

SURVEY CONCLUSIONS



BALANCE
green and stable

Balance:

Green Policies & Financial Sustainability

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Introduction

One of the European Commission's main goals of the century is turning into a climate-neutral continent by 2050 with a sustainable economy and net-zero greenhouse gas emissions. This objective is part of the European Green Deal and is in line with the European Union's commitment to global climate action under the Paris Agreement. The five organizations shared an online survey with different SMEs (Small and Medium-sized Enterprises) within their countries, these being: Bulgaria, Belgium, Cyprus, Greece, Ireland and Spain.

The questions covered their needs as businesses, awareness on green policies and level of readiness for change management. As we will unfold over the next few pages, one of the key learnings that was confirmed by the survey was the fact that general awareness of the link between SMEs and environmental action needs to improve drastically.

Inspire – Bulgaria

The survey was completed by 33 SME's decision-makers that represent a diverse set of business sectors in Bulgaria, very much in line with the country's current economic context. In the survey the manufacturing sector is the one that has participated the most, followed by HoReCa and production sectors.

Over 80% of the interviewed is aware that the EU aims to be climate-neutral by 2050, but less than half of them know about any national policies on the matter. Only 18% of them were aware of funding opportunities that would help them greener their business. All of the respondents share that they need more information about green practices and their implementation. An indicative that more practical knowledge is needed as well as increasing the general awareness.

One of the most interesting points of the survey is revolving around the concept of potential benefits of implementing green practices. Slightly more than half the respondents (51,5%) believe that implementing greener operations will help them financially as well. The 36% think implementing green policies would affect them negatively in financial terms, and the rest remain doubtful of the return on the investment.

Only 30% of the respondents have declared that their companies currently apply methods of circular economy. However, answers given later on the survey hint that the concept "circular economy" is not clear, and it is confused with other green measures. Only 6% of SME decision-makers that have taken part in the survey know their

generated carbon footprint. A small portion (15%) of the respondents have been provided or provide employees with a training on green measures.

When we examine the reasons why SME's decision-makers have not yet implemented green measures, we can easily observe that the general reasoning revolves around the lack of knowledge and the financial concerns. Only one of the respondents shared that they are lacking enough human resources to implement such measures. Certainly there is a need to better understand which measures could be useful to them and efficient both to the environment and to their financial development.

Eurogeo – Belgium

Despite widespread dissemination, it was very difficult to get responses to the survey. SMEs are under pressure post-pandemic. It was surprising how little knowledge or awareness there was on green measures, environmental sustainability, monitoring possibilities or the potential of initiatives, grants and subsidies. We received a total of 15 answered surveys.

The vast majority of these companies were from the service sector, and 40% of them was not aware that Europe aimed to be a climate-neutral continent by 2050. This percentage grew when they were asked if they knew about their country's policies and financial aid. Hence, it comes as no surprise that all of them agreed they needed more information on green policies.

Over one third (40%) of respondents think that implementing green measures will carry an economic cost for the enterprise. Only one of the decision-makers affirmed to currently apply circular economy measures but most of them (93%) would like to know how to apply them. The survey showed that most (87%) are not aware of their company's generated carbon footprint, the 73% do not measure their environmental footprint, and over half of the respondents did not know whether they were energy efficient. This is expected as most businesses (80%) do not train their employees on green measures. However, answers show that decision-makers of Belgian companies are willing to learn more about green measures and train employees in spite of doubts about the economic repercussions.

The obtained results are not surprising as Belgium lags behind many other countries in the EU for eco-innovation, as confirmed by the 2019 EU Eco-innovation Index rating, where Belgium ranks 17th in the ranking list of the EU28 with a score of 85 and well below the EU average of 100 (https://ec.europa.eu/environment/ecoap/belgium_en).

Emphasys – Cyprus

The survey was completed by 20 SMEs decision-makers from 10 different sectors in Cyprus. The SMEs that participated mainly belonged to the service sector, the construction sector and the agriculture sector.

Regarding decision-makers' awareness on green economy the results of the survey show that their knowledge on such topics is limited: only half of the respondents (55%) were aware that Europe aims to become a climate neutral continent by 2050. 35% of the respondents were not familiar with green policies in Cyprus. Additionally, there is a clear need to inform SMEs about the existing financial environmental aids in Cyprus as 80% express that they are not aware of them. All the respondents of the survey expressed that they need more information on green policies. Plus, half of the respondents think that implementing green measures would be financially and environmentally beneficial for their company. The other half has doubts about the economic cost it may involve for their enterprise. Therefore, SMEs need to be provided with examples and training on how to transform into greener operations without suffering economically.

Regarding SMEs and green measures the majority of the businesses do not seem to apply circular economy methods. And most (82%) have expressed their interest and willingness to learn how to apply these methods. None of the SMEs decision-makers know the generated carbon footprint of their company, but 90% of them would like to learn how to measure it.

Decision-makers expressed that the main reason they have not been implementing green practises is the lack of knowledge on how to apply the practices and the lack of knowledge related to policies and public funding. None of the respondents have received training on the environmental impact of their business operations which validates the need for educating them on such matters.

IDEC – Greece

The survey was completed by 14 Greek enterprises, almost half of them belonging to the service sector, followed by construction and trading. More than 70% of such companies know that the EU aims at reducing the produced carbon footprint, half of them are not aware of green policies in their country, and just about a third (36%) know about the financial aids. However, they are all willing to receive the appropriate information and education on green policies.

Almost half of the companies (43%) think implementing green measures can be beneficial environmentally and financially, while the rest of them have doubts about the financial amortization of the investment. The survey showed that most businesses are not aware of the company's result on their carbon footprint, over half of decision-makers do not know whether they measure the environmental footprint in their SME, and also over half of the respondents do not know whether their SME is energy efficient. This is expected since they do not have the appropriate training and employees are often not as educated on this subject (71% stated they do not train their employees on green measures).

Enterprises hesitant to take a step further in implementing green measures is often linked to doubts about the economic future of the business. They all gave different reasons why they have not applied green practices yet, the most recurrent one was lack of knowledge.

All relevant answers show that decision-makers of companies in Greece are willing to learn more about green measures and can understand that there is a great need for training employees on green practices even though the sample of answers is very small.

CCSDE – Ireland

Most of the respondents that participated in this survey are working in a SME. Half of the respondents stated they were working in companies that provide services while the other half represented the sectors of manufacturing, agriculture and construction.

Even though more than half of the respondents are aware that Europe aims to be climate-neutral by 2050, and they are willing to learn more on green practices, most of them stated that they do not know the green policies running the national level, nor are they aware of the existing financial environment aids. Hence, it is no surprise that they all mentioned that they need more information and training around green practices that they can apply to make their enterprises environmentally sustainable.

Over 40% of respondents think that implementing green measures will be both financially and environmentally beneficial. But the rest of them either have doubts or think it will carry an economic cost for the company. The vast majority of SMEs do not apply circular economy methods in their organization, but they all agreed that they would like to know how to apply them. None of the decision-makers answering the survey know the generated carbon footprint of their business, over half of them (57%) do not measure the environmental footprint, and most (71%) do not know whether their

SME is energy efficient or not. These answers come as no surprise as nearly none of these companies (7%) train their employees on green measures.

Answers show that decision-makers of Irish enterprises are willing to implement green practices but have not yet owing primary lack of knowledge, lack of knowledge of the amortization of investment and lack of knowledge related to policies or public funding.

Txorierrri – Spain

The survey was completed by 20 SMEs decision-makers from 10 different sectors in Spain, all of them located in the Basque region. The SMEs that participated belonged mainly to the service and manufacturing sectors.

Regarding the SMEs decision-makers' awareness on green economy the results of the survey show that the respondents need to improve their knowledge on such topics. For example, 30% of respondents did not know that Europe aims to become a climate neutral continent by 2050. Moreover, 25% of the respondents are not familiar with the green policies in Spain. There is a clear need to inform SMEs about the existing financial environmental aids as 70% express that they are not aware of them. Over half the respondents (55%), believe that even though green measures are environmentally beneficial they doubt about the future economic investment in return.

Regarding SMEs and green measures the majority of the companies do not seem to apply circular economy methods. However, the 85% have expressed their interest to learn how to apply these methods. Another noteworthy fact is that only 15% of the SMEs decision-makers know the generated carbon footprint of their enterprise, and most of them seem not to care about it, which is a huge green transition hindrance. The SMEs decision-makers expressed that the main reason behind not having implemented green practices yet is lack of knowledge. Whether it is lack of knowledge related to policies, public funding, how to apply the green practice or lack of knowledge of the investment amortization. This data comes as no surprise as 90% of them have not received training on the environmental impact of their business operations.

Most participants included the need of information and training as the main help this project can offer them. The results show that overall the companies' knowledge or awareness on green measures (including sustainability, monitoring possibilities, initiatives' potential, grants and subsidies) is little to nothing. This comes as a surprise as Spain maintains an above-average performance in terms of eco-innovation. It is ranked 11th in the 2019 Eco-Innovation Index, close to the EU average.

Conclusions

Medium, small and micro-enterprises are likely to find it difficult to respond to initiatives due to lack of resourcing, time and effort. Thus, answers were difficult to obtain; not as many companies as we expected to answered the survey. Ought to that fact, our initial thought was that the answers we would obtain would be too partial draw reliable conclusions. However, since answers in every country seem to be broadly in harmony with one another, the results obtained may be a more accurate picture of Europe's current SME context than originally perceived.

The two main hindrances we repeatedly found throughout the survey when it comes to implementing green measures are: first, one of SME decision-makers' major concerns is the investment cost that green measures imply, and the amortization of such investment. Secondly, the lack of generalized green measures' knowledge –be it knowledge on how to carry out green practices, knowledge related to employees' skills, or knowledge on public funding and policies– in the company. Hence, an urgent need emerges for qualified employees on these topics.

On a more positive note, it is important to highlight that decision-makers of European enterprises seem willing to learn more about green measures and train employees in spite of doubts about the economic repercussions.

It has been clearly proven that green measures go hand in hand with financial benefits for those SMEs willing to make a first inversion. Therefore, SMEs need to be provided with examples and training on how to transform into greener operations without suffering economically. Summing up, there are two aspects the Balance Training Program should put special emphasis onto: providing quality knowledge to both employees and decision-makers, and stress the financial return of green practices with practical examples.