

Are resource constraints really the main obstacle?

Uncovering the key drivers of climate action in businesses

Policy Webinar Series SMEs and Climate Action

6th March 2025



Where should public policy intervene at the firm level for more ambitious climate action?

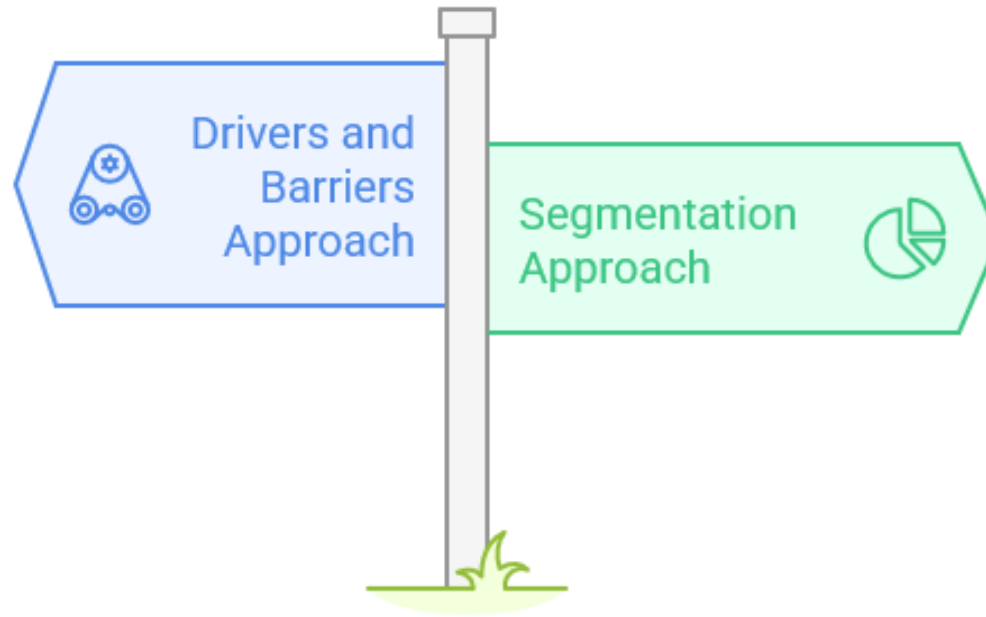
Methodology

Questionnaire

- 2,262 companies participated
- Survey conducted in spring 2024
- Representative sample of Austrian SMEs according to sector and company size
- The set of questions was based on six dimensions that we considered relevant for understanding and addressing the heterogeneity of companies with respect to climate policy.

Two alternative perspectives for public policy

Which policy approach should be adopted for climate action in enterprises?



Methodology

Two alternative perspectives for public policy

- **Proposition #1:** there are different segments in the enterprise population (and they can partially be explained by other factors than climate action performance)

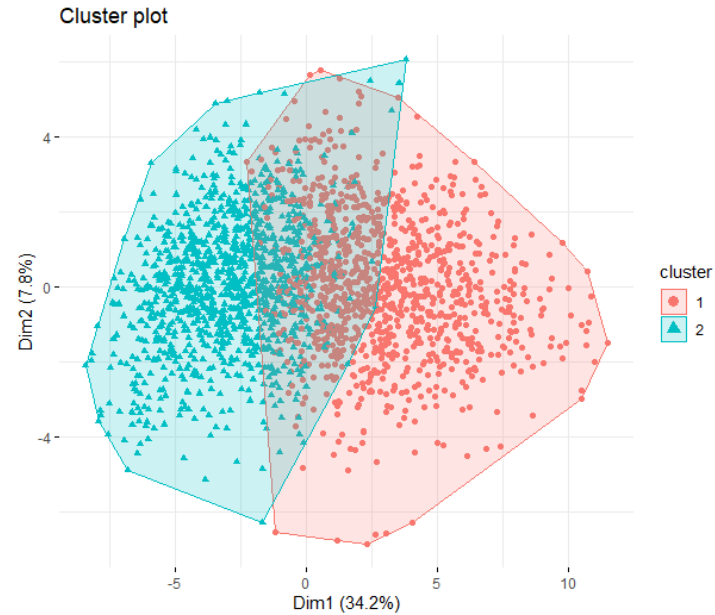
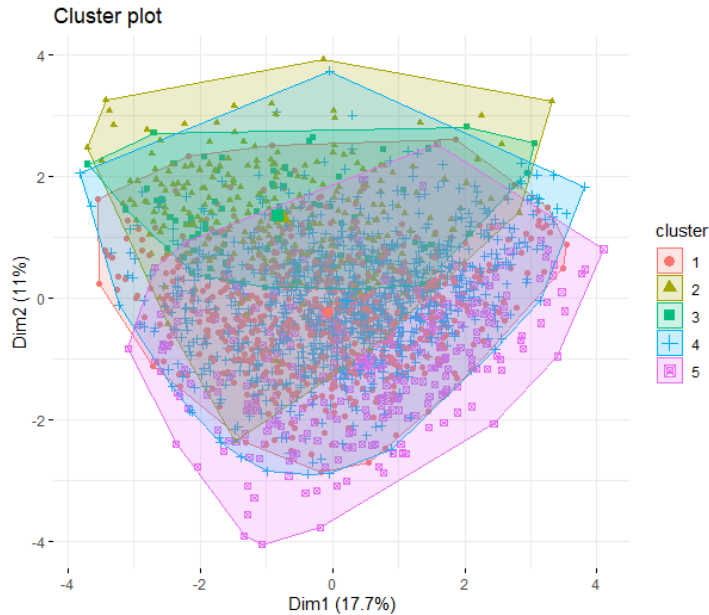
—————→ Cluster analysis

- **Proposition #2:** there are distinct domains of climate action and they can be explained by different factors

—————→ Factor and regression analysis

Segmentation Approach

- Statistical cluster analyses suggest that enterprises cannot be classified



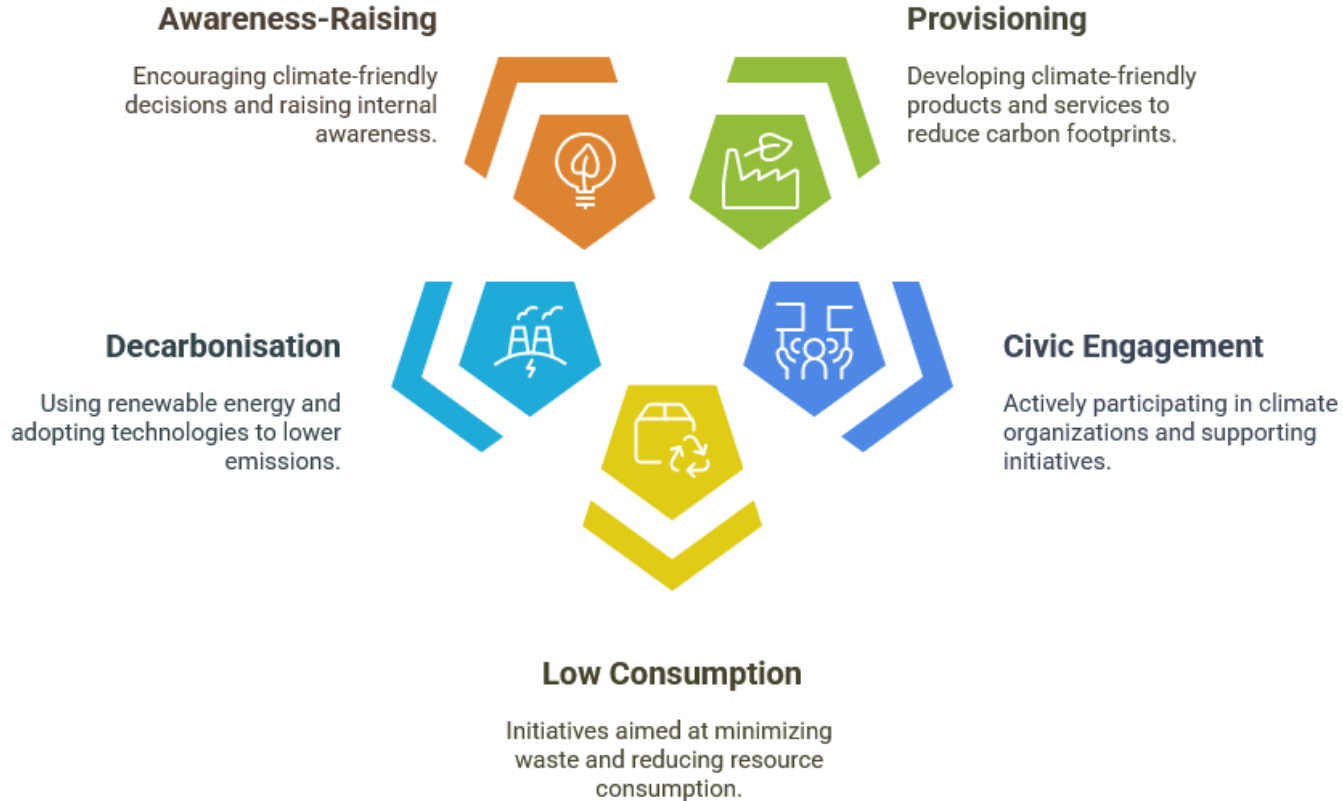
Drivers & Barriers Approach

Drivers and barriers

- For the regression models, we used a selection of variables from the survey:
 - **Climate action:** what can companies do and what are they already doing?
 - **Firm characteristics and capabilities:** firm size, environmental management capabilities, resource availability and skills
 - **Embeddedness:** business sector
 - **Strategic orientations:** what are the priorities / what kind of company do they want to be?
 - **External influences:** exposure to stakeholder pressure and economic change
 - **Public support:** type of public support measures used

Drivers & Barriers Approach

Categories of climate action



Results

Cross-cutting insights:

- **Different Factors:** Each domain of climate action is shaped by its own set of influences.
- **Synergies & Trade-Offs:** Decarbonisation and awareness-raising can sometimes clash, highlighting the need for domain-specific strategies.
- **Size Matters—but Only So Much:** While firm size does play a role, its impact is relatively small and varies by domain (negative for provisioning, positive for decarbonisation).
- **Key Role of Strategy & Management:** Strategic orientation and strong environmental management capacities are at least as crucial as firm size.
- **Resource Constraints:** Limited resources are not as significant a barrier as often assumed.

Drivers & Barriers Approach

Conclusions and policy implications

- **Main conclusion:** Climate action takes place in a number of different domains, each of which is subject to different influences.
- **Implications**
 - **Segmentation failed:** Too much heterogeneity in companies to identify target groups, company size and industry not viable either
 - **Beyond Resource Provision:** Simply offering funds or materials falls short of delivering meaningful change.
 - **Domain-Specific Policies:** Policymakers should prioritise each domain's needs instead of focus on firm size in designing climate policy.
 - **Management Capacities and strategic orientation:** Enhancing environmental management and adjusting strategic direction are crucial.
 - **Leveraging New Solutions:** Promoting the development of innovative products and business models delivers the strongest ripple effects.

Discussion

Questions

- Do you know of any approaches to climate policy that consider these different domains and frame climate action as a process?
- Are you aware of any climate action funding programmes that focus on a company's environmental management capacity and strategic orientation, or that require a strategic commitment?

Discussion

Questions

- How could climate policy, which is currently scattered across different policy areas, be better integrated?
- What would a tailored/coherent policy approach look like?



- Closing Webinar: Exploring Social Justice in Transformation
 - 30 April 2025, 1:00 – 2:00 pm CET (12:00 – 1:00 pm GMT)
 - With William Eadson, Sheffield Hallam University (UK), Afra Gründl, Constructor University (DE) – project GREEN