

LLOYDS BANK
SMALL BUSINESS RESEARCH TRUST



**SMALL FIRMS & THE
ENVIRONMENT**

QUARTERLY SMALL BUSINESS
MANAGEMENT REPORT

L L O Y D S B A N K
SMALL BUSINESS RESEARCH TRUST

Small Firms & the Environment



**SMALL FIRMS & THE
ENVIRONMENT**

QUARTERLY SMALL BUSINESS
MANAGEMENT REPORT

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

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University of Westminster**
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- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management Succession.....August 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

- 1 Information Technology..... March 1995
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- 3 Company Vehicles.....August 1995
- 4 Pricing Policies..... November 1995

1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
- 4 Business Support Agencies.. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship..... May 1998
- 2 Work & Stress September 1998
- 3 Employment Strategies.....December 1998
- 4 Small Firms & The Environment .. Mar 1999

1999/2000 (Vol.7)

- 1 The Impact of HolidaysJune 1999
- 2 Late Payment September 1999
- 3 Management Development .December 1999
- 4 Exit Routes..... March 2000

2000/01 (Vol.8)

- 1 E-commerceJune 2000
- 2 Sources of Finance September 2000
- 3 Transport & GovernmentDecember 2000
- 4 Government & RegulationsApril 2001

2001/02 (Vol.9)

- 1 Marketing & Sales.....July 2001
- 2 The Human Side of Enterprise Oct 2001
- 3 Health Issues January 2002
- 4 Premises.....April 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the twenty-fourth in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Small Firms & The Environment**. The principal findings were as follows:

- **Attitudes to environmental issues** – Whilst only 3% of firms claimed to have a definite 'green' transport policy, 57% of the respondents considered their firms to be generally 'environmentally friendly'. This figure rose to 70% for respondents aged 55-64 and fell to 38% for the youngest group aged 25-34.
- **Customers to become increasingly sensitive** – Overall, 31% felt that their customers would become more sensitive to environmental issues over the next five years.
- **Environmental considerations in action** – Over half of our small firm respondents claimed to be pursuing some form of 'Environmentally friendly' actions. Most common was **materials recycling** (52%), followed by **improved waste disposal arrangements** (37%), **energy efficiencies** (30%) and the **selection of 'green' suppliers** (19%).
- **Positive approaches** – The 57% who considered their firms generally 'environmentally friendly' were between 2-3 times as likely as the rest of the sample to be involved in materials recycling and improving waste disposal arrangements. They were 16 times more likely to select 'green' suppliers.
- **Use of 'Green' suppliers** – only 7% said that environmental attributes of suppliers were relevant to their actual buying strategies, though 19% reported that they would be willing to pay more for 'green' supplies. Smaller firms in the sample appeared more sympathetic: 26% of firms in the 0-4 employee category were prepared to pay more, compared to only 10% in the 20-49 employee category.
- **Further government initiative needed ?** – A majority (58%) felt that the prime responsibility for the greening of business lay with Government to ensure a common basis for such policies. Many felt that initiatives by individual companies might result in the loss of competitive advantage, if they were not also incumbent on other firms both at home and abroad.

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The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

Report Author – Professor John Stanworth (University of Westminster)

Series Editor – David Purdy

Lloyds Bank Plc Small Business Research Trust

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on ***Small Firms & The Environment***.

PAST SURVEYS

1993 (Vol.1)

- 1 ***Surviving The Recession***
- 2 ***Using Your Time***
- 3 ***Management Style***
- 4 ***Financial Management***

1994 (Vol.2)

- 1 ***Purchasing***
- 2 ***Quality Standards & BS 5750***
- 3 ***Management Succession***
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- 2 ***Employee Recruitment***
- 3 ***Information Technology***
- 4 ***Business Support Agencies***

1998/9 (Vol.6)

- 1 ***Entrepreneurship***
- 2 ***Work & Stress***
- 3 ***Employment Strategies***

THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. In any given survey, typically over half of the participating firms employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during January-February 1999.

SMALL FIRMS & THE ENVIRONMENT

The Story So Far

Our planet has existed for approximately 5 billion years. Human beings have been around for little more than 10 million years. Cars, the consumer society and its accompanying 'Greenhouse Gases' have been with us for less than 100 years and yet the planet has sustained more environmental damage in the last 100 years than the previous 10 million.

What is to be done? Can anything be done? John Prescott, Deputy Prime Minister representing the UK in international discussions on environmental pollution, recently claimed that even small actions such as simply turning our televisions off at the mains overnight can make a worthwhile overall impact.

Can the small business sector make a difference? Well, Michael Meacher, Environment Minister thinks the answer is 'Yes'! Recently, he launched a **New Green Helpline For Small Businesses** which offers up to 2 hours telephone assistance from an energy or environment expert, plus on-site advice where it would be beneficial. The Minister said:

"By setting up a single Environment and Energy Helpline (0800 58 57 94), the Government is making it very much easier for SMEs (Small and Medium-Sized Enterprises) to find out how they can improve their environmental performance.

Small and medium-sized enterprises are an important part of the UK economy. They are also responsible for one-third of carbon dioxide emissions from business and a significant proportion of other waste. Smaller companies therefore have a significant role to play to help meet our climate change needs.

On average a fifth of energy and a quarter of a company's waste can be avoided cost-effectively. Saving resources saves money and improves competitiveness – gain, not pain."

What Progress ?

Figure 1 identifies the 'environmentally friendly' activities already introduced by our respondents, headed by the 'Recycling of Materials' and followed by 'Improved Waste Disposal Arrangements', 'Energy Efficiencies' and then the 'Selection of Green Suppliers'. Specific 'other' instances cited were:

- Becoming a paperless office
- Environmental fume extraction equipment
- General conservation practices etc.
- Re-cycling hot water
- Refuse to undertake work for potential clients who are involved in 'dirty' industries
- Use of 'green' products, e.g. non-CFC aerosols

Views on environmental friendliness were varied. One respondent said:

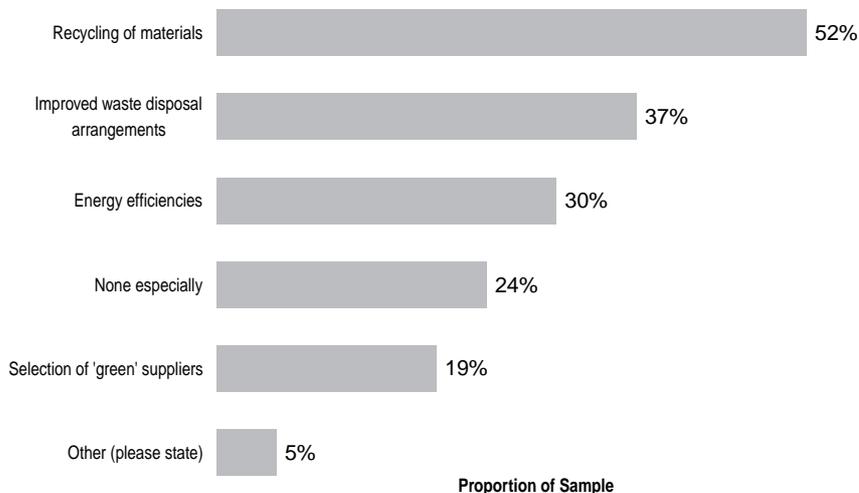
"The materials we use are not environmentally friendly. But we do try to keep all waste products to a minimum, for the benefit of the staff and the world outside."

Another respondent felt that there was little his firm could do in this respect:

"We use e-mail but more for convenience than environmental issues. Our company is too small to have any major impact and there are few changes that would help, so this is not looked at with any urgency."

Yet another felt that environmental protection is a low order priority for many businesses:

Fig 1 - 'ENVIRONMENTALLY FRIENDLY' ACTIVITIES IN RESPONDENTS' FIRMS



Over half of the respondents reported that their business was recycling materials

"The vast majority of the business community are ignorant of the issues, treat them with cynicism (media-induced) or just do not care enough (or not nearly as much as they care about profits)."

trade about 'saving trees', yet the trees are a crop, grown to be pulped. We might as well say 'save the cornfields' by banning corn flakes."

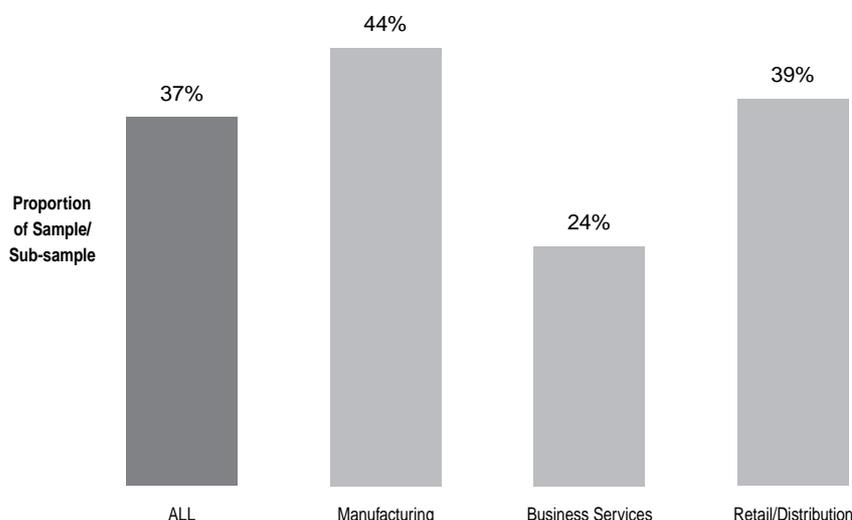
An architect said:

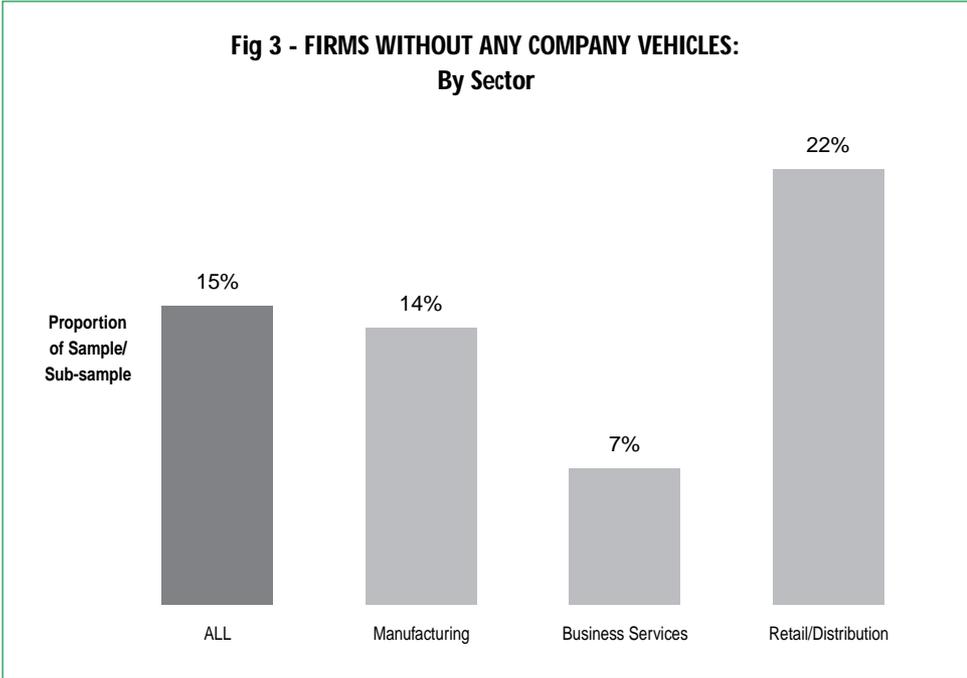
Others were sceptical of much of the reasoning behind 'environmental friendliness':

"As architects we adopt a green policy in specifying building products. Re-cycled office products are not collected by (our) local authority."

"There is much hype in the printing

Fig 2 - 'ENVIRONMENTALLY FRIENDLY' ACTIVITY Improved Waste Disposal Arrangements: By Sector





SECTOR DIFFERENCES

When we looked for sector differences behind the statistics in Figure 1, we found more similarities than actual differences with the exception of differences in ‘Improved Waste Disposal Arrangements’. The figures on this issue shown in **Figure 2** illustrate, perhaps not surprisingly, that firms from the **manufacturing** sector took most trouble with improving waste disposal, whilst firms from the **business services**

sector were least concerned on this point.

COMPANY VEHICLES

Responding firms were asked about the extent of the total annual mileage for their (owned/leased/rented) company vehicles. Respondents could also indicate if they did **not** operate any vehicles, as illustrated in **Figure 3**. As can be seen, **business services** firms were least likely to have no vehicles whilst **retail/distribution** firms

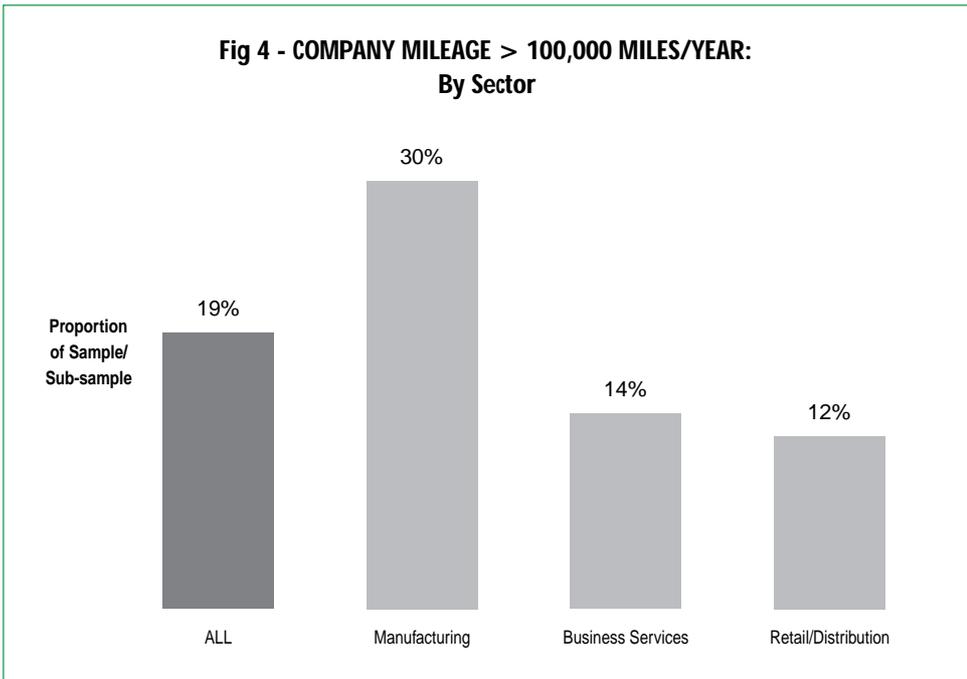
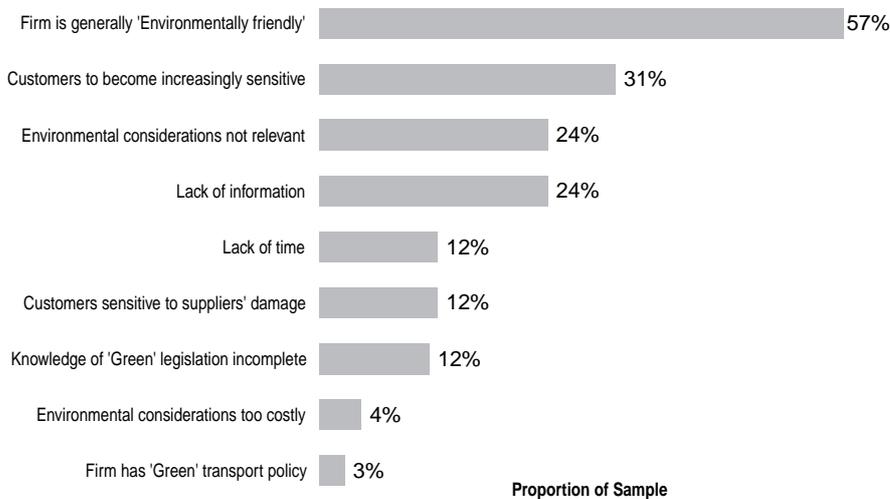


Fig 5 - AGREEMENT WITH VARIOUS ENVIRONMENTAL ISSUES OR PROBLEMS



A majority of respondents felt that their firm was 'environmentally friendly'

were most likely. Size of firm may also have had an influence here with manufacturing firms being, overall, the largest in the sample and retail/distribution the smallest.

Looking now at **Figure 4**, we can see that 30% of the firms in **manufacturing** exceeded 100,000 miles each year in company vehicles. This compared with just 12% for **retail/distribution** and 14% for firms in the **business services** sector.

ENVIRONMENTAL FRIENDLINESS

Respondents were asked about their agreement with a range of environmental issues and problems. In descending order, they were (starting with the most frequently mentioned issue):

- 1 **'Green' conformance** – I consider that our firm is generally 'environmentally friendly'
- 2 **Customers in future** – Our customers will become increasingly sensitive to environmental issues over the next 5 years
- 3 **No relevance** – Environmental considerations have no real bearing on our type of business
- 4 **Lack of information** – We do not have enough information to hand for us to

make sensible decisions about such issues

- 5 **Lack of time** – We are too busy with other matters to consider environmental issues
- 6 **Customers** – Our customers are sensitive to environmental damage that their suppliers cause
- 7 **Legislation** – I wish I knew more about the environmental legislation as it affects our firm
- 8 **Too costly** – Environmental considerations are a luxury that our firm cannot afford
- 9 **'Green' transport policy** – Our firm uses methods such as rail, as part of a 'green' transport policy

Figure 5 shows that 57% of firms considered themselves to be generally 'Environmentally Friendly'. Only 12% considered their customers to be sensitive to environmental damage caused by suppliers. However, 31% felt that their customers would become increasingly sensitive towards such issues.

Only 3% of firms overall went as far as saying that their firm had a definite 'Green' transport policy. A slightly higher percentage (4%) said that environmental considerations were simply 'too costly'.

'Green' suppliers encountering acceptance in certain quarters ?

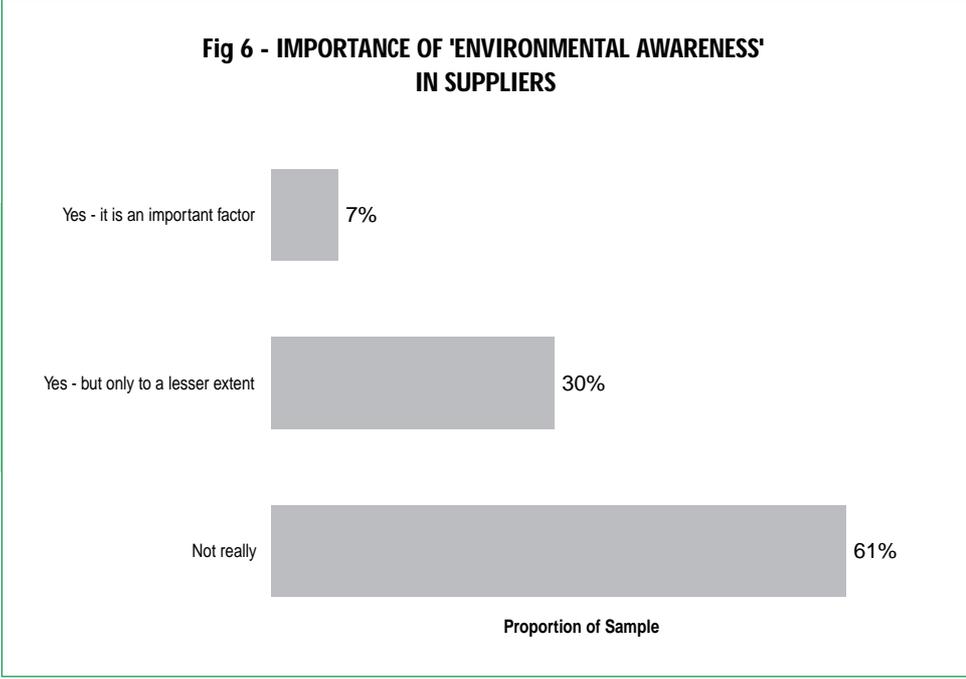
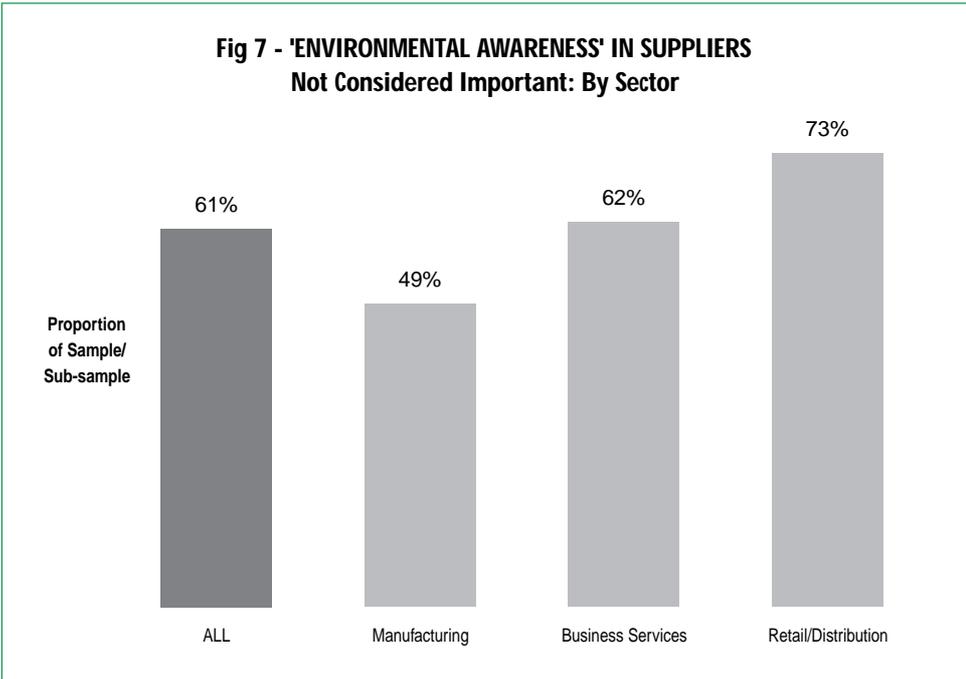
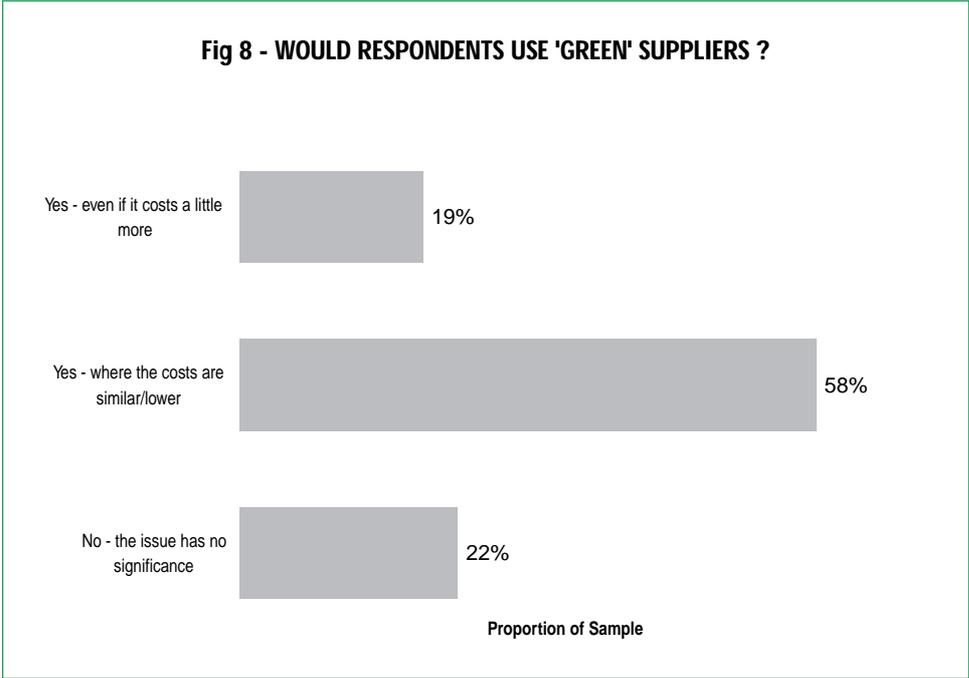


Figure 6 shows responses to the question of the importance of 'Environmental awareness' attributes in suppliers – that is, did this factor have any influence in the selection of suppliers. Only 7% said 'yes', it was an important factor. 61% said that it was definitely **not** an important factor for them and **Figure 7** shows how this varied with business sector, with **manufacturing firms** being least likely to opt for this 'Not really' reply and **retail/distribution firms** the most likely.

Given that only 7% had deemed the 'Environmental awareness' attributes of suppliers to be important in **Figure 6**, we were slightly surprised in **Figure 8** to see 19% claiming that they would be willing to pay more for 'Green' supplies. However, the gap here is probably explained by the fact that, in **Figure 6**, a further 30% had expressed a lower order interest in selecting 'Green' suppliers, but only to 'a lesser extent'.





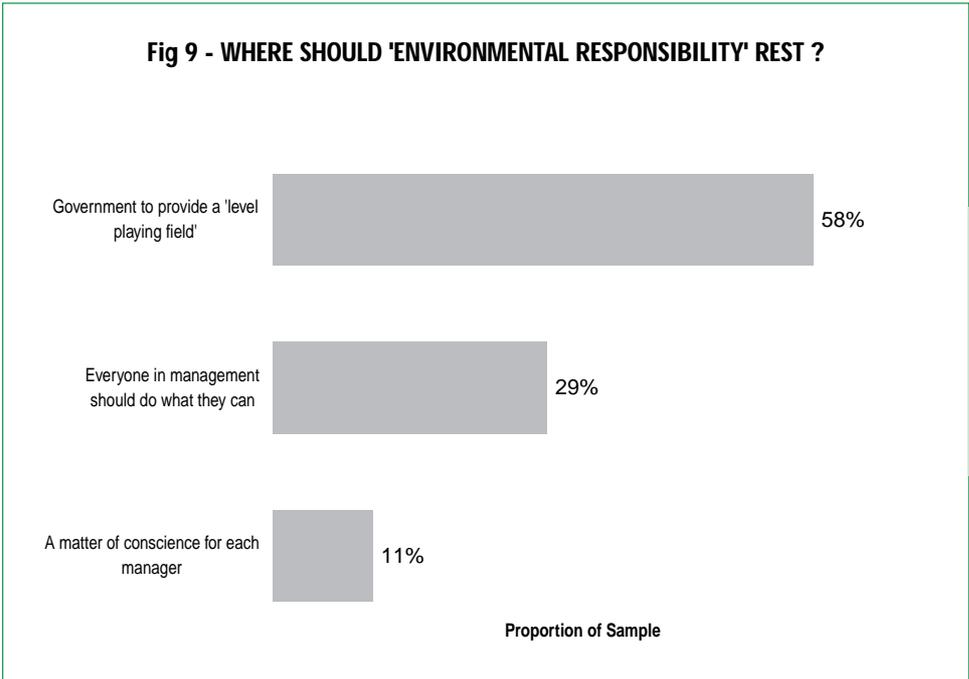
THE ROLE OF GOVERNMENT

It could be argued that any small firm acting unilaterally in adopting 'Green' initiatives, might (though not necessarily) be putting itself at a competitive disadvantage compared to other companies in the same market. Thus, in **Figure 9**, we saw 58% of firms in our sample feeling that it is the role of Government to provide a 'level playing field' in order to avoid this. What is proposed here is the provision of a basic

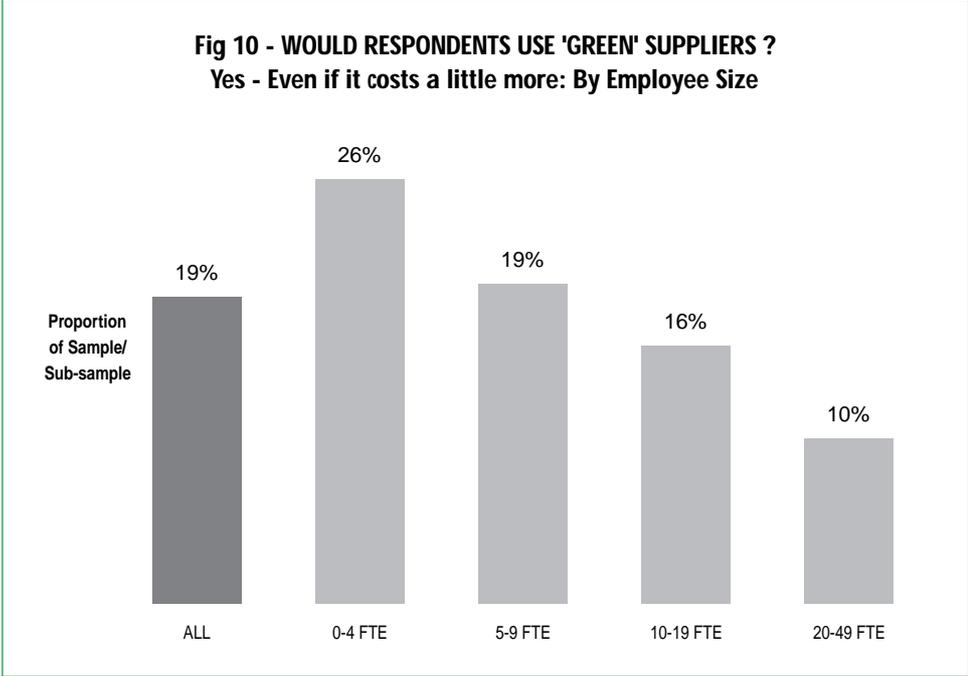
set of obligations to be observed by all firms – hopefully nationally and internationally. A further 29% felt that it was the duty of management, anyway, to do what they can for the environment and a further 11% felt that it was a matter of conscience for each manager.

One respondent said:

"Environmental awareness should concern us all. But the comparative



Government expected to take the initiative



cost to small businesses is considerable compared to large businesses – perhaps the Government should do something to level the playing field in favour of small businesses.”

Another respondent said:

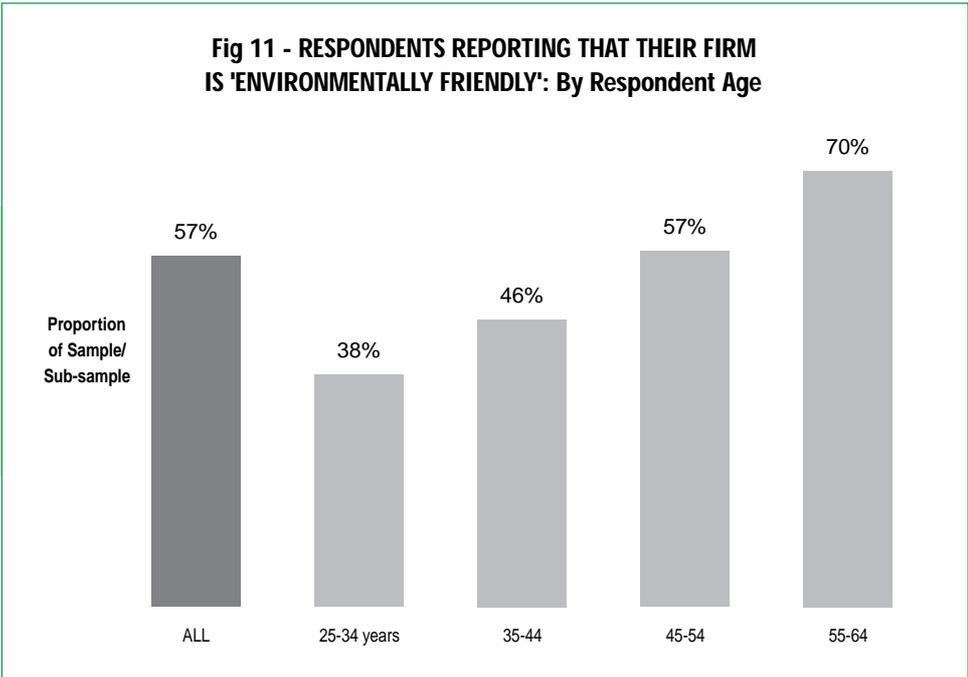
“Environmental considerations will generally be ignored unless the same restrictions on manufacturers

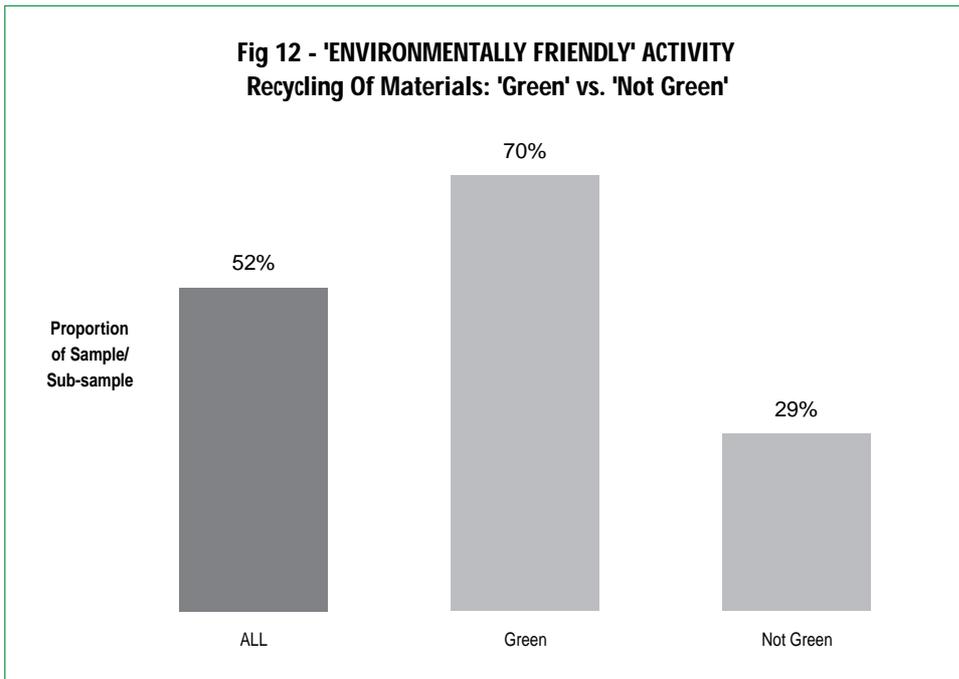
and importers are placed on all countries – especially in the EU.”

One respondent (manufacturing iron castings) claimed that environmental friendliness was costing him money and putting him at a competitive disadvantage vis-a-vis other economies with little or no regard for such issues:

“As a company, we have had to spend £250,000 on reducing

Older respondents more sympathetic to 'greening'





sulphur emissions ... making us uncompetitive to foreign markets with no environmental issues."

FIRM SIZE CONSIDERATIONS

In Figure 8, 19% of respondents claimed to be willing to pay more for 'Green' supplies or services. Now, in **Figure 10**, we can see how this response varies with size of firm. The suggestion here is that the very smallest firms are more 'Green' than their larger counterparts. In fact, 26% of firms in the 0-4 FTE employee size band claim to be willing to pay more for 'Green' supplies and this dwindles to just 10% by the time we get to firms in the 20-49 size band.

RESPONDENT AGE EFFECTS

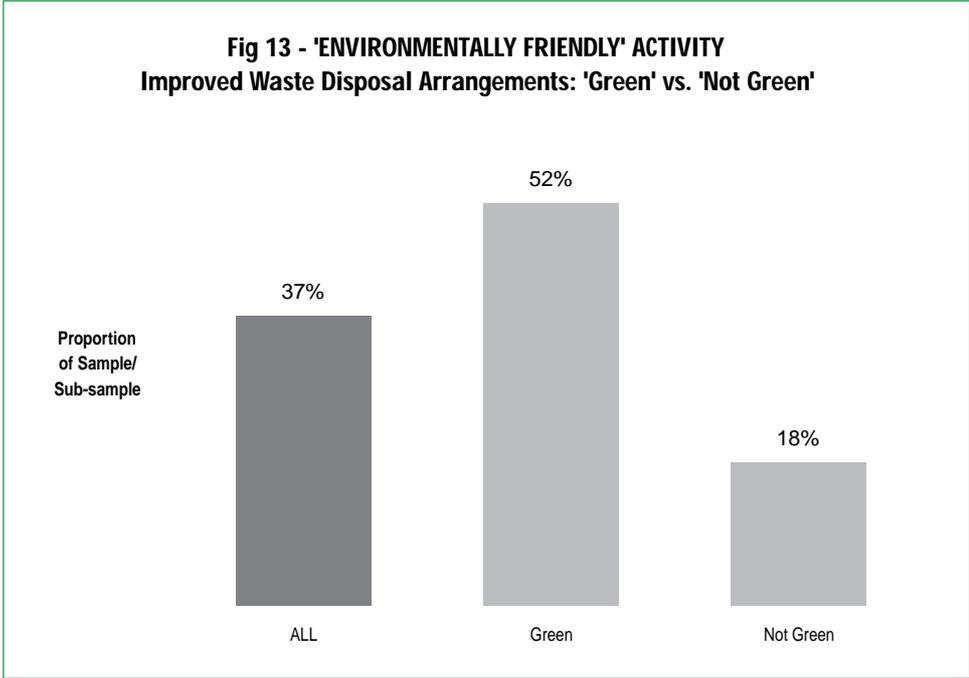
In Figure 5, we saw that 57% of our firms considered themselves to be 'Environmentally friendly'. **Figure 11** now shows us how this breaks down by age of respondent. The older the age group of respondent, the greater the concern with 'Environmental friendliness' we observe, rising from just 38% amongst the 25-34 years age group up to 70% for the 55-64 years age group. Attempting to explain this quite clear observation presents quite a challenge. However, two quite plausible

explanations are readily available. The first is that people, as they get older, generally tend to become increasingly concerned about their environment. A more interesting, and controversial explanation, might be that the younger people are products of the 'Thatcher' generation, whilst their older counterparts were more influenced in their values by the events of the 1960s. After all, part of Mrs. Thatcher's doctrine on individualism proclaimed that there is no such thing as 'society'.

Alternatively, we may well be witnessing a mixture of these two influences at work here – life cycle position and societal values.

WORDS VS. ACTIONS

Words come cheap and it was decided to check out if our older respondents, who claimed to be environmentally concerned, really did back this up with actions. Indeed, it appeared they did. Increasing age of respondent correlated with the selection of 'Green' suppliers plus investment in waste disposal arrangements and energy efficiencies.



TO BE ('GREEN') OR NOT TO BE

Next we look at firms which, in Figures 5 and 11, claimed to be 'Environmentally friendly' ('Green'), and compare them with their counterparts which had not made this claim ('Not Green').

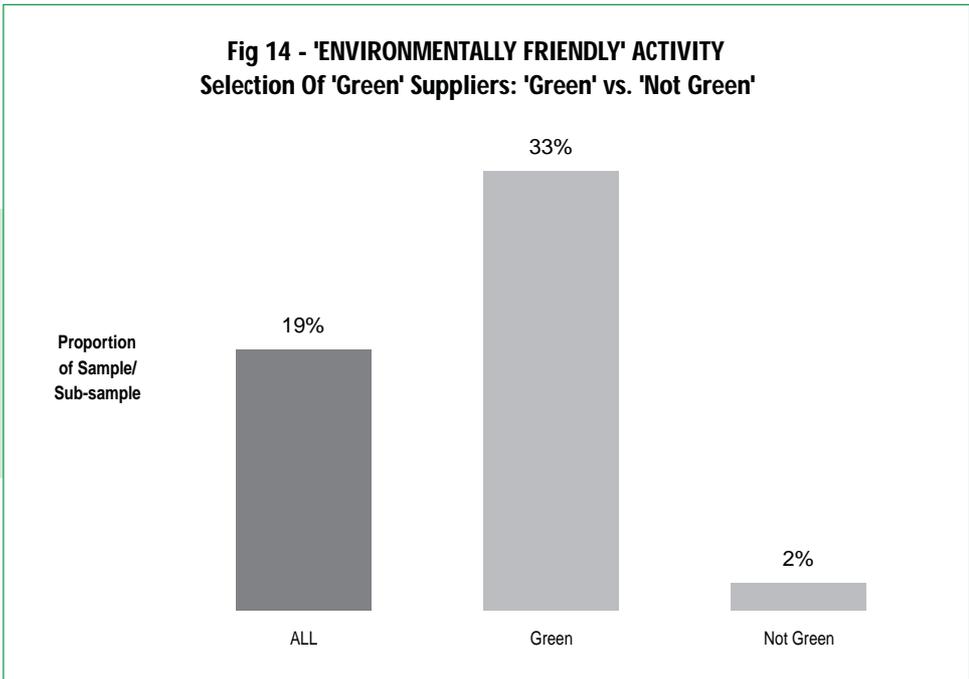
Figures 12, 13 and 14 illustrate substantial differences between these two groups on the issues of 'Recycling of materials', 'Improved waste disposal arrangements'

and, finally, 'Selection of suppliers', thus indicating that words were indeed matched by actions here.

However, for many, the business of staying economically viable appeared to be the pre-occupying consideration. As one manufacturer put it:

"As with many new initiatives, SMEs lag behind. Catching up becomes necessary (only) if one is missing

An active preference for 'Green' suppliers may encourage others to enter the market



out on a competitive advantage or if penalties are enforced."

A final quotation, perhaps somewhat cynically, made a similar point:

"Without compulsion, consumers will not pay premiums for 'green' products. Lip service only is the reality of most 'green' issues. 'I'm alright Jack, it's everybody else' would honestly sum up most people's real attitude."

RESPONDENTS' COMMENTS

These are shown on the following pages.

REFERENCES: BUSINESS & THE ENVIRONMENT

The references below are offered as an aid to readers interested in seeking further information, much of which is readily available via the Internet (WWW). The coverage is not intended to be definitive, and inclusion here should not necessarily imply either agreement or disagreement with the views expressed via these sources. N.B. Some pages may contain links to other WWW pages offering related material.

- **What effects can the environment have on health ?**

A brief note on physical, chemical and biological hazards

<http://www.med.ed.ac.uk/HEW/env/introeh.html>

- **Health, Environment & Work**

Based at the University of Edinburgh:

"This educational resource is probably the largest academic site in Occupational and Environmental Health within the European Union"

<http://www.med.ed.ac.uk/hew/>

- **New Green Helpline For Small Businesses**

Department of the Environment, Transport and the Regions (DETR)

Press Release, 1 December 1998 – links for the ETBPP and EEBPP programmes, and BRECSU, follow (Press Release list for Oct-Dec 1998): <http://www.coi.gov.uk/coi/depts/GTE/GTE98Q4.html>

- **Environmental Technology Best Practice Programme (ETBPP)**

AEA Technology Environment [ETSU], Harwell, Oxfordshire: *"The ETBPP is a UK government programme providing free information on environmental issues to help companies reduce costs"*.

E.g. Guides and case studies for selected industries, such as the printing industry; Information for business support organisations and waste minimisation clubs

<http://www.etsu.com/ETBPP/>

- **Energy Efficiency Best Practice Programme (EEBPP)**

Includes an *Energy Savings Guide for small businesses*

<http://www.etsu.com/eebpp/>

- **BRECSU, Building Research Establishment**

Part of the Building Research Establishment, Watford, Hertfordshire.

"It is an independent centre for information on energy efficiency in buildings and manages the DETR's Energy Efficiency Best Practice programme for buildings related projects." Offers many booklets, e.g. *Energy savings in a small company through management commitment and staff involvement*

<http://www.bre.co.uk/bre/otherprg/eebp/>

- **Information about the 'Greening' of Government in the UK**

Energy, Environment and Waste Directorate

<http://www.environment.detr.gov.uk/greening/index.htm>

- **Environment Agency of England and Wales**

Aims include:

- "To achieve major and continuous improvements in the quality of air, land and water;
 - To reduce the amount of waste by encouraging people to re-use and recycle their waste; and,
 - To tell people about environmental issues by educating and informing."
- <http://www.environment-agency.gov.uk>

- **Scottish Environment Protection Agency**

<http://www.sepa.org.uk/>

- **European Environment Agency**

<http://www.eea.eu.int/>

- **United States Environmental Protection Agency**

<http://www.epa.gov/>

- **Health and Safety Executive, UK**

<http://www.open.gov.uk/hse/hsehome.htm>

- **Information for Industry**

UK Publishers of *Environment Business Magazine*
<http://www.ifi.co.uk/>

MANUFACTURING

[Manufacturing]	<i>"Public transport is too expensive in West Cornwall and unreliable. [There is] No facility for plastic recycling."</i>
Colour Cosmetic Products Manufacturer and Retailer	<i>"Very, very important - all manufacturing depletes the earth's resources. Much more [legislation] should be in place in spite of oil and transport lobbies."</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"As with many new initiatives, SMEs lag rather than lead. Catching up becomes necessary if one is missing out on a competitive advantage or if penalties are enforced. There have been various seminars, often promoted by those with a commercial interest. Our need is small."</i>
Fireplace Manufacture & Gas Fire Sales	<i>"As pressure mounts over transport and roads, most plans the government have, such as road-pricing and charging to drive into towns, will be harmful to our business and [will] drive customers away. Our vehicles are just another tool of the trade, we cannot survive without them."</i>
Joinery	<i>"Road transport pollutes the air and not enough is being done to reduce it. Rail transport would help but my experience is that it is not very efficient."</i>
Manufacture of Iron Castings	<i>"Our greatest polluters are power stations. As a company we have had to spend £250,000 - 1/5th of our turnover - on reducing sulphur emissions of 1/4 tonne/annum. Power stations can turn out as much as 200 tonnes/day sulphur. Pro-rata we have to pay proportionally far more, making us uncompetitive to foreign markets (Asian) with no environmental issues."</i>
Printing, Graphic Design, Copy Service	<i>"There are pros and cons for most issues. A lot of the time there is a 'hype' on which people can financially benefit with little achieved for the environment."</i>
Resin-cast Giftware	<i>"The materials we use are not environmentally friendly. But we do try to keep all waste products to a minimum, for the benefit of the staff and the outside world."</i>
Sub-contract Engineers	<i>"Environmental awareness should concern us all. But the comparative cost to small businesses is considerable compared to large businesses - perhaps the government should do something to level the playing field in favour of small businesses."</i>

BUSINESS SERVICES

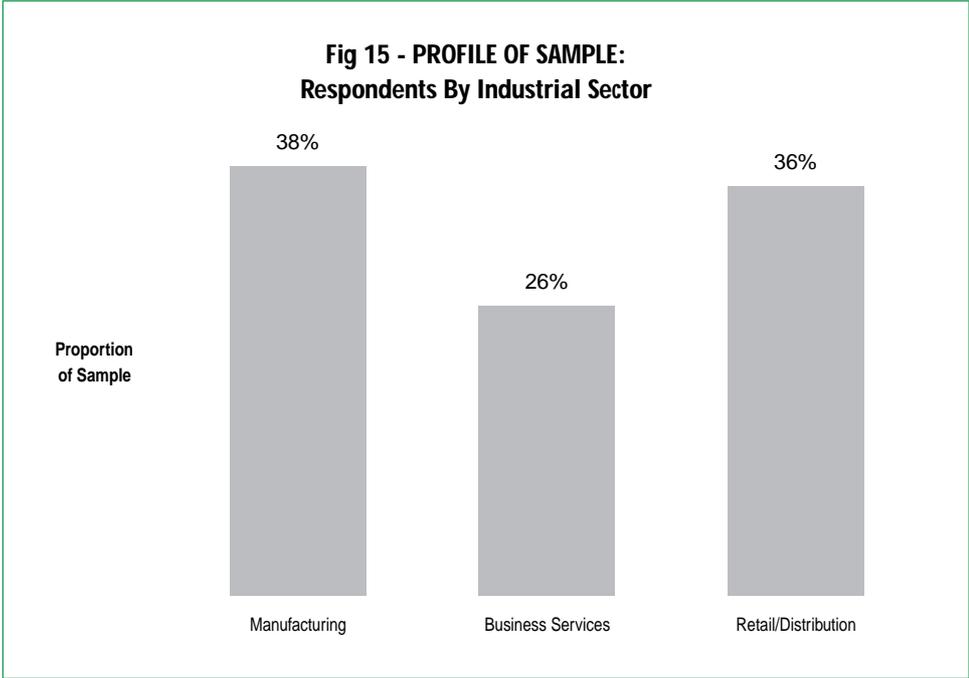
Accountancy, Audit, Tax & Management Consultancy	<i>"I am not sure that businesses in the service sector, in particular accounting and financial services, are aware of any specific environmental issues that affect them on any policies that they can implement."</i>
Architect	<i>"As architects we adopt a green policy in specifying building products. Re-cycled office products are not collected by the local authority."</i>
Audit Accountancy and Taxation	<i>"The total lack of an integrated transport plan in our location [North-East city] is nothing short of disgraceful."</i>
Chartered Accountants	<i>"Environmental considerations will generally be ignored unless the same restrictions on manufacturers and importers alike are placed on all countries - especially in the EEC."</i>
Commercial Cleaning	<i>"We tried to use re-cycling bins for our paper. Smurfit used to provide them free of charge but then they wanted to charge us for the service so we cancelled it !"</i>
Consultant Naval Architects & Marine Engineers	<i>"We all have commercial responsibilities. We also have a social responsibility to our staff, their families, and the community. Environmental considerations are therefore part of a broader organisational vision and culture. Particularly to us, our main push must be to ensure that through our advice and designs our shipowner clients act responsibly since their ability to adversely affect the environment is far far greater than ours."</i>
Graphic Designers	<i>"There is much hype in the printing trade about 'saving trees', yet the trees are a crop, grown to be pulped. We might as well say 'save the cornfields' by banning cornflakes !"</i>
Implementation & Audit of Quality Standards	<i>"An effective and consolidated transport policy nationwide must be established. This must include public transport which is co-ordinated and sufficient for rural areas."</i>
Investment & Pensions Advice	<i>"The vast majority of the business community are ignorant of the issues, treat them with cynicism (media-induced) or just do not care enough (or not nearly as much as they care about profits)."</i>
Public Relations	<i>"The Government is really just paying lip-service to environmental protection. I question the extent of their commitment and their motives. If it was different, I'm sure we would all do more and take it more seriously.</i> <i>There are two camps - businesses which have to take action because of legislation, and the individuals who want to. It's up to the Government to set an example and get us all motivated to move in the same direction with genuine commitment."</i>

BUSINESS SERVICES continued

Public Relations & Marketing Support Consultancy	<i>"Government is far too weak (all parties) and should give a much stronger lead, provide incentives, penalise 'dirty' companies. All parties are far too susceptible to lobbying by vested business interests who have to be dragged 'kicking and screaming' to make any changes to their policy on environmental matters and improvements."</i>
Survey & Design for Construction	<i>"We use e-mail but more for convenience than environmental issues. Our company is too small to have any major impact and there are few changes that would help, so this is not looked at with any urgency."</i>
Telephone Marketing and Telephone Sales Company	<i>"We are all responsible to improve the environment. The future is important. Government pays 'lip service' to the environment without any help or reward to the conscientious environmentalist."</i>

RETAIL AND DISTRIBUTION

Flowers	<i>"The Internet and WWW [World Wide Web] will have an impact on the environment over the next 10 years: a) because it will be more convenient, b) it will cut costs and as a consequence stabilise/reduce prices, c) shopping trips will be substantially reduced (by car)."</i>
Hair Stylist	<i>"[There is] Doubt about 'green' credentials being a cover for cost increases. Lack of support from local councils, e.g. cost of small scale industrial waste disposal (N.B. not dangerous waste !)."</i>
Hardware and Pet Store	<i>"'The Environment' embraces issues of such complexity that no one, as of yet, can unravel it totally. Everyone and everything has an effect. The Butterfly's Wing theory applies. Individual actions may help but are rarely thought through to their ultimate conclusion. Without compulsion consumers will not pay premiums for 'green' products. Lip service only is the reality of most 'green' issues. 'I'm alright Jack, it's everybody else!' would honestly sum up most people's real attitude."</i>
Tank Container Haulage	<i>"I feel local councils are totally hypocritical. Government departments are using transport for their own use etc. It is 'do as I say', not 'do as I do'."</i>



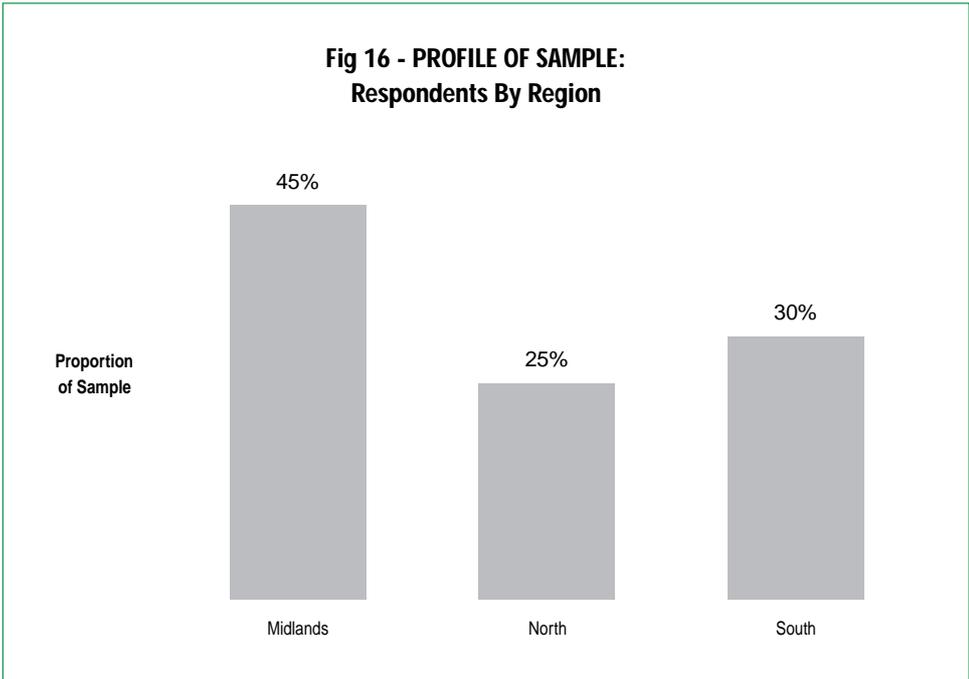
APPENDIX 1 - ADDITIONAL INFORMATION

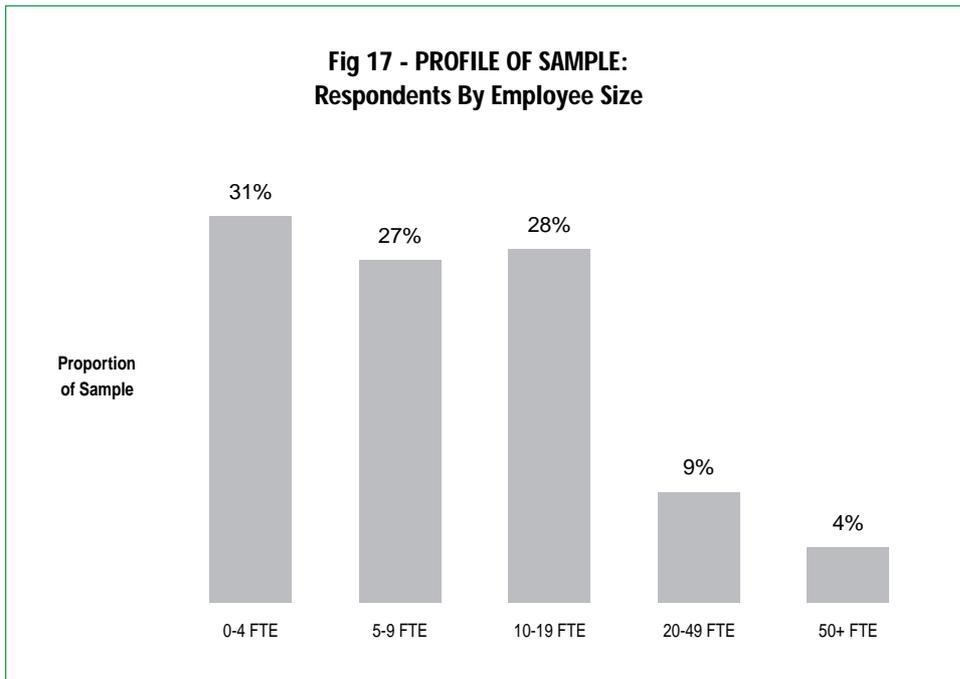
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less

prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands – previously classified as ‘other’ –





are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Figure axes/scales (histograms) - each figure uses a linear scale, with reference to a common zero axis, e.g. running horizontally across the bottom of each column, as in the figure above.

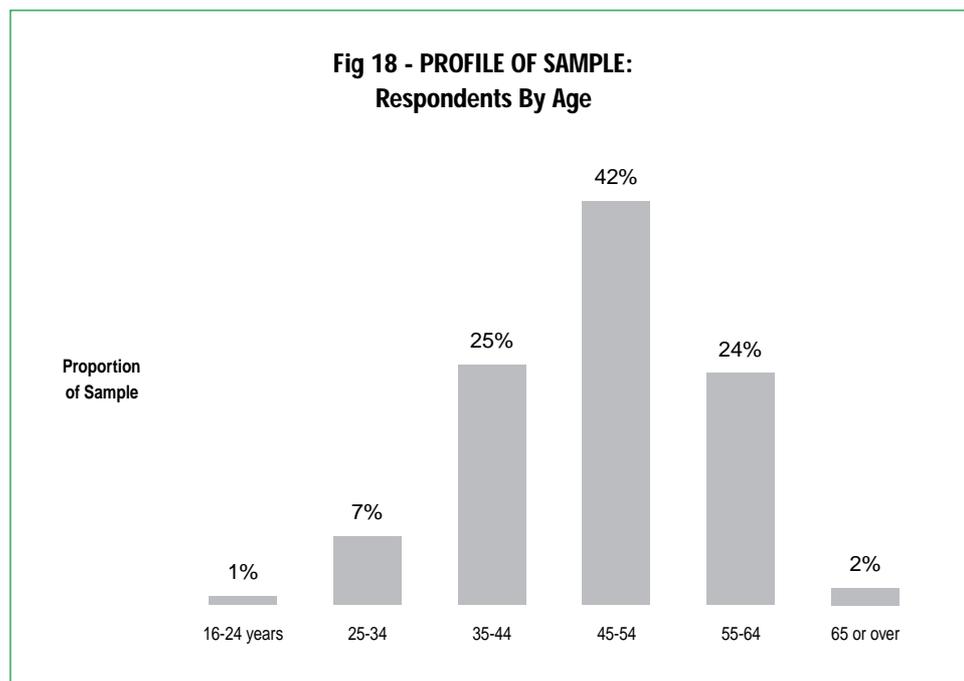
Distribution of firms

The highest concentration is in manufacturing (38%), followed by retail/distribution, see **Figure 15**. Previously, the samples have contained a greater proportion of firms in business services, but the composition has shifted slightly due to the introduction of additional respondents to the sample late 1998.

In this survey, the Midlands region is the largest, with 45% of the sample's respondents (see **Figure 16**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/distribution have had fewer full-time equivalent employees. Overall, the sample is biased towards smaller businesses. (**Figure 17**).

As on previous occasions, the sample is predominantly male, with 79% being male, and 21%, female. The age profile for the respondents in the sample is shown in **Figure 18** (overleaf).





Lloyds Bank/Small Business Research Trust
**Quarterly Small Business
 Management Report - No.24**

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: Small Firms & The Environment

Small Business Research Trust, based at the Open University Business School CONFIDENTIAL

1 a) Please indicate the number of people working in your business (including yourself):

Full-time : _____ A

Part-time (16 hours/wk or less) : _____ B

b) Your age last birthday:

16-24 years A

25-34 B

35-44 C

45-54 D

55-64 E

65 or over F

c) Your gender:

Male M

Female F

2 'Environmentally friendly' business actions – Please indicate which of the following you have already introduced:

✓ Against all which apply

Energy efficiencies (e.g. insulation improvements). A

Recycling of materials B

Improved waste disposal arrangements C

Selection of 'green' suppliers in one or more cases D

Other/s (please state): _____ E

None especially F

3 Mileage by company vehicles – Please indicate the total annual mileage by all vehicles run by your business (owned/hired/leased):

Just ONE ✓ only

No company vehicles A

Less than 20,000 miles/year B

20,000-50,000 miles/year C

50,001-100,000 miles/year D

100,001-200,000 miles/year E

200,001-500,000 miles/year F

More than 500,000 miles/year G

- 4** **Environmental issues – Please indicate where you strongly agree with any of the following statements:** *✓ Against all with which you strongly agree*
- No relevance - Environmental considerations have no real bearing on our type of business A
 - Too costly - Environmental considerations are a luxury that our firm cannot afford B
 - Lack of information - We do not have enough information to hand for us to make sensible decisions about such issues C
 - Lack of time - We are too busy with other matters to consider environmental issues D
 - 'Green' conformance - I consider that our firm is generally 'environmentally friendly' E
 - 'Green' transport policy - Our firm uses methods such as rail, as part of a 'green' transport policy F
 - Legislation - I wish I knew more about the environmental legislation as it affects our firm G
 - Customers - Our customers are sensitive to environmental damage that their suppliers cause H
 - Customers in future - Our customers will become increasingly sensitive to environmental issues over the next 5 years I

- 5** **'Environmental awareness' attributes in suppliers – Generally speaking, does this have any importance to your business when you select suppliers ?** *Just ONE ✓ only*
- Yes - it is an important factor A
 - Yes - but only to a lesser extent..... B
 - Not really..... C

- 6** **'Green' suppliers – If the quality of product/service was comparable, to what extent would your firm be prepared to pay to use such a supplier ?** *Just ONE ✓ only*
- Yes – even if the 'green supplier' costs a little more A
 - OR** Yes – where the costs are similar/lower..... B
 - OR** No – the issue has no significance..... C

- 7** **The business community and 'Environmental responsibility' – Where do you feel this should rest primarily ?** *Just ONE ✓ only*
- Everyone in management should do what they can for the environment. A
 - OR** Everyone in management should do what they can for the environment – so long as the Government provides a level playing field by ensuring that everyone does their bit B
 - OR** It should be simply a matter of personal conscience for each manager individually C

- 8** **'The Environment' – If you have any strong views, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies), then please comment. Views might include the relevance of public transport and/or substitutes such as e-mail instead of physical document delivery by road/rail/sea/air.**
- _____
- _____
- _____
- _____
- _____
- _____



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