

Policy Briefing

Actionable Information enables SMEs to Journey towards Net Zero

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This study focuses on the transition of small and medium-sized enterprises (SMEs) towards Net Zero practices. It examines various theoretical approaches, including stakeholder influence, access to resources, internal capabilities, information, and managerial values, attitudes, and action. The research analyses interviews with businesses and compares them using data from Business Futures 2022, the second wave of the Enterprise Research Centre's Business Futures survey, conducted in autumn 2022.

Key findings

Key findings reveal that prioritising environmental impact makes a business around 30% more likely to undertake active Net Zero steps. Prioritising new product or services innovation is associated with an 8% increase in undertaking Net Zero action, while having a priority of introducing new processes is associated with a 9% decrease. It is unclear why this priority reduces the adoption of Net Zero practices. Policymakers might consider whether programmes that improve processes might need to incorporate a specific Net Zero element. Being an ethnic minority business is associated with approximately 12% greater likelihood of taking Net Zero action.

Internal aspects are crucial for Net Zero adoption, with businesses that innovated in the past 12 months being around 15% more likely to undertake net zero action. Organisations with higher digital intensity (1.8% more likely) and self (3.5% more likely) are more likely to be engaging in Net Zero activities. Self-efficacy refers to a persons' belief in their capacity to carry out behaviours necessary to perform certain tasks successfully (Bandura 1997).

Access to trustworthy information is essential for corporate managers to implement Net Zero practices. Those who were able to act said they were able to locate trustworthy information sources and frequently used information obtained both in person and online. Regional influences matter, with higher information barriers reported by Northern Irish firms, and firms from the North East of England. Ethnic minority businesses report higher information barriers.

Actionable information is key to the adoption of Net Zero practices. One interviewee pointed to the availability of so much information as a problem rather than a solution. This suggests a filtering process is required before information becomes useful. Actionable information can be defined as information that can be applied to a particular context or situation.

Authors



Kevin Mole

Enterprise Research Centre
and Warwick Business School
Kevin.Mole@wbs.ac.uk



Anastasia Ri

Enterprise Research Centre
and Aston Business School
a.ri@aston.ac.uk

For example, one interviewee mentioned that they looked at their production process step by step and determined what actions they could take at each stage. This required having access to specific information on what they could do and when. Another interviewee mentioned using information from a presentation to take actionable steps to improve their firm's Net Zero position.

Policy Implications

The study's findings have various implications for policy objectives and decisions related to Net Zero measures. First, policymakers should prioritise helping businesses reduce their environmental effect, such as providing access to resources and training, and facilitating knowledge exchange among businesses to foster innovation and collaboration in achieving Net Zero goals. Second, policymakers should continue to provide access to credible Net Zero information, as firms who report trustworthy knowledge sources are more likely to engage in Net Zero operations. Policymakers should enhance information dissemination channels and provide businesses with reliable and responsive data. Special emphasis should be paid to ethnic minority firms and smaller organisations, which may face higher information obstacles.

Furthermore, policy attempts should incorporate internal business aspects, such as digital intensity, self-efficacy, and innovation orientation, to boost the likelihood of participating in Net Zero activities. Policymakers can help these internal components by providing digital infrastructure and training, encouraging a culture of self-efficacy and creativity, and rewarding the use of sustainable technology and practices.

Managerial Implications

Managers are critical in establishing Net Zero practices within their organisations. They must actively seek credible information, get a thorough understanding of sustainable practices, and make use of existing knowledge sources. Managers who reported being able to find reputable information sources and who frequently used both in-person and online information were more likely to take Net Zero action. This enables them to make educated decisions, define strategic goals, and effectively implement sustainability programmes inside their organisations.

Second, the study emphasises the significance of internal forces. Managers should strive on instilling in their organisations a culture of self-efficacy, creativity, and digital intensity. Managers must actively seek credible information, stay current on sustainable practices, technical improvements, and policy developments, and develop an innovation culture that promotes the investigation and implementation of sustainable solutions.

In conclusion, the study emphasises the importance of actionable information, trustworthy knowledge sources, and internal business considerations in fostering Net Zero practices within organisations. By prioritising internal issues and building a climate that supports and values Net Zero efforts, governments can help businesses transition to a more sustainable future and support the broad adoption of Net Zero practices.

Full paper link: <https://www.enterpriseresearch.ac.uk/our-work/publications/>