Environmental management and the small firm
An international comparison
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Abstract This article explores the different approaches taken to environmental regulation of the small firm in the UK and The Netherlands and the relationship of such regulation with the attitudes of small business owner-managers. Using evidence from 40 interviews with businesses in both countries, we contrast the engagement and orientation of these enterprises with the business-environment agenda. In both countries, government rhetoric stresses the harmony between business and environmental objectives: on the ground, attitudes of owner-managers stress that these goals are far from complementary. In the UK, owner-managers feel that environmental issues are a legitimate area of concern, but government should take the lead in addressing business-environmental issues. Here, businesses are reacting to a policy context where environmental issues are seen as either a cost on the business, or presented as having simplistic win-win outcomes. Businesses themselves, however, perceive it very much as an additional burden. In The Netherlands, SMEs have been targeted by the State by joint regulation through legislation, licensing and voluntary initiatives. This results in generally higher levels of environmental care. Small firms in The Netherlands appear to have accepted the importance of this and their shared responsibility for environmental care. In view of the shifting business-environment policy debate in the UK, it is unlikely that the current reliance on voluntary initiatives and economic incentives will bear fruit. Different approaches may need, therefore, to be explored.

Introduction
It can be argued that small business is the neglected sphere of UK business environment policy. All too often, small businesses are written off as a group that is too expensive to reach, while attention is concentrated on the easier to reach large businesses and organisations. Consequently, small firms are expected to respond to an environmental management agenda through the supply chain, voluntary measures through cost reduction, or even examples of “peer pressure” (see, for example, DETR, 1998; ACBE, 1998). This is unfortunate, given the widely recognised contribution of small firms to national output (DTI, 1999). For example, small enterprises (less than 50 employees) contribute approximately 40 per cent to total private sector turnover[1]. Despite

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the difficulty in collecting hard data on the environmental impact of small
businesses (Hillary, 2000, pp. 11-12), their contribution to pollution is likely to
exceed this figure, as smaller enterprises are likely to be less “eco-efficient” than
larger firms, which are able to benefit from resource efficiencies from
economies of scale. Some estimates have even claimed that 70 per cent of
industrial “pollution” is created by small firms (Groundwork, 1995). The recent
Marshall Report indicated that 60 per cent of carbon emissions from industry
could be attributed to SMEs (Marshall, in Tilley (1999)).

UK Government policy is characterised by a reliance on voluntary action
through an emphasis on the business benefits of environmental improvement.
The government’s role in encouraging business down this path is concentrated
in awareness raising activities and dialogue with industries (see DETR, 1998).
Two recent reports by advisory panels to the government, the UK Roundtable
on Sustainable Development (1999) and the Advisory Committee on Business
and Environment (1998) illustrate this view. They reiterate a commitment to
information and advice as the principal mechanism to encourage smaller firms
to be more environmentally friendly whilst acknowledging the Marshall
Report’s (1998) recommendations on the use of economic instruments as an
incentive for energy efficiency for all business. At no point do more
interventionary measures seem to be considered. Unfortunately, existing
research suggests somewhat contradictory evidence to the underlying model
implicit in this approach.

Existing research detailing the orientation of small firms and environmental
issues notes the relative lack of engagement with the environmental agenda by
business owners. In the introduction to Hillary’s recent edited volume on SMEs
and the environment she paints a rather pessimistic picture of the
generalisations possible from existing research: the small firms sector are:

... ignorant of [their] environmental impacts ... oblivious of the importance of sustainability
... cynical of the benefits of self-regulation [and] difficult to reach, mobilise or engage in any
improvements to do with the environment (Hillary, 2000, p. 18).

Other authors often point to obstacles, which if overcome, would facilitate
better involvement of small firms/SMEs in the environmental agenda.
Solutions include attacking an information deficit through education/
information initiatives; the promotion of win-win scenarios; or multi-factor
analysis whereby a range of obstacles are identified (Tilley, 1999).

There are a number of problems inherent in researching environmental
issues and small business. Results of large questionnaire surveys tend to be
somewhat inconclusive, either because of very low response rates, particularly
from postal surveys (e.g. Meritt, 1998) or through the difficulty of interpreting
answers to questions on environmental issues which can be so easily
misunderstood by respondents (Groundwork, 1995; 1998).

Those who have attempted to contextualise evidence from smaller
companies have come to some intriguing conclusions. Baylis et al.’s (1998)
study of manufacturing SMEs in South Wales and Humberside, for example,
whilst not having a good response rate from micro-enterprise, found that the sectoral context was very important for an understanding of the firms’ responses to environmental issues. They identified “lead” (e.g. chemical, electronic industry) and “laggard” (e.g. metal and metal processing industries) sectors which, when examined in context, went some way to explaining firms’ orientation to environmental issues. While this research can suffer from the same problems of interpretation as other postal surveys, methodologies were deployed to reduce this effect[2]. The most common stimuli identified as encouraging environmental improvement were regulation (75 per cent) while the potential to increase profits was indicated by 57 per cent of respondents and supply chain pressure was indicated by only 34 per cent of the sample.

Another notable piece of research is Tilley’s qualitative survey of mechanical engineering and business services firms in West Yorkshire, UK (Tilley, 1999). These findings stressed that while environmental attitudes and aspirations were high, good-environmental behaviour was not practised. This gap, it is argued, should be bridged by a multi-faceted approach.

While cautioning that:

Changing environmental behaviour is not simply a matter of coercion. In a democratic society there has to be a degree of willingness on the part of small firms (Tilley, 1999, p. 246).

She goes on to argue that:

The enforcement of a strong regulatory framework that includes a mix of legislation and economic instruments would be an effective means of controlling the environmental harm caused by small firms (Tilley, 1999, p. 247)[3].

Our findings add weight to the position that regulation may be the most appropriate mechanism in order to reach smaller firms. Indeed, we suggest that resistance to this might emanate more from policy circles than from small businesses themselves. Evidence from The Netherlands, where a different approach to reaching small businesses with environmental policy has been adopted, lends weight to this proposition.

This paper reports on fieldwork undertaken in 1998 in the UK and The Netherlands, which demonstrates a clear contrast in what is achievable in the engagement of small firms with environmental policy. There is a contrast in respect of practice adopted by small firms, the level of intervention and support provision, and there were also significant differences in the attitudes of owner-managers to environmental issues. The Netherlands is particularly interesting because it represents the outcome of a very energetically pursued attempt to target small businesses alongside other sectors of the economy (Wintle and Reeve (Eds), 1994; Gouldson and Murphy, 1998). In doing so it reveals, on the ground, the contradictions of environmental policy in respect to this target group. It is argued here that the small firm population needs very careful consideration in relation to environmental policy. We aim to shed some light on the complex issues surrounding small business and environmental issues with illustration from this comparative, qualitative study of small firms. Here, we analyse the findings and argue that the past efforts in environmental policy
towards SMEs has been ineffective and poorly received. Before we do so we will identify some of the assumptions underlying current environment-business policy.

**Business-environmental policy: win-win or trade-off?**

For many years, environmentalists in the developed economies have adopted the strategy of “selling” or reinterpreting environmentalism to business as something which is harmonious with the interests of industry: a win-win game (Hoffman, 1991). In doing so, this tends to side step potentially difficult decisions with regard to short-term trade-offs between the interests of business and that of the biosphere and society as a whole. Using such rhetoric as “pollution prevention pays”, businesses are thus implored to adopt waste minimisation, energy efficiency, cleaner technologies, formal environmental standards and green marketing strategies as cost saving and revenue enhancing activities. This approach has been termed “New Environmentalism” (Hoffman, 1991). This rhetoric has been adopted in policy terms as something which has become known as “ecological modernisation” by some analysts and governments, who stress the ability of the economic system to be engineered and steered toward a more sustainable future (Mol, 1996).

This approach has been most enthusiastically adopted in The Netherlands and in the Nordic countries – countries also characterised by their small populations and consensual patterns of political institutions (Hajer, 1995; Hanf and Jansen (Eds), 1998). In an era of policy change in the UK and elsewhere, it is important that the full implications of such approaches are taken on board with SMEs: a wider range of options with regard to small firms may need to be considered.

In the UK, the belief that it is in the interests of businesses themselves to adopt environmental practice lies at the heart of policy. The permitting and licensing of premises is targeted at those sectors where environmental risks are most acute, typically large industrial plants, and fall under the Integrated Pollution Prevention Control regime and inspection by the Environment Agency. Small businesses are therefore unlikely to have any face-to-face contact with a regulator, unlike such areas as health and safety and environmental health inspection regimes where public and political concerns have led to extensive inspection apparatuses.

Business-environmental initiatives for small firms have consequently tended to focus on the provision of information and advice through, for example, the Environmental Technology Best Practice Programme (ETBPP) and the Energy Efficiency Best Practice Programme (EEBPP) sponsored by the Department for Environment Transport and the Regions (DETR) and Department for Trade and Industry (DTI). These schemes rely largely on self-referral in response to marketing through the trade press. Their main role is as an information service providing detailed publications on a whole range of sectorally specific environmental, energy efficiency and waste management advice. It appears that their messages might not be falling on fertile ground for
a number of reasons. Evidence from Palmer and France (1998) shows that take-up from smaller businesses is indeed disappointing. At a more local level there are in excess of 90 waste minimisation and/or environment-business clubs operating in the UK which work at a local level – usually with small manufacturers – to cut costs, though their efficacy is far from convincing (Phillips et al., 2000).

Much hope is held out for the influence of supply chains to reach smaller firms (DETR, 1998). Supply chains in many industries are “greening” particularly in the automotive industry where the use of environmental supply chain management is becoming more widespread. These sectors are not the most dominant in the small business population. It can be argued that this reliance on voluntary initiatives such as formal environmental standards is unlikely to integrate well with the style of management in the majority of SMEs. For example the experience of introducing formal quality standards such as BS5750/ISO9000, a voluntary system, has had a very low take-up with SMEs (North et al., 1998). As ISO14001 has been specifically designed to build upon and complement an ISO9000 system, the parallels should be self-evident.

In contrast to the UK, environmental policy in The Netherlands has been implemented with some vigour and adopted into existing patterns of consensus making (Hanf and Jansen, 1998; Thrift, 1994; Spence et al., 2000). As well as reliance on voluntary initiatives, a comprehensive system of permits encompasses all enterprises including small firms. Municipalities are required to issue licences and inspect premises at regular intervals and this has been given legal and administrative force by the Environmental Management Act of 1993. Thus reliance is not solely placed on voluntary measures. The system is aimed:

… to tailor the granting and enforcement of such licenses to the particular conditions and possibilities of the concrete case. At present the balance is being sought in the form of a permit that specifies the general regulatory parameters within which the particular firm is to act in an environmentally responsible manner … this system of environmental management rests on the assumption that economic actors can be brought to internalise responsibility for environmentally sound behaviour – even if they must in some cases be prodded by government regulations (Hanf and van de Gronden, 1998, p.177, our emphasis).

In The Netherlands, therefore, businesses have been fully integrated into a National Policy designed such that no “actor” or group in society is overlooked in the drive to improve environmental performance. Industries, including small businesses, are viewed as target groups and consensual steering through agreements and negotiation with trade associations coexists with more interventionary measures designed to push laggards (de Bruin and Lulofs, 2000).

**Primary data collection strategy**

In order to investigate the different orientation to environmental management policy for small firms in the UK and The Netherlands, a sample of 20 firms were selected from each country. As there is a widely acknowledged sectoral
diversity in small firms (Curran and Blackburn, 1994), research concentrated on
two sectors of the small firm population which occur in reasonable
concentrations in most European localities[4]. The sectors chosen were catering
and mechanical engineering: specifically, independent restaurants and
precision engineers and toolmakers. While these sectors are not well known for
their environmental impact and have not – unlike the foundry or electroplating
industries for example – been singled out for special attention, they
nevertheless have a collective impact on the environment in the same way as
most small businesses, through their energy use, as well as through their waste
management and disposal practices. It can be argued that for business-
environmental policy to become effective within the majority of the SME
population, it is firms such as these that will need to make a response.

Businesses were drawn from the London Borough of Merton and a
municipality in the south of The Netherlands, the City of Tilburg. From each
sector, 20 small businesses employing less than 50 employees were
interviewed, using a semi-structured interview schedule and audio-taped.
These tapes were subsequently transcribed. All firms were independent and
owner-managed.

The firms are broadly within similar size bands in both locations
(Appendix). The average size of firms in The Netherlands in mechanical
engineering was slightly larger than in the UK but approximately half the
sample were micro (0-9 employees) and half were small enterprises (10-49
employees) in both locations. Average size of the restaurants was more closely
matched in both countries.

The interview schedule focused on the following issues:

- background information about the firm;
- discussion of production processes, supply chain and the use and
disposal of input and outputs to this processes;
- perceptions of relevance of environmental issues and knowledge of law
and sectoral norms; and
- influencing factors/sources of information.

Interviewers encouraged the business owners to discuss environmental issues
in their own terms, related to their individual business practices. In both
locations, representatives of trade associations, local government and business-
environment agencies were also interviewed, bringing the total number of
interviews to 54. The logic was not to seek a representative sample but to
explore emerging themes and issues from different perspectives, adding
triangulation in the research design. This study was also designed to overcome
some of the problems inherent in interpreting the results of questionnaire
surveys of environmental issues. It is important to establish a common
understanding of environmental issues between the researcher and the
researched, in order to ensure validity in the findings. These issues can often
only be unravelled through dialogue with respondents. The research approach
was informed by grounded theory (Glaser and Strauss, 1967) in that the
research agenda was relatively open at the outset and the qualitative interview allowed issues to emerge which were seen as important by the respondents themselves without being too heavily led either by the researchers’ own preconceptions or existing literature. Here we report on one key theme emerging from the research. This was the contrast in environmental management in small firms in the two countries: and in particular the orientation to environmental management as a burden.

Evidence from the UK
The most evident characteristic to emerge from both the engineering and restaurant businesses in the UK was the almost total absence of consideration of environmental issues as a business issue. Though businesses did make passing reference to “energy efficiency” issues as part of their general business practice, no particular efforts were made in this regard. Labour costs and rent, for example, were considered as far more significant issues for all the firms considered.

Very few of the firms made efforts to minimise environmental damage above and beyond what could be considered typical concern for avoidance of unnecessary waste. For example, in the mechanical engineering sector, metal shavings (swarf) are sometimes recycled as part of the waste disposal process. Due to recent regulation to protect groundwater contamination, cutting oils and chemicals are stored on a sealed plinth (bund) to avoid leakage into the ground water and businesses did make efforts not to dispose of such chemicals in a hazardous manner. Besides such efforts, however, premises were clearly poorly insulated and equipment, except in rare cases, several decades old, leaving little scope for energy-efficient innovations.

Similarly in the restaurant sector, waste was rarely recycled, despite the significant quantities produced. Again energy efficiency was rarely a priority compared with human resource management issues. In both sectors, issues such as health and safety and, in the case of restaurants, environmental health, were taken very seriously, as they tended to have a very real and immediate business impact due to the legal and inspection framework surrounding these issues.

This evident lack of environmental priorities was not, however, reflected in owner-managers’ general attitudes to environmental issues. Business owners tended to recognise the importance and complexity of environmental issues. They generally thought, however, that it was the role of government both locally and nationally to take the lead. One restaurateur in particular was frustrated in that he would have liked to do more but wanted more services and regulation to be applied. He argued:

Anything I say is not really consequential, the general conclusion is that everything has to emanate from the government. The government has to set an example – they have to help identify the reality.

In mechanical engineering, businesses often remarked that a “level playing field” was an important issue. To take environmental issues seriously penalised
you financially in the market place, a point that repeatedly came up in the interviews, which diminishes the case of both voluntarist and win-win policy approaches. Therefore, legislation was welcomed in order to resolve this dilemma. The idea of fairly administered regulation did not appear to be resisted. One restaurateur, who was challenged over noise by a neighbour, remarked:

For noise pollution they are hard hitting. I was impressed, two guys came with their decibel meters. Fine – the law is the law, who am I to argue?

Respondents often acknowledged that traffic congestion, air quality, households and businesses were interrelated aspects of the urban environment. Business owners did not feel that they, individually, should go out of their way to improve their environmental performance. They felt that if government took the lead and adopted enforceable standards, which would be adhered to by all, thus overcoming the problem of the “free-rider”, then they would be willing to adopt new practice. There was also a strong feeling, in the case of restaurants in particular, that provision of services by local government, recycling collections for example, would be essential in order to make such practices easier given the often acute time pressures on staff time and the relatively high costs of labour. A restaurant manager, who could be described as favourably oriented toward environmental issues, argued that he could only make allowances for environmental concerns if it were made very easy for him and his staff. Time pressure is so acute in this industry that additional tasks are resisted:

If the facilities are made available then you don’t mind taking part [after all] I work 14 hours a day.

One engineer also showed considerable insight in to the ecological versus business benefits of recycling:

If I actually weighed up the energy costs of the making of the steel, I would recycle it every time. But since the labour (for bagging it up) costs me more than the steel does … It is a financial decision that I suppose a lot of people make and we find it is cheaper to throw it away. It is a shame.

Environmental care was associated with extra burdens on the business and clearly not on cost savings.

One of the businesses was a small restaurant with two branches and nine staff, all managed by one owner. This respondent was clearly under a great deal of time pressure. Although he had typically favourable attitudes to environmental issues, he was not prepared to take extra steps at waste management unless the authorities were prepared to meet him “half way”. On recycling he argued:

There’s not a good procedure for it and there’s nowhere to store the products anyway and nobody comes round to collect them. The council charge for everything they do anyway, so there is not really a process to do it. I suppose if the council said “once twice a week we’ll come round and collect cardboard boxes” I suppose places like us will keep them and they’d come round and pick them up – bottles – and . . . cans. But they don’t have any process for that and
He argued that he paid what he considered to be a large sum in local taxes through the Uniform Business Rate and received very little in return. Local government restructuring in the 1980s has, in fact, diminished what were already weak links between local authorities and local businesses (Curran et al., 2000). Though businesses perceive themselves as paying rates to the local authority, in reality they are merely the collecting agency for central government having no real discretion of how this money is spent. The local authorities, therefore, have little voluntary incentive to provide services for the business community. The recycling officer of the local council emphasised that additional recycling services could not be provided to businesses as this would in effect raise the council taxes paid by households, not businesses[5].

Reaching small firms with the environmental messages is particularly difficult in the UK where businesses tend not to be members of trade associations in either the mechanical engineering or the restaurant sector. Two of the businesses interviewed were passive members of the local chamber of commerce. Although the respective trade organisations do exist and lobby on behalf of their sector at a national level, smaller businesses do not see the value in joining, and the trade associations themselves find it very difficult to recruit firms of less than 50 employees. As a representative from the trade association responsible for mechanical engineering remarked:

... we don’t put much effort any more into marketing to small companies ... our response from small companies is pitiful. Circulars just go straight in the bin. Small companies will say “what will be will be”, and try not to influence it.

It is these organisations which lobby government on behalf of businesses, large and small. However, it is unlikely that they can act as a vehicle to improving environmental practices because of their voluntarist nature, other than as information channels.

Relations with local government were also minimal with the exception being that in the case of restaurant industry, they were the main providers of general waste collection facilities. These were considered as particularly expensive considering that recycling or waste separation facilities were not offered. Indeed in order to recycle bottles, for example, it is necessary to pay a fee to a contractor to provide a collection service. Local government is perceived as being the source of an onerous burden without providing many business specific services.

Businesses are, therefore, isolated to a certain extent and thus, very difficult to reach with environmental messages. This particular local authority was disappointed with its inability to reach the local business community. There is no reason to suggest that this was a “worse case” local authority in relation to
environmental matters. Indeed, the Borough has been acknowledged as an exemplar of UK sustainable development having energetically carried out a Local Agenda 21 (LA21) plan and pursued initiatives such as an Environmental Investment Grant for local businesses. Only two businesses agreed to sign up to its LA21 plan and in general the officer responsible was not optimistic about local authorities’ capacity to reach businesses. Inspiring businesses to consider environmental concerns was hard work:

...[it] really is a long hard slog – very slow.

In summary, the small businesses interviewed in the UK demonstrated very few environmental activities though there was an understanding of the importance of environmental issues. There does seem to be some capacity for smaller businesses in the UK to take on more responsibility for environmental care if government were to take the lead and create a level playing field. Relying on incentives and information to trickle down to the small firm population might not be enough.

Evidence from The Netherlands
In The Netherlands, environmental management was more integrated into the daily practice of the business, compared with the businesses in the UK. This can be largely attributed to the comprehensive inspection, licensing and advisory services provided for small businesses. The National Environmental Policy Plans (e.g. NEPP2, 1994) and the Environmental Management Act (EMA) of 1993 have given this force. The EMA gives responsibility for the licensing of smaller firms to municipalities.

In the Dutch environmental policy regime, while arguments for the business case for sustainable business are certainly presented, this is backed up by a system of inspection and licensing of smaller firms by the municipality. Central government provides funds for these activities to take place and even the smallest businesses are visited at least every five years and those with the highest potential for pollution are visited twice a year. This forces environmental issues on to the agenda of the majority of firms:

...[business owners] are pushed by the legislation, so they are forced to think about their costs and of course every year or two years, some civil servant comes to him and says “what are you going to do about that?” (City Environmental Strategies Department, The Netherlands).

These regulatory activities have affected all firms, along with availability of the provision of services, provision of free advice by energy companies and the duty on suppliers to industry to dispose of waste products. For example, our findings revealed that recycling was practised almost ubiquitously in The Netherlands, rather than being a rarity, as in the case of the UK. Furthermore, the licensing process meant that in all industrial premises, floors were totally sealed to ensure protection of groundwater.

However, owner-managers did not link good environmental practices with cost savings, though they were most palatable when they could make a link. In
other words, owner-managers were not experiencing win-win situation and nor was their adoption of good environmental practices motivated by this scenario. Though it was beyond the scope of our research to take any verifiable measurements or indicators of eco-efficiency, it was clear from the contrasts in practice that firms in The Netherlands were actively taking steps to reduce their “ecological footprint”. This did not result in perceived business benefits except in rare cases.

When interviewing owner-managers in The Netherlands it became apparent that they did not resent the “burden” of environmentalism. It was very much taken on board as a responsibility which should be shared by all. Typical comments were:

 Responsibility for the environment begins with everyone, everyone is responsible for the environment . . . in principle everyone is responsible but in the end it begins with yourself.

The Dutch are very “if my neighbour doesn’t do it then I won’t do it either” but “if my neighbour does it then maybe I will do it also”. But somebody has to start. They have to be pushed.

While comments such as these might be attributed to notions of “national culture”, one could also argue that these statements are a mirror image of what UK firms may be arguing for – a sharing of the burden.

In The Netherlands win-win scenarios were actively taken up – it was not these that were driving environmental issues on to their agenda. It was acknowledged that many businesses had to take on extra burdens in terms of investment and time but the inspection regime and the consequent forcing of environmental management onto the business agenda resulted in being accepted, albeit in a grudging manner. Those that did want to do more than the minimum did remark on the lack of incentives. Therefore, despite being a necessary burden, it was a burden, nonetheless.

A key difference in the policy context was that businesses were much more integrated into networks of “intermediate institutions” than in the UK. For example, alongside compulsory chamber of commerce membership, membership of sectoral trade associations was (almost) universal. Dutch businesses can, therefore, be argued to be more represented at a policy level than in the UK: this representation led to a feeling of being part of the political system in contrast to the alienation expressed by owner-managers in the UK location.

Discussing these issues with the local government officer responsible for business-environmental issues, the contrast with the UK was also clear. Alteration to the environment and businesses role in this was set out in a clear and ambitious local sustainable development plan reaching several decades ahead. As well as being a licensing and enforcement agency, the municipality was responsible for negotiating at a local and regional level with a wide range of interest groups through a process described as “structural dialogue”. LA21 was not a term actively used by local government, as existing patterns of
dialogue, consultation and consensus building already mirrored the processes advocated by Local Agenda.

This difference in approach and resulting relative success can only be understood from a national policy context. The Netherlands is regarded by many as having a progressive environmental agenda. This stems from a political consensus which created the conditions necessary for Environmental Policy Planning, which was particularly effective from around 1990 onwards (van der Tak, 1994). This was incorporated into existing patterns of consensus making in which the Dutch state and civil society has institutionalised processes of consultation and consensus making involving dialogue with intermediate institutions representing the interests of a diverse range of interest groups – including industry, small and large, at a national and regional level (Thrift, 1994; Glasbergen and Driessen, 1994).

Consequently, as environmental issues ascended up the political agenda, relevant institutions were available to consult and incorporate the concerns of interest groups. Thus, environmental regulation gained legitimacy and ownership. It has become inevitable in the eyes of business owner-managers that they too have their role to play in caring for the environment. Favourable attitudes to environmental issues were harnessed in a context where individuals and the organisations that represent them would not position themselves in adversarial terms as opponents but sought joint solutions.

Conclusion
This paper has sought to investigate environmental practices in small firms in the UK and The Netherlands, with a view to raising policy-related issues. While the contrasts in environmental practices between the two countries do confirm national stereotypes, a clearer institutional analysis is needed to examine the preconditions necessary to gain maximum participation of small businesses in the sustainability agenda. Differing approaches have been taken on these issues in both The Netherlands and the UK; small firms, however, perceive environmentally beneficial activities as a cost in both national contexts. The Netherlands has, nevertheless, been able to mobilise the activity and cooperation of small firms by appealing to their social responsibility whilst engaging with the more laggard firms by contact through the comprehensive licensing system. This has been achieved in tandem with the involvement of the small firm sector through strong intermediate institutions which enable effective stakeholder co-operation (see Spence et al., 2000, for a full discussion).

While government rhetoric in both countries rests on the underlying assumption that business will ultimately benefit from environmental improvement by adopting a win-win approach to engaging with business, an over-reliance on a voluntary approach is unlikely to bear fruit. The Netherlands’ variant of the ecological modernisation approach has not relied on a voluntary approach alone and thus small businesses have been treated as a target group worthy of special measures.

In the UK, more thought needs to be put into how to reach this sector, given the inherent weaknesses of current strategies. The UK government has
explicitly adopted a variant of the ecological modernisation approach, referred to as “environmental modernisation” (see Jacobs, 1999 for an exposition of the principles behind such an approach in the case of the UK). Along with the forthcoming Climate Change Levy (HM Treasury, 1999) designed to shift the incentives in the use of energy versus labour, the achievement of these goals is also to be achieved through developing Sectoral Sustainability Strategies (DETR, 1998) with key sectors such as the automotive and construction industries. These strategies have however side-stepped the issue of small firm involvement and have been negotiated with big business dominated trade bodies. In the UK, environmental policymaking is following its established format with negotiation including mainly the big players in industry (see Carter and Lowe, 1998).

The case of The Netherlands shows both what is achievable in the promotion of sustainability of the small firms sector and suggests what preconditions might be necessary in order to secure the co-operation of this sector in this important area of policy. Trade associations clearly play a key role in this process and effort must be made to enhance the representativeness and representation of these organisations if progress is to be made. Our research suggests that government needs to take more of a lead in this process, a finding supported by recent survey research (SBRT, 1999). Current reliance on the promotion of win-win solutions, supply chain pressure, information and advice are unlikely to be effective and may lead to other policy levers being neglected. More research in this area is clearly required to establish the extent of these claims on larger samples and from businesses in other sectors. The obstacles to the inclusion of small business in the environmental policy process also needs further examination by exploring the relationship between business lobby groups, their representation of small businesses and their negotiations with government (Stokes and Rutherford, 2000).

Notes
1. According to DTI statistics, firms with less than 50 employees contribute 44.7 per cent of private sector employment and 38 per cent of total private sector turnover (DTI, 1999).
2. For example, a sample of 50 firms was visited face-to-face to verify findings from the postal questionnaire. Strategies such as this revealed, for example, the misconstruction of environmental regulation by respondents to include food safety regulation in the food processing industries examined in the study.
3. Though the comments later on in the article appear to recommend a broad brush, information and awareness type strategy.
4. This tends to reduce over-generalisation to the small firm “population” but, as already argued, the different sector contingencies in which smaller firms operate will influence greatly their environmental behaviour.
5. Although initiatives such as Local Agenda 21 (LA21) are being implemented in the UK, the decline in local authority autonomy witnessed in the 1980s (Patterson and Theobald, 1996; Gibb, 1996), has not been significantly reversed in recent years.
References


Appendix

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<th>Company type</th>
<th>Year started trading</th>
<th>Number of employees</th>
<th>Respondent</th>
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Table AI. Small firms interviewed