36% of SMEs Have Seen Greater Revenue as a Result of Introducing Sustainability Practices Says Latest Research

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Key findings

- 96% of organisations claim to be committed to sustainability practices.
- 62% believe there is a risk of losing business in the future if they don't start introducing sustainability practices now.
- Of those who have started introducing sustainability practices, 54% claim to have seen improvements to their reputation with customers, and 36% claim to have already seen greater sales revenues as a result.
- However, 57% believe greenwashing is already common in their organisation.

Whilst large organisations are considering how to invest in sustainability, there is a wave of UK SMEs who have already started building their roadmap to Net Zero Carbon (71%). Findings from Eight Associates' latest research reveals how SMEs are feeling empowered to make their mark on tackling climate change. SMEs contribute to around half of the UK's carbon emissions, and the research shows how senior leaders understand the collective responsibility to help reduce their environmental impact. For those who have started, 54% have seen improvements in their reputation with customers, and 36% claim to have seen greater sales revenues as a result.

"It's an exciting time for SMEs. They have the power to take the lead on credible and robust sustainability practices that influence all their stakeholders. SMEs are often characterised by their flexibility and passion for their products and services, they are in a fantastic position to enact change and be recognised accordingly." said Chris Hocknell, Director at Eight Associates.

Many themes emerged from the research as senior leaders shared their perspectives. Findings showed that there were still some hesitations around how to make the most of their sustainability budgets, but there was also an optimism and desire to act.

Sustainability Stalling

There were a few reasons why many SMEs were holding back from introducing sustainability practices which included resources (45%), budget (43%) and the confusion around government and industry guidance on sustainability (48%). This confusion may have stalled progress for SMEs, especially as 52% of senior leaders feared being considered a greenwasher if they invested in the wrong things. This was a concern even of those who have started, as 57% believed greenwashing is already common within their organisation.

41% said their customers are demanding more sustainability, and so 62% of respondents felt there to be a risk of losing business if they didn't start now, and 87% believed this risk to be ranked as medium or high. This also could be due to the increased brand value SMEs see from introducing sustainability initiatives as the most common driver to getting started was to improve brand reputation (44%), followed by the senior leadership team's passion for sustainability (39%), pressure from employees (38%) and pressure from suppliers (28%). As SMEs often supply to larger organisations, they also felt increasing pressure from these buyers to be more sustainable as part of their Scope 3 criteria (73%).

"SMEs can have tight budgets and limited resources," said Hocknell. "So, it is understandable that there is a nervousness around where to invest their spend on sustainability. That's why it is crucial that the investment is targeted correctly so they can build real, sophisticated and long-lasting sustainability strategies."

SME Progress

However, progress was being made by many SMEs according to the research. 77% disagreed that their impacts are only a drop in the ocean and 66% agreed that smaller businesses can lead the way despite having less resources than their larger counterparts. A staggering 99% said they care about sustainability, senior leaders followed this up with 71% claiming to have started measuring their carbon footprint, whilst 2 out of the 500 surveyed have apparently already reached Net Zero Carbon.

There seemed to be more knowledge around offsetting schemes in the Banking and Finance sector

(44%) compared to Retail (20%) and Manufacturing (19%). Yet this is likely due to how advanced this industry is with Environmental, Social and Governance (ESG) reporting as they were also the group who saw shareholders influence being a key reason for introducing sustainability (35%). SMEs felt that communicating their sustainability commitments was most important with employees so only shared their activities internally (47%), whilst 46% chose to communicate their commitments externally on their website and social media for brand purposes.

“It’s great to see the improvements SMEs are making and that they see real value in adopting credible sustainability practices. SMEs can be hugely influential on other businesses and can drive a wave of positive environmental outcomes throughout a sector. Moreover, their actions and initiatives can actually indirectly pressure other larger organisations to up their game.” said Hocknell.

For more information, download the Empowering SME Sustainability report here.

About the Research

‘Empowering SME Sustainability’ was conducted via an online survey with 500 Senior Managers or C-Suite leaders with responsibility for sustainability issues within their business from organisations across the UK with 10-500 employees. This included a mix of 5 key sectors: Retail, Banking and Finance, Construction, Manufacturing, and Food and Beverages which was completed in December 2021.

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