

SME-nvironment 2007: UK Summary

The SME-nvironment 2007 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 information for more than 100 industry sectors and guidance on general environmental topics 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

In 2002, the NetRegs Project commissioned Atkins to undertake a pilot benchmarking survey to assess the environmental issues faced by micro to medium sized businesses (SMEs). This survey included 1,175 businesses in 10 sectors over nine English regions, as well as the whole of Northern Ireland, Scotland and Wales. Following the success of the pilot study a 'full survey' of 28 business sectors was undertaken in 2003. This survey was repeated in 2005 but with a total of 15 business sectors interviewed. This was done to ensure that an equal number of interviews were undertaken in each of the four UK countries. The 2007 survey updates the results of the 2005 survey and followed the same structure as the 2005 survey. All of these surveys were undertaken by Atkins Ltd.

The 2007 survey was conducted during June 2007 using a random sample of SMEs across the UK stratified by country, business sector and size of business. Again, the sample was selected to ensure that an equal number of interviews could be achieved for each business sector within each of the four UK countries. The fifteen business sectors surveyed were: Agriculture, Construction, Electrical Equipment and Machinery Manufacture, Fabricated Metal Products, Food and Drink Manufacture, Hotels and Restaurants, Machinery Manufacture, Mining and Quarrying, Non Metallic Mineral Products Manufacture, Printing, Publishing and Reproduction of Recorded Media, Recycling, Sewage, Waste and Cleansing, Textiles and Clothing, Transport by Land and Wood and Wood Products.

Response to the survey was good and a total of 4,489 interviews were achieved. This was slightly lower than the target 4,500 due to the difficulty in meeting the targets in the Recycling and Mining and Quarrying sectors; there are only a small number of SMEs operating in these sectors in the UK. Weighting was applied to ensure the final profile was balanced with respect to size of SME, relative size of the industrial sector and country.

Key Findings

- Only 15% of businesses considered that they undertook activities that could cause harm to the environment. However, when prompted with a list of activities, this figure rose to 49%.
- 48% of businesses stated that they had introduced practical measures to reduce environmental harm, an increase of 17% on 2005.
- 40% of all businesses surveyed stated that they had an environmental policy in place, up from 26% in 2005.
- General concern about the environment was the main driver for businesses to address environmental impacts of their business in both 2005 and 2007.
- 50% of businesses in all sectors would like more information on environmental issues.

- Overall, the findings demonstrate that although levels of awareness and environmental activity in SMEs are still low, they are increasing, and there is a continued need for NetRegs to provide information to SMEs, focussing particularly on micro SMEs.

Activities Harmful to the Environment

Only 15% of businesses considered that they undertook activities that could cause harm to the environment. However, when prompted with a list of activities that are potentially harmful to the environment, 49% of businesses stated that they undertook at least one of them. These harmful activities included storing chemicals, fuel or oils (45%), producing or importing packaging (44%), storing waste (31%), and emitting smoke or fumes to the air (21%). Figure 1 illustrates these findings.

Businesses in Northern Ireland were least likely to admit to undertaking any activities that are deemed to be harmful to the environment (44%). This is compared to 47% in England, 52% in Scotland and 53% of businesses based in Wales who were the most likely to admit undertaking a harmful activity.

There is a large variation in opinion between sectors in terms of whether they feel they conduct activities which cause harm to the environment. Only 5% of businesses within the Hotels and Restaurants sector stated that they did compared to 36% of businesses within the Transport by Land sector.

Between 2005 and 2007 there has been an increase in awareness of how the activities conducted by businesses could cause harm to the environment. All the size bands showed a greater awareness of how their activities could cause harm to the environment with an increase of 5% for businesses with 0-9 employees, 6% for businesses with 10-49 employees, and 9% for businesses with 50-249 employees.

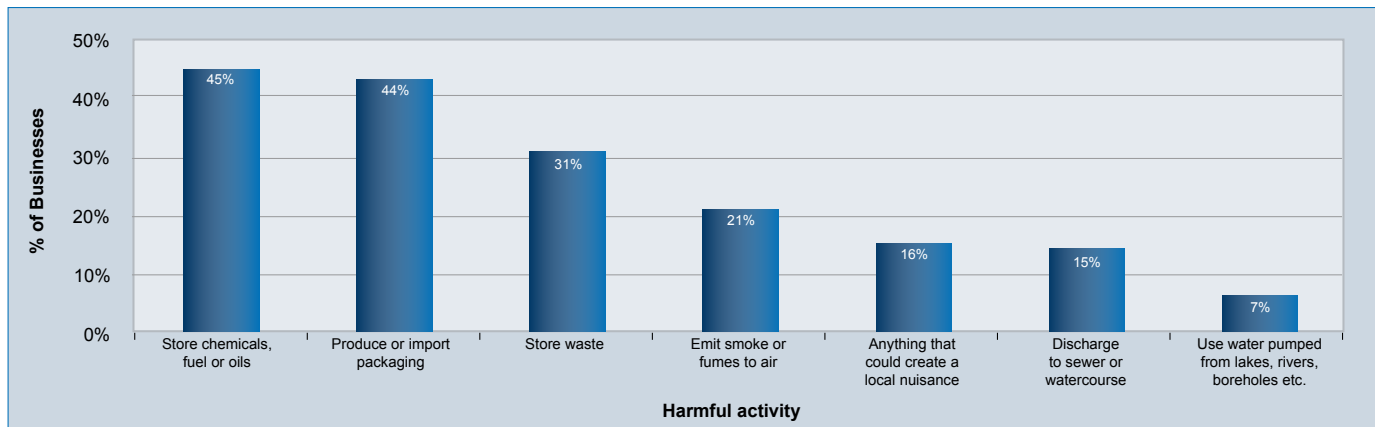
Measures to Address Environmental Issues

Just under half of businesses (48%) in the survey stated that they had introduced practical measures to reduce environmental harm. The measure most frequently mentioned was recycling (66%).

Businesses were then presented with a list of environment improvement measures and asked if they had introduced any of the activities on the list. Businesses with 50-249 employees were most likely to have made a member of staff responsible for environmental issues within the company (56%). Amongst businesses with 0-9 employees and 10-49 employees the most frequently mentioned measure was recycling (68% and 60% respectively).



Figure 1
Potentially harmful activities undertaken by businesses (prompted)



N=3,905, Base: All respondents who conduct at least one potentially harmful activity. (Multiple responses allowed)

There was little variation between the countries in terms of whether business had introduced any practical measures to reduce their impact on the environment. England and Northern Ireland were found to be slightly less likely to have introduced measures with 46% of businesses introducing practical measures compared to 49% and 52% of businesses in Scotland and Wales respectively.

Businesses in the Mining and Quarrying (68%), Printing and Publishing (65%) and Sewage, Waste and Cleansing (53%) sectors were found most likely to have introduced practical measures to prevent harm to the environment. Sectors in Transport by Land and Fabricated metal products were found to be least likely with 34% and 40% of businesses in these sectors stating that they had introduced any practical measures.

Across the UK between 2005 and 2007 there has been an increase in the percentage of businesses who have introduced a practical measure (+17%). The most noticeable increases were noted in Wales and Northern Ireland, where in each case, an increase of over 20% was found between the two years.

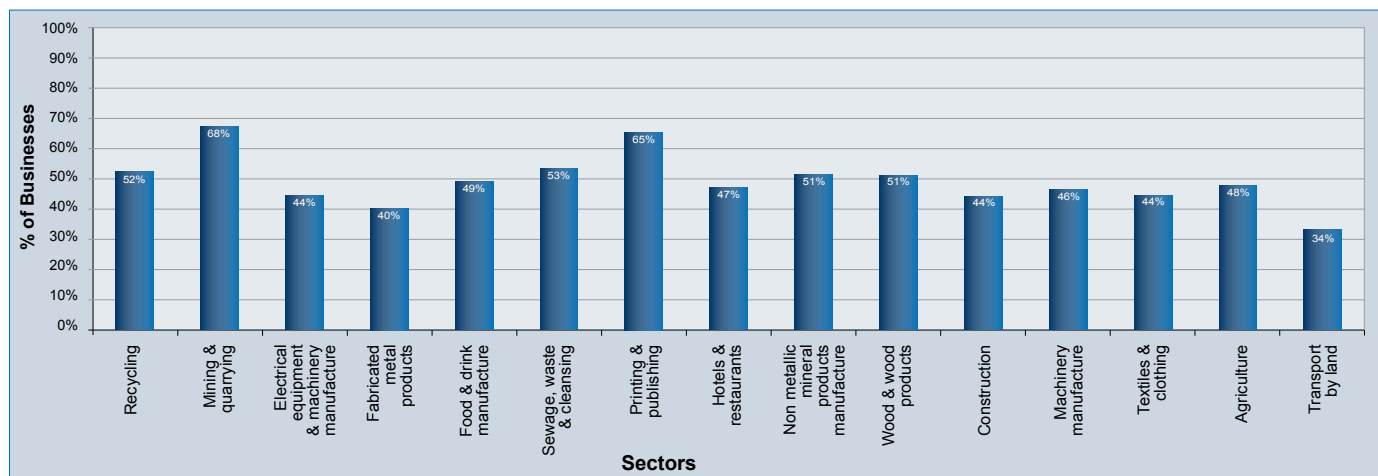
An increase in the proportion of businesses that have introduced practical measures was noted in all sectors, although the level of increase varied vastly between the different sectors. The largest increase was noted in the construction and non-metallic mineral products manufacture sectors which have seen an increase of 19% and 18% respectively.

Environmental Policy

All businesses were asked if they had an environmental policy in place. Two fifths of businesses (40%) stated that they did have an environmental policy. Those businesses with 50-249 employees (71%) were more likely to have a policy in place than those with 0-9 employees (28%).

Businesses in Scotland were found to be most likely to have an environmental policy in place (43%) compared with 39% of businesses in England and Wales, and 35% in Northern Ireland.

Figure 2
Percentage of businesses within each sector who have undertaken a practical measure (unprompted)





Of those who have an environmental policy in place, over half of businesses (53%) had a formal separate written policy. Just over 30% of businesses have an informal management aim, and 13% include the policy as part of their business plan.

The sector that was most likely to have implemented a practical measure was also the most likely to have implemented an environmental policy; this was the Mining and Quarrying sector.

Overall there has been an increase of 14% between 2005 and 2007 in the percentage of businesses who have an environmental policy in place. The most noticeable difference found in businesses with 10-49 employees, where an increase of 18% was noted, as illustrated in Figure 3.

In 2005, businesses in the recycling sector were found to be the most likely to have an environmental policy (65%). In 2007, businesses in the Mining and Quarrying sector were found to be most likely to have an environmental policy (75%), followed by those in Sewage, Waste and Cleansing (58%).

In both the 2005 and 2007 survey, businesses in Scotland were found most likely to have an environmental policy, with businesses in Northern Ireland found least likely. Each country has noted a significant increase in the proportion of businesses with a policy, ranging from an 8% increase in Scotland to an 18% increase in Northern Ireland.

Environmental Management Systems

Businesses were asked if they had introduced an environmental management system (EMS) or if they had plans to introduce one. Only 15% of businesses had an EMS in place and 6% planned to introduce one in future.

Only small variations exist between the countries with regard to the current take-up of Environmental Management Systems. There is little difference between the countries in terms of already having an EMS in place, although businesses in Wales were found most likely to have an EMS in place (18%). There is also very little difference between countries with regards to their plans

to introduce an EMS in the future. Those businesses in England showed the most reluctance to introduce an EMS, with 78% of businesses saying that they do not have an EMS in place, and have no plans to introduce one in future.

Businesses in the Mining and Quarrying sector were found most likely to have an EMS in place (43%), followed by businesses in Sewage, Waste and Cleansing (26%). Businesses in Electrical Equipment & Machinery Manufacture, Printing and Publishing, and Sewage Waste and Cleansing were shown to be most likely to introduce an EMS in the future (8%, 7% and 7% respectively).

There has been a steady increase in the proportion of businesses with an EMS in place between 2005 and 2007. The increase ranges from 3% for businesses with 0-9 employees to 10% for businesses with 50-249 employees. In terms of the proportion of businesses with an EMS by country, those surveyed in Wales showed the largest increase between 2005 and 2007 compared to the other three countries (12% compared to 6% in England, 8% in Northern Ireland and 9% in Scotland).

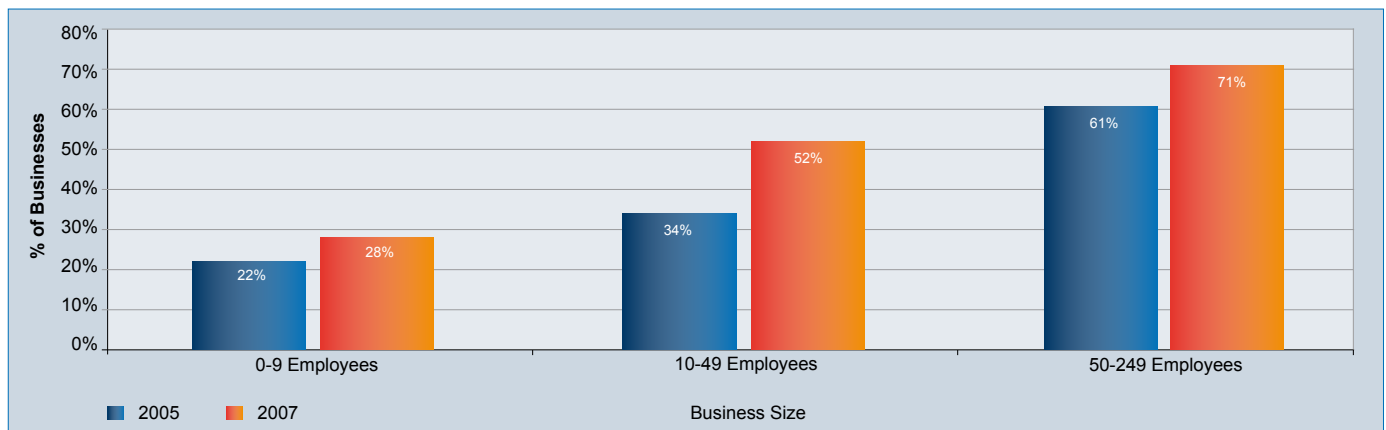
A very small increase was noted for businesses that plan to introduce an EMS in future (around 3% over all size bands).

Reasons for Addressing Environmental Issues

Those businesses who are actively involved in addressing environmental issues (i.e. they have introduced an EMS, are planning to introduce one, have an environmental policy or have introduced a practical measure to address environmental harm) were asked what influenced them to address the effects of their business on the environment. Approximately two-thirds of businesses stated that they were influenced by a general concern for the environment. Thirty per cent were influenced to ensure that they comply with legislation, and just 13% were influenced by the need to reduce costs.

General concern for the environment was also the most commonly mentioned reason given by businesses for addressing environmental impacts in each of the four UK countries, as illustrated in Figure 4. Sixty-eight percent of businesses in Wales and Northern Ireland stated general concern as their main

Figure 3
Comparison of the percentage of businesses with an Environmental Policy (2005 & 2007)



N=5,554 in 2005 and 4,489 in 2007. Base: All respondents



driver for addressing environment impact compared with 63% in England, and 61% in Scotland.

Only 12% of businesses in the survey stated that they were involved in a business forum that discusses environmental issues. Larger businesses with 50-249 employees (23%) were more likely to be involved in a business forum than smaller businesses with 10-49 employees (14%) and 0-9 employees (9%).

There was little variation between the four countries involved in the survey, with those businesses based in Scotland being slightly more likely to be involved in a business forum (13%) compared to Wales (12%), England (12%) and Northern Ireland (10%).

The sectors which are most pro-active in business fora are Mining and Quarrying (23%), Recycling (22%), and Sewage, Waste and Cleansing (21%).

General concern about the environment was the main driver for businesses to address environmental impacts of their business in both 2005 and 2007.

Environmental Awareness

Businesses were asked if they could name any pieces of environmental legislation. Just under a quarter of businesses (24%) provided a response, indicating a fairly low level of awareness of legislation. All businesses were then prompted with a list of nine pieces of legislation and asked if they had heard of any of them. Seventy seven percent of all businesses had heard of at least one of the nine pieces of legislation.

In general, businesses with 50-249 employees were more likely to have been aware of a piece of legislation than businesses of 0-9 employees. In fact, in all but one case, the awareness of each piece of legislation increases with the size of the business.

The most frequently recognised pieces of legislation were 'Hazardous Waste Regulations' (by 69% of businesses), 'Waste Management Licensing Regulations' (65%), and 'Duty of Care Regulations' (62%).

There is very little variation across the four countries in this study in terms of most recognised legislation.

In the majority of cases however, businesses in Wales were most likely to be aware of the legislation compared to the other three countries.

As detailed in Table 1, the sewage, waste and cleansing sector has the highest level of awareness of environmental legislation, with businesses in this sector being most aware of four of the nine pieces of legislation.

Businesses in the hotels and restaurants sector showed the lowest levels of legislative awareness.

Overall awareness of environmental legislation has increased between 2005 and 2007 by 7%. In terms of particular legislation, businesses showed the highest increase in awareness regarding the Hazardous Waste Regulations legislation, where 26% more businesses were aware of this in 2007 compared to 2005. (43% of all businesses surveyed in 2005 were aware of this compared to 69% in 2007) This however may be due to the legislation being in its draft form when the survey was conducted in 2005.

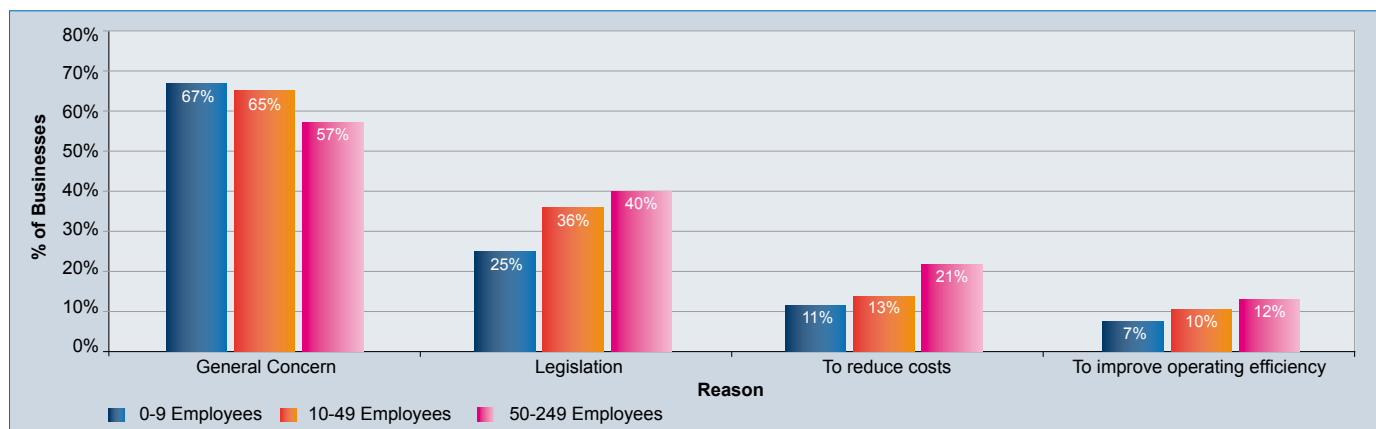
The sector showing the highest level of awareness has altered between the two surveys, with the recycling sector being most aware in 2005, and the sewage, waste and cleansing sector being most aware in 2007. In both survey periods, businesses in the hotels and restaurants sector showed the lowest levels of awareness. Note that this comparison does not include the Waste Electrical and Electronic Equipment Directive (WEEE Directive) as this was included in the 2007 survey, but not in 2005.

Benefits in Addressing Environmental Issues

Businesses were asked to comment on whether they agreed or disagreed that there were links between seven key business benefits and good environmental practice.

The three main areas mentioned as benefits of good environmental practice were reduced risk of prosecution (81% strongly agree/agree), creating good relations with customers (69% strongly agree/

Figure 4
Reasons for addressing environmental issues by size



N=2,745. Base: Businesses who have introduced measures to address environmental harm (Multiple responses allowed)



Table 1
Level of awareness of legislation amongst sectors

Legislation	Most Aware	Least Aware
Packaging Waste Regulations	Food and Drink Manufacture (54%)	Recycling (22%)
Duty of Care Regulations	Recycling (70%)	Textiles and Clothing (43%)
Waste Management Licensing Regulations	Sewage, Waste and Cleansing (80%)	Textiles and Clothing (47%)
Water Resources Act 1991/The Water (Northern Ireland) Order 1999	Mining and Quarrying (46%)	Recycling (11%)
Pollution Prevention and Control Regulations	Sewage, Waste and Cleansing (65%)	Hotels and Restaurants (25%)
End of Life Vehicles Regulations 2003	Transport by Land (37%)	Hotels and Restaurants (11%)
Environmental Liability Directive 2004	Sewage, Waste and Cleansing (34%)	Printing, Publishing and Reproduction of Recorded Media (11%)
Waste Electrical and Electronic Equipment Directive (WEEE Directive)	Electrical Equipment and Machinery Manufacture (59%)	Hotels and Restaurants (20%)

agree) and reduced operating costs (53% strongly agree/agree). These findings are illustrated in Figure 5.

Businesses were least likely to feel that strong links exist between environmental good practice and increase sales and profitability (29% disagree/strongly disagree), winning orders (26%) and motivating workforce (24%).

The highest level of agreement from all size businesses was with the link between reduced risk of prosecution and environmental good practice (77% with 0-9 employees, 87% with 10-49, and 91% with 50-249 employees).

The lowest level of agreement was the link between environmental good practice and motivating workforce, with 55% of businesses with 50-249 employees agreeing that a link exists.

Very little difference was noted between the four countries in terms of their level of agreement concerning whether links exist between environmental good practice and the factors mentioned.

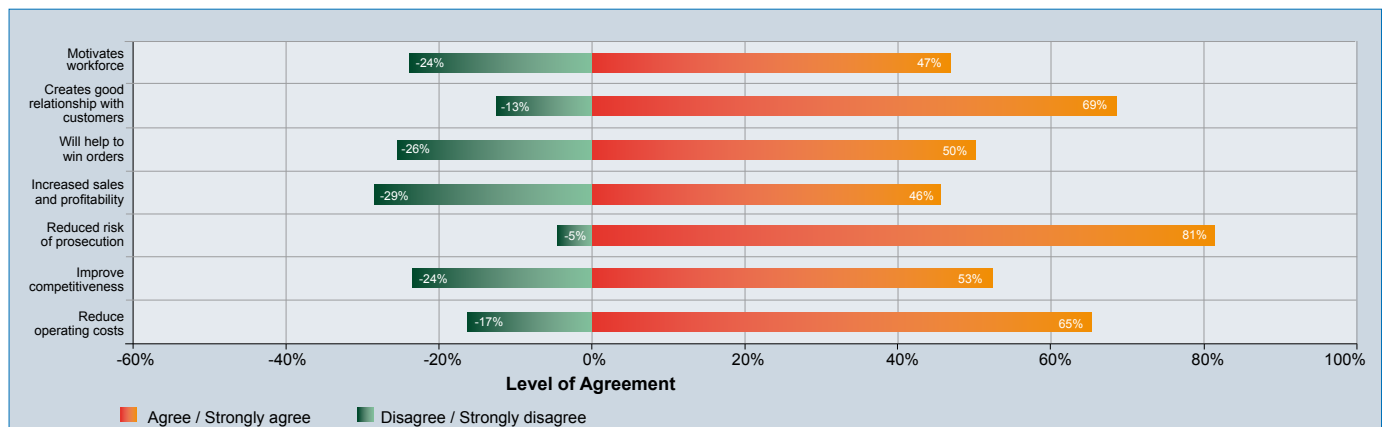
In the majority of cases, businesses in Scotland showed the highest levels of agreement, and those in Wales showed the lowest.

Overall there was a high level of agreement that a link exists between environmental good practice and the seven key business benefits. Businesses in the Sewage, Waste and Cleansing sector were found to be in most agreement with the links between environmental good practice and the seven business benefits.

As discussed, the strongest link was noted between environmental good practice and a reduced risk of prosecution. Here, even the sector noted to be in least agreement with this link, Recycling, had 75% of businesses supporting the link towards this business benefit. The sector in most agreement with this link was Sewage, Waste, and Cleansing (88%).

Consistently in both the 2005 and 2007 surveys, the strongest link remains between environmental good practice and a reduced risk of prosecution (only increasing 1% over the two survey periods). There was very little difference found between the two years in

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



N=4,489. Base: All respondents

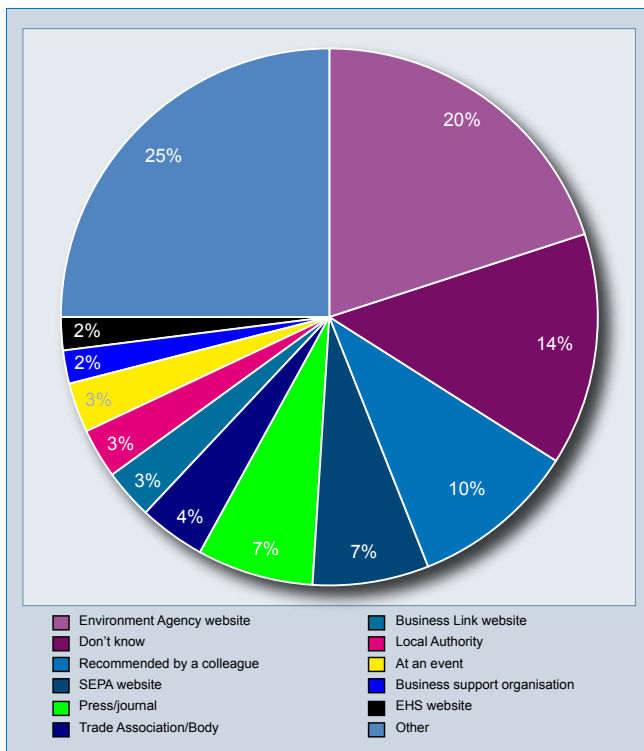


terms of the relationship between environmental good practice and the other key business benefits.

NetRegs Website

Only 7% of businesses had heard of the NetRegs website. As illustrated in Figure 6, a fifth had heard about it through the Environment Agency website. Ten percent had heard through the recommendation of a colleague, and around 7% heard of it through the SEPA website. Just under 15% of businesses did not know where they had heard about the website.

Figure 6
How businesses had heard about the NetRegs website



N=321. Base: Those businesses who had heard of the NetRegs website. Multiple responses allowed

Of those businesses that had heard of the site, approximately 63% had used it.

Their main use of the site had been to find out about environmental legislation in general. (It is worth while noting that only those organisations who consider that they are facing an environmental issue are likely to search for information as how to resolve the issue. The survey shows that only 14% of organisations surveyed considered that they have any environmental issues.)

All businesses were asked whether they thought they would find the NetRegs website useful. Just under two thirds of businesses (65%) stated that they would find the information on the NetRegs website useful. Larger businesses with 50-249 employees (80%) were more positive about the usefulness of the website than smaller businesses with 0-9 employees (59%).

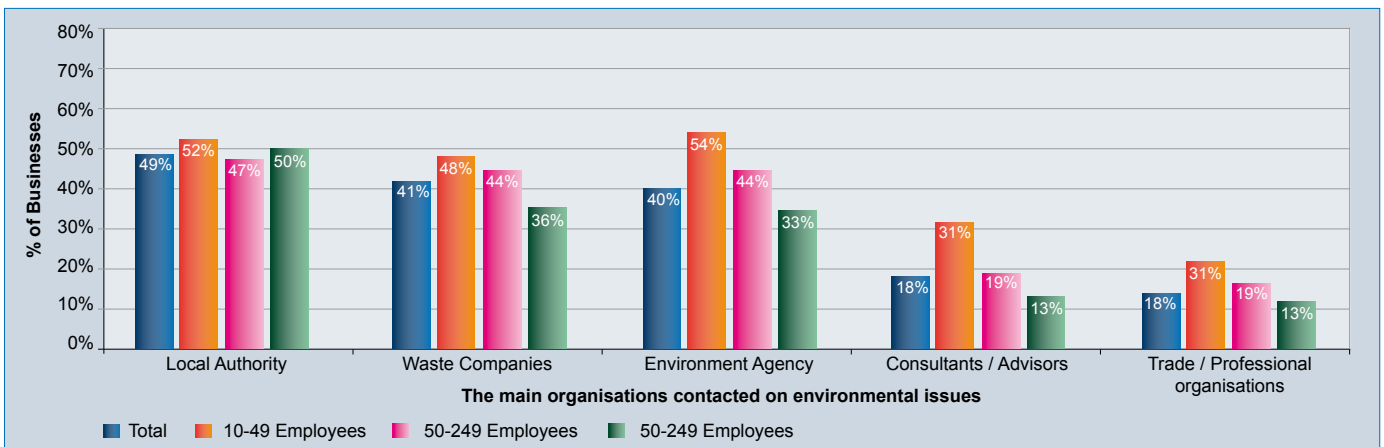
There was little variation between the countries in the percentage of businesses within each country who felt that the NetRegs website would be useful to them. Sixty eight percent of businesses in England and Scotland felt that the website would be useful to them compared with 64% in Wales and 60% in Northern Ireland.

Businesses in Recycling and Sewage, Waste and Cleansing showed the highest level of agreement that the NetRegs website would be useful for their business, with 72% of businesses agreeing. The lowest level of agreement was from the Agriculture sector, where 57% of businesses surveyed thought the website would be useful.

There was a very small increase (1%) in the awareness of the NetRegs website between 2005 and 2007.

Access to the NetRegs website through the Environment Agency website increased over the survey period, from 9% of businesses in 2005 to 20% in 2007. The proportion of businesses made aware of the website through the press / trade journals decreased significantly between 2005 and 2007, with 23% of businesses in the 2005 survey made aware of the NetRegs site in this way compared to only 7% in 2007. The main reason for accessing the NetRegs website stayed the same in both rounds of the survey – to gain general information about environmental legislation.

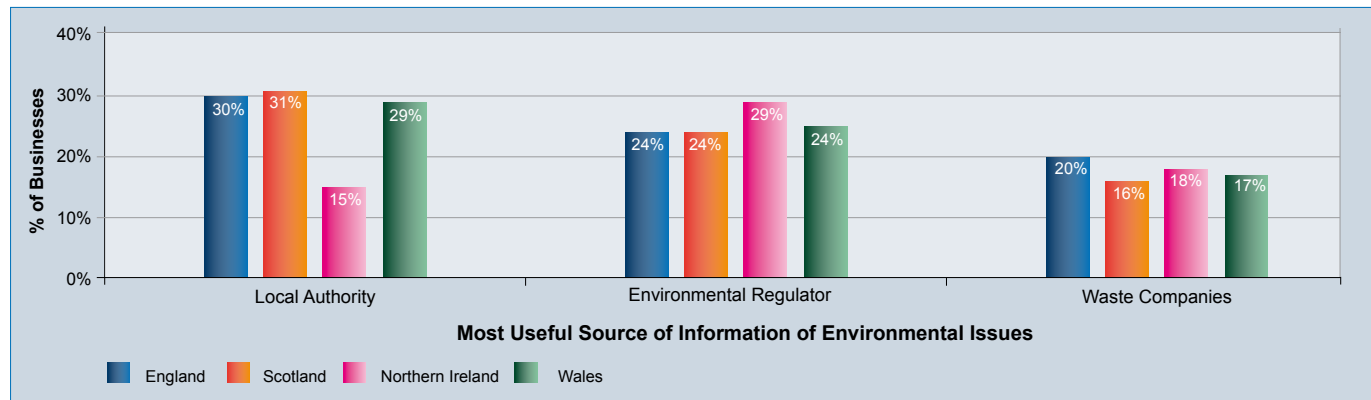
Figure 7
The main organisations that businesses contact about environmental issues by size



N=2,445. Base: Respondents who named an organisation that they contact about environmental issues (Multiple responses allowed)



Figure 8
Most useful information source by country



N=2,101. Base: Those respondents who stated the most useful source of information on environmental issues

In 2007, the proportion of businesses stating that they would find the NetRegs website useful increased by around 17% from the 2005 results. In both years, the proportion of businesses in each size band that stated they would find the website useful increased with the size of the business.

Sources of Help

Businesses were asked which organisations (if any) they contacted on environmental matters. The survey found that businesses most often go to Local Authorities (49%), waste businesses (40%), and the Environmental Regulator (40%) for environmental help and advice. The broader familiarity with waste legislation noted above may be due to the success of the waste disposal contractors in providing information to their clients or the broader applicability of this legislation.

As illustrated in Figure 7, businesses with 50-249 employees were most likely to contact the Environmental Regulator regarding information on environmental issues (54%). Businesses with 0-9 and 10-49 employees were found to be most likely to contact their Local Authority regarding environmental issues (50% and 47% of businesses respectively).

Over a third of businesses regardless of their size had contacted the Environmental Regulator for advice (which begs the question as to why so few organisations were aware of the NetRegs website).

Businesses who had contacted organisations on environmental issues were then asked which one organisation they had found most useful. Forty-six percent of businesses surveyed provided an answer to this question.

Nearly 27% of businesses stated that they thought the Environmental Regulator was the most useful source of information, 25% stated their Local Authority, and around 18% stated Waste companies were the most useful.

There is little variation in the most useful contact between the different size bands. In each case, around 50% of businesses in each size band who answered this question stated that the Environmental Regulator and Local Authorities were the most useful sources of information. Businesses with 0-9 employees were more likely to find Local Authorities the most useful source,

whereas businesses with 10-49 and 49-250 employees were most likely to find the Environmental Regulator the most useful source of information on environmental issues.

There was slight variation between the opinions of businesses in the four countries. In Northern Ireland, Local Authorities were found to be the most useful source of information (stated by 29% of businesses answering this question), whereas in England, Scotland and Wales, the Environmental Regulator was found to be the most useful source of information on environmental issues, as illustrated in Figure 8.

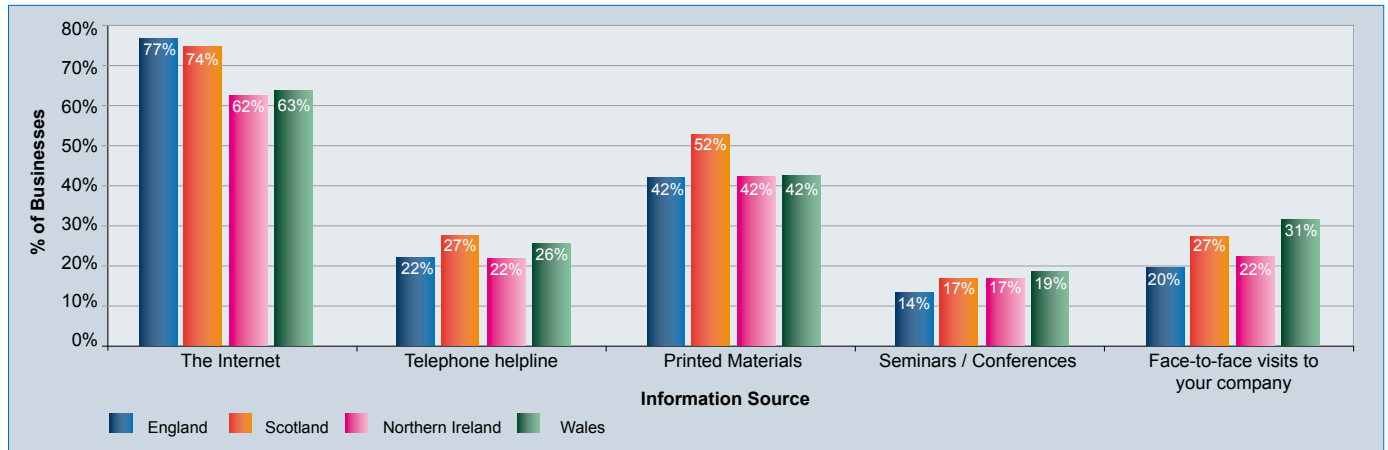
In 2005 the most frequently mentioned source of information in all four UK countries was the Local Authority. In 2007 this remained the case. A breakdown by business size shows that in 2007 businesses with 50-249 employees are most likely to contact the Environmental Regulator for information on environmental issues, which differs from the results in 2005 where businesses of this size were most likely to contact waste companies for this information. Businesses of size 0-9 and 10-49 were found most likely to contact the Environmental Regulator in both the 2005 and 2007 surveys. Businesses were then asked which source of information they thought was the most useful for environmental issues.

There has been a decrease in the percentage of businesses who felt that the Local Authority was the most important source of information on environmental issues (-9%). In contrast there has been an increase in the percentage of businesses who felt that the Environmental Regulator and Consultants were the most important sources of information (both with an increase of 3%).

Information Requirements

Businesses were also asked whether they thought they had received enough support from the Government and its agencies to deal with environmental issues. The survey shows a fairly even split of opinions as 40% said that they had received enough support, and 45% of businesses said that they had not. The level of agreement increased with the size of the organisation, with a larger proportion of businesses with 50-249 employees stating that they had received adequate support compared with businesses with 0-9 employees (48% compared with 36%).

Figure 9
Information sources that businesses use to gain information on environmental issues



N=2,698. Base: Those respondents who stated sources of information on environmental issues. Multiple responses allowed.

Businesses were asked whether they would welcome more, less or about the same amount of guidance and help from the Government and its Agencies. Overall, just over 50% of businesses stated that they would like to receive more support in the future, 34% stated the same level of support would be sufficient, and only 3% stated that they would want less support in future.

Businesses in England were found to be most likely to want to receive more support in the future (54% of businesses), with Northern Ireland found to be least likely (47% of businesses).

Businesses were given a list of five different methods of receiving information and asked if they had ever used any of these sources to access information. Sixty percent of businesses provided an answer to this question. The most frequently mentioned information source was the internet, with 70% of businesses using this source to gather information. Nearly half (45%) of businesses stated that they used printed materials, 25% use face to face visits to their company, and 24% use a telephone helpline to gather information on environmental issues relating to their business.

Businesses in each of the size bands generally use the same information sources, however generally businesses with 50-249 employees were more likely to use the sources than smaller businesses, particularly with regard to using the internet, where 83% of businesses with 50-249 employees use the source, compared to 63% of businesses with 0-9 employees.

As illustrated in Figure 9, there was relatively little difference between the preferences of businesses in each of the four countries. Businesses in England were found to be most likely to want information on the internet (61% compared to 56%, 48%, and 47% in Scotland, Northern Ireland and Wales respectively).

There was a marginal increase (3%) in the percentage of businesses who felt they had received enough guidance on environmental issues from Government departments / agencies. A 3% increase was also noted in the proportion of businesses that would want to receive more guidance in future. Interestingly, in 2005 businesses in Northern Ireland were found to be most likely to want to receive more help (with 59% of businesses requiring more guidance), whereas in

2007 businesses in Northern Ireland were found to be least likely (with 47% of businesses requiring more guidance)

Conclusions

Overall, the survey results show that SMEs still have a low level of environmental awareness, with only 15% of businesses stating that they undertake activities that may be harmful to the environment. Awareness levels have, however, increased substantially since the last survey in 2005, when only 7% of respondents thought that their activities would harm the environment.

Generally, the 2007 survey shows a repetition of the trend seen in the 2005 results: the smaller a business is, the lower its level of environmental awareness and the less likely it is to take action to address its environmental impacts. There are however, signs of improvement: although levels of awareness, legislative knowledge and environmental activity in micro SMEs are still low, these have increased since 2005, in some cases substantially.

There remain wide variations in awareness, knowledge and activity between sectors. Generally, those sectors which are most regulated or with greatest potential impacts are more aware and more likely to take environmental action than those that are less regulated and have fewer potential impacts.

Differences between the countries of the UK in terms of knowledge, awareness and activity are not generally marked, and the amount of variation among countries has reduced since the 2007 survey.

Seven percent of businesses have heard of the NetRegs website; this is a marginal increase from 2005 and is still very low. There has been a substantial increase (17%) in the proportion of SMEs who thought that they would find the NetRegs website useful, indicating that there is a continuing demand for the service NetRegs provides.

Overall, the findings demonstrate that although levels of awareness and environmental activity in SMEs are still low, they are increasing, and there is a continued need for NetRegs to provide information to SMEs, focussing particularly on micro SMEs.