

EMS and SME: The importance of a common language

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Outline

- Small and medium-sized enterprises (SMEs) in Canada
- The environmental opportunities
- SME particularities
- Identified language barriers
- Language divergence
- Addressing SMEs for change

Proportions of SMEs

- Definitions of SMEs
 - European Union: 10-50-250
 - Canada: 5-100-500
- Small and medium-sized enterprises are at the center of wealth creation for economies (European Commission, 2003)
- Their success is important
 - Locally
 - Internationally
- And size matters!

SME Contribution

- Canada has more than 2M SMEs representing 99% of employer businesses
 - 98% have fewer than 100 employees
 - 75% have fewer than 10 employees
- SMEs are estimated to contribute up to 70% of industrial pollution;
- Produce 43% of GHG emissions from the Canadian manufacturing industry; and,
- 65% of SMEs report being in a growth phase

The Canadian Environment

- Study by PollutionWatch (2004) reports *little or no progress in pollution reduction* in Canada.
- Climate change: “the scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action” (The Royal Society, June 7 2005).
- Although sustainable business practices are increasingly recognized, few SMEs have adopted them (Côté, Booth and Louis, 2006).
- This situation leaves many economic benefits unrealized by SMEs.

Benefits of Eco-Initiatives

- Benefits can be realized in many areas from process performance to human resources development
- Benefits reported include:
 - Reduced environmental costs for increased profitability and competitiveness (Smith and Kemp, 1998)
 - Positive impacts on the company with particular improvements to company image (Naffziger et al., 2003)
 - Dramatic improvements to environmental aspects and equally considerable reductions in costs (Fresner and Engelhardt, 2004)

Why SMEs are different

- SMEs differ from large business in a number of ways:
 - Track less environmental data
 - Fewer resources
 - No common access point
 - Differences in organizational structure
- Differences lead to a number of barriers to participation in environmental initiatives/programs.

Addressing SMEs in Canada

- Barriers addressed by programs:
 - Costs, technical knowledge, communication
- Problems
 - difficulty finding participants
 - in the face of positive environmental attitudes
 - barriers to environmental behaviour in small firms are too strong to allow the drivers to overcome them

Language Barriers in SMEs

- Of the remaining barriers from the literature:
 - low SME eco-literacy
 - low level of awareness of environmental issues
 - weak appreciation of environmental regulations
 - reported difficulties in obtaining and interpreting environmental information
 - lack the ability to identify and formulate their own information and knowledge gaps.

Language Barriers

- This reinforces the importance of providing information using language that
 - will make sense to a business organisation especially micro and small businesses and,
 - which can be immediately seen as a business opportunity.
- Field specific language makes it more difficult for SME owner/managers to understand the business opportunity of environmental initiatives.

Hints From the Literature

- A survey of UK SMEs by NetRegs (2005)
 - Only 31% of businesses surveyed thought they had introduced any practical measures to reduce their environmental impact.
 - 66% of businesses changed their responses when they were presented with a list of environmental improvement measures.
- Catasùs *et al.* (1997) found that environmental managers must be able to:
 - Use the concepts of environmental management (eco-efficiency, life-cycle analysis, etc.) to improve, and
 - translate these opportunities into terms such as costs, revenues, business strategy, control, and efficiency

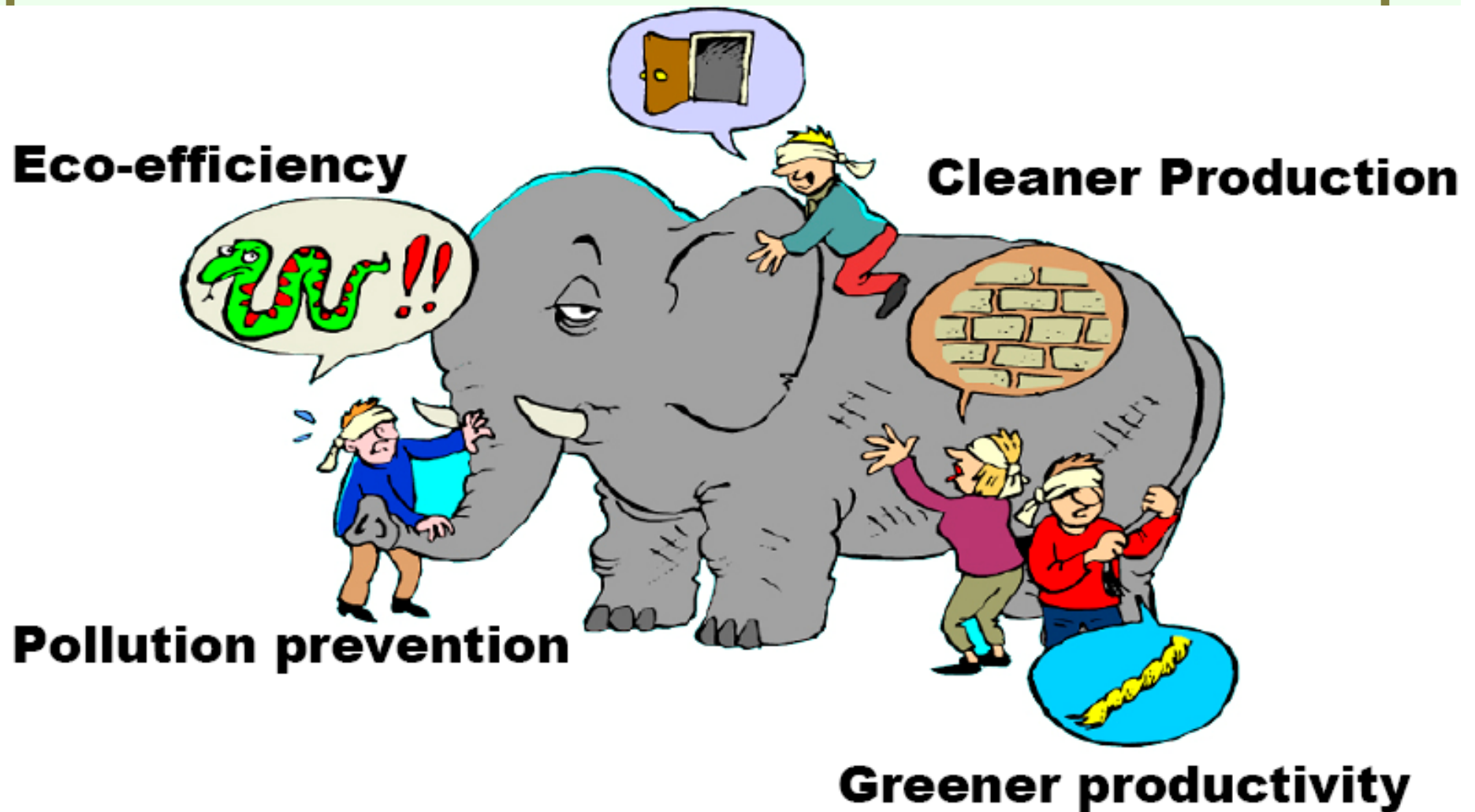
From Language to Perception

- Language used can evoke a number of perceptions from SMEs:
 - Negative corporate attitudes towards environmental initiatives
 - Disbelief of the benefits of environmental initiatives
 - High perceived effort required for environmental initiatives
 - Environmental initiatives are perceived to be costly
 - Business and environmental impacts are considered separate issues

Changing SME's

- Changing SMEs will require
 - a change in how environmental initiatives are perceived; through
 - an improved awareness of the business opportunities in environmental initiatives by making them one and the same.
- To increase awareness, environmental programs need to use language that
 - appeals to the business mental model
 - does not confuse SME owners with field specific language

Definitions and Lingo



Environmental Language Curve

- **Ex.: Eco-efficiency** (Côté et al., submitted for publication)
 - Originally by WBCSD in 1991, now adopted with variations by:
 - OECD
 - European Environment Agency
 - UK Envirowise Program
 - Industry Canada
 - Atlantic Canada Opportunities Agency
 - Australia Environmental Protection Agency
 - BASF Corporation
 - Environmental Finance Group – International Finance Corporation

Translating the “green’ agenda?

- Energy efficiency
- Climate change
- Waste minimization
- Green Supply Chain Management
- Sustainability
- Eco-efficiency
- Life cycle analysis
- Pollution prevention
- Green Design
- End-of-Pipe control
- ...
- New product design
- Cost reductions
- Market opportunity (international / national / local)
- Increased sales
- New markets
- Increased client loyalty
- Attracting high quality candidates
- Entrepreneurship
- Profit
- ...?

Conclusion

- This study will investigate the nature of the barriers posed by the different language and terminology used in environmental management and business management
- The study will suggest ways of overcoming those barriers in the case of SMEs

Thank you

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