

# Science for Environment Policy

## More scope for environmental NGOs to influence SMEs in Hungary

**There is greater potential for non-governmental organisations (NGOs) to influence the environmental responsibilities of small and medium enterprises (SMEs), suggests new research in Hungary. The study says that environmental policymakers should consider how they could enhance SME—NGO relations.**

**Environmental problems** are increasingly complex and cannot be addressed by governments alone. The role of civil organisations, such as NGOs, and [businesses](#) in achieving environmental goals has therefore been acknowledged, for example, by the EU's [Sixth Environmental Action Plan](#)<sup>1</sup>.

A better understanding of business—NGO relations could lead to improved environmental outcomes, and recommendations for best practice. Most research on these relationships has focused on larger, multinational businesses where a single company's environmental impact is more likely to be significant. However, the relationship between SMEs and NGOs has been less well studied, despite the fact that SMEs have a significant collective impact.

This new study aimed to address this knowledge gap by examining the relationships and motives for interaction between SMEs and environmental NGOs in Hungary. The researchers developed two surveys, one for SMEs and one for NGOs. These focused on how each saw the role of NGOs in the process of making businesses more environmentally responsible, scoring their agreement or disagreement with a number on statements. A total of 54 NGOs and 302 SMEs took part in the surveys.

Almost 27% of SMEs surveyed had already co-operated with NGOs and 60% of the NGOs had co-operated with businesses of various sizes.

SMEs recognised NGOs as important stakeholders, who are able to put pressure on corporate environmental activities by, for example, influencing the expectations or behaviour of customers or regulating authorities and competitors. They generally rated them of 'middling' importance, above non-management employees and consumers, but of less importance than suppliers, managers and regulators.

The majority of both SME and NGO respondents believed that NGOs had great potential to improve SMEs' environmental responsibility, but 75% of SMEs felt that NGOs were not actually meeting this potential.

NGOs were more varied, though broadly negative, in how they rated their actual performance in different activities that influence SMEs. However, 43% felt they performed well at 'raising consumer awareness'.

Both groups considered collaborative approaches very important, such as sharing projects or environmental knowledge. However, they had slightly different views on confrontational approaches, such as discrediting irresponsible companies. NGOs rated this as less important than collaboration, while SMEs rated it as equally important as co-operation for influencing corporate environmental responsibility. This suggests that there may be a constructive role for conflict in greening a company's behaviour.

The study's authors suggest that both types of organisation should seek further opportunities for interaction whether collaborative or, in the case of NGOs, confrontational.

Reasons given by SMEs as to why they do not co-operate with NGOs included: a lack of financial or human resources, uncertain return on investment, a negative perception of NGOs and negative prior experience with NGOs. Around half of NGOs said the biggest risks of co-operating with SMEs were less independence and a loss of credibility.

The authors note that the results may not necessarily represent SME—NGO interactions outside Hungary. However, they point out that there are a large number of SMEs and their diverse environmental impacts add up. This means that they need increased attention, and that national and international environmental policymakers should consider how they can enhance SME—NGO interactions in order to better address environmental problems and meet environmental policy goals.

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<sup>1</sup>[http://europa.eu/legislation\\_summaries/agriculture/environment/t/128027\\_en.htm](http://europa.eu/legislation_summaries/agriculture/environment/t/128027_en.htm)