249	
Via the internet	26	38	51	29
Telephone helpline	11	8	8	11
Printed materials	52	44	28	50
Seminars/conferences	3	1	3	2
Face to face visits to your company	8	8	10	8

N=5,038 Base: Respondents who provided a priority for each of the media

Guiding small businesses through
environmental regulations



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