

GATE

SURVEY REPORT

This report presents results from a survey of sustainability in small- and medium-sized enterprises (SMEs) in Toronto and Vancouver.

The results point to an untapped potential of small businesses to contribute to environmental and social wellbeing in our communities.

UNIVERSITY OF
WATERLOO



GATE

GOVERNING AND ACCELERATING TRANSFORMATIVE ENTREPRENEURSHIP

THE PROJECT

The aim of the GATE (Governing and Accelerating Transformative Entrepreneurship) Research Project is to better understand how small- and medium-sized enterprises (SMEs) contribute to making communities more sustainable.

The research focuses on the different ways in which sustainability can be advanced in local communities. In particular, we are interested in the actions of SMEs that can trigger a pervasive shift towards more sustainable development pathways. Our objective is to identify key challenges and opportunities that these businesses face in adopting and implementing more sustainable businesses practices, and identify how these practices contribute to sustainability-oriented change in communities.

THE SURVEY

To advance the empirical understanding of what factors influence sustainability-oriented actions of SMEs, we conducted a web-based survey of SMEs based in the Greater Toronto Area (GTA) and Metro Vancouver. Businesses were identified in government-hosted open data catalogues and databases, as well as through a panel managed by the consultancy company Asking Canadians. In total, our questionnaire was sent out to 46,300 companies during July and August 2017 and we received 1,695 responses.



HOW SMALL AND MEDIUM SIZED ENTERPRISES CONTRIBUTE TO COMMUNITY SUSTAINABILITY



THE FINDINGS

Sustainability is important to most SMEs.

In contrast with previous research, we found that 8 out of 10 SMEs see sustainability as important, very important or extremely important (Figure 1). We also found that sustainability issues are more important to companies with very few employees.

1 HOW IMPORTANT IS SUSTAINABILITY TO YOUR COMPANY

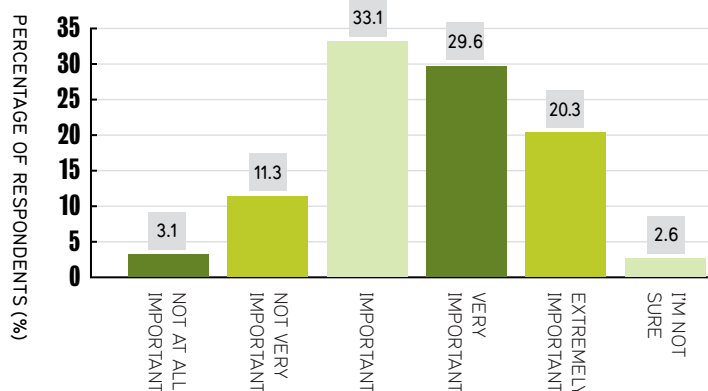
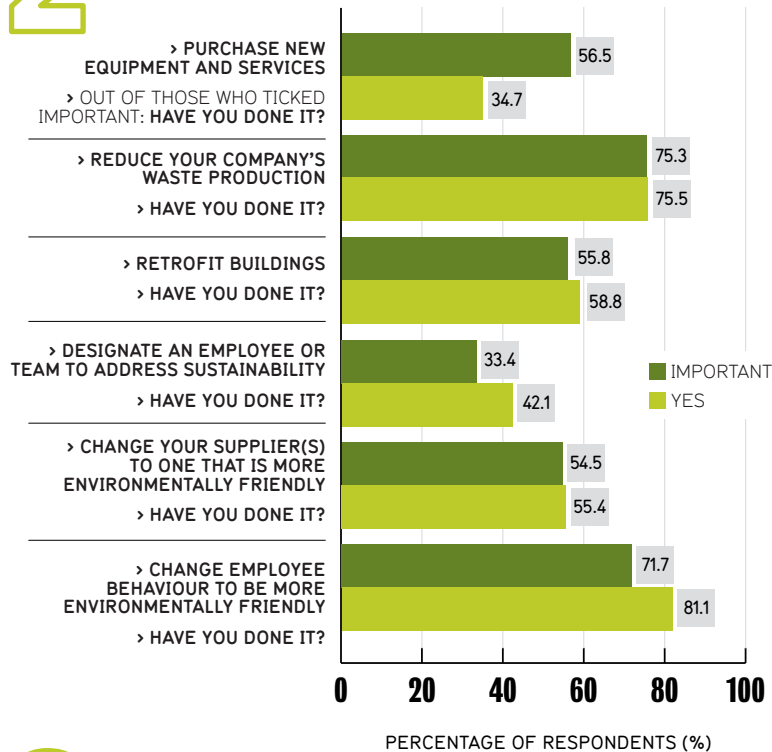


FIGURE 1: Importance of sustainability to SMEs. Respondents were asked how important social and environmental issues are to their business?

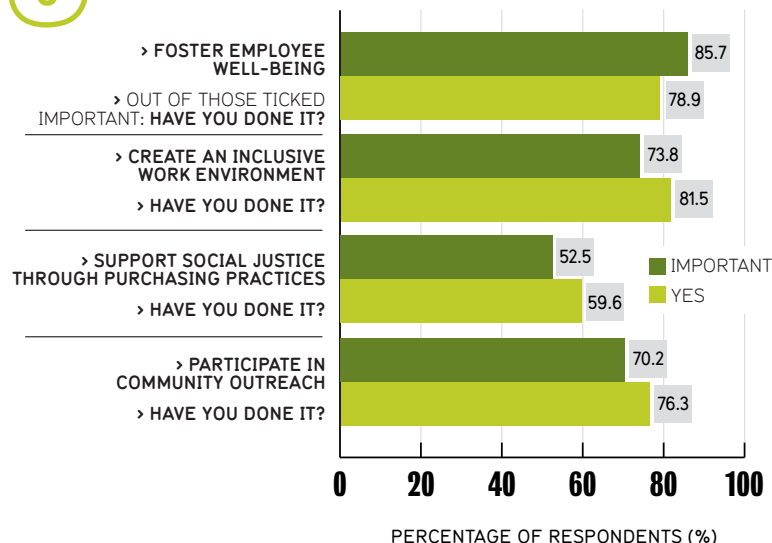
SMEs are pursuing a diversity of environmental and social measures.

For example, 9 out of 10 business reported that they see fostering employee well-being as important, while 7 out of 10 see engagement in creating an inclusive work environment and participation in community outreach as important, and 5 out of 10 businesses see pursuing social justice through their purchasing practices as important. 7 out of 10 businesses see reducing waste and reducing the environmental impact of employees as important, while 5 out of 10 see retrofitted their buildings as important. Further, many of the businesses have already taken action to address these concerns.

2 WHICH ENVIRONMENTAL MEASURES ARE IMPORTANT TO YOUR COMPANY?



3 WHICH SOCIAL MEASURES ARE IMPORTANT TO YOUR COMPANY?

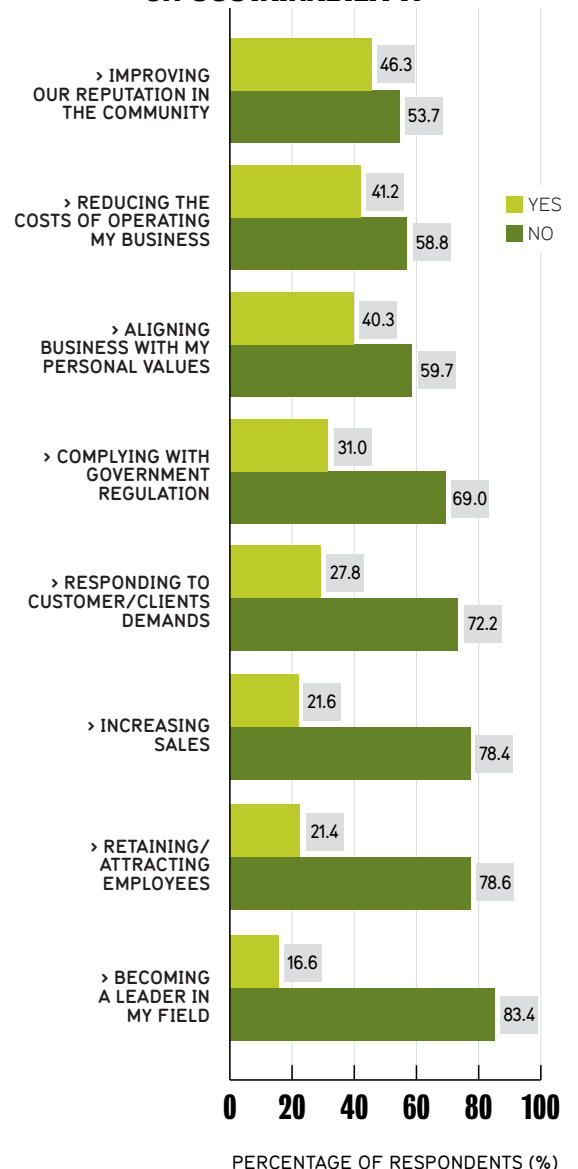


THE FINDINGS

SMEs perceive multiple benefits from pursuing sustainability.

The opportunity to build a good reputation in the local community was most frequently mentioned among participating SMEs. Four out of ten enterprises referred to opportunities to reduce costs and to align the business operations with personal values. **These findings stand in contrast to previous research that most often identifies costs savings as the key motivation for SMEs to pursue sustainability.**

4 WHAT BENEFITS DO YOU THINK WILL RESULT IF YOUR COMPANY MAKES PROGRESS ON SUSTAINABILITY?



THE IMPLICATIONS

Our survey results advance the understanding of the contribution of SMEs to sustainability in a number of ways:



> **First, sustainability is important to SMEs for reasons other than simple cost-benefit calculations.** Traditionally, it is assumed that SMEs pursue sustainability to maximize profits (for example by reducing production costs). Our results suggest that while economic benefits are one important motivation, social and environmental considerations may be equally important to SMEs. This indicates the need for management and policy approaches that explicitly consider the community-based motivations of businesses, rather than relying simply on economic incentives.



> **Second, there is a need for a deeper understanding of the heterogeneity of the SME sector.** We found varying degrees of interest in sustainability in firms of different sizes and in different sectors (such as food services, construction, or manufacturing), as well as a multitude of strategies for advancing environmental and social objectives. Support for SMEs, through management approaches or policy incentives, need to be tailored to suit these different needs and objectives. Our results point to an enormous untapped potential of SMEs to contribute to the environmental health and social wellbeing of our communities.



> **Third, SMEs both shape and are shaped by their context.** The results of our survey suggest the existence of synergistic relationships between the wider community context and the internal operations of SMEs. Sustainability efforts of SMEs can have a significant impact on society, in particular by making customers' practices more environmentally friendly and improving the well-being of employees and local residents. Moreover, 3 out of 10 businesses that participated in this study also aim to influence or change policy, markets and their local community. This suggests the need to abandon the idea of the purely reactive SME and find practical approaches to use this potential for sustainability-oriented change.

OF BUSINESSES
THAT RESPONDED

86%

ANSWERED THAT THEY
THINK SUSTAINABILITY
IS IMPORTANT

86%

ANSWERED THAT THEY
SEE FOSTERING WELL-BEING
AS IMPORTANT

74%

ANSWERED THAT THEY SEE
CREATING AN INCLUSIVE WORK
ENVIRONMENT AS IMPORTANT

53%

ANSWERED THAT THEY SEE
SUPPORTING SOCIAL JUSTICE
THROUGH THEIR PURCHASING
PRACTICES AS IMPORTANT

THE FUTURE

In the next phase of the GATE project, we will build on these insights and aim to deepen our understanding of the potential of SMEs to support and accelerate sustainability transitions. We will conduct interviews with policy makers, civil society organizations, business associations and individual companies to explore how SMEs can transform their business activities towards sustainability and how they can use partnerships with government, and civil society to accelerate progress on sustainability.

We aim for the findings from our research to inform business practices and policy development, which will be tailored to the geographic contexts within which we work. We plan to use collaborative workshops with the business community and policy makers to initiate a dialogue the key ingredients of sustainable futures, and the role that businesses can play in accelerating this transition.

