

SMEs can play their part in creating a sustainable future



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SMALL- and medium-sized enterprises (SMEs), which make up 98.5 per cent of businesses in Malaysia, are vital to the economy. The sector contributes more than five million jobs and over RM500 million to the gross domestic product (GDP). The government fully supports the growth of this sector, evidenced by its stimulus packages for SMEs in recent times.

However, as SMEs' importance increases, so do their threats to the environment. The nation was vividly reminded of this when effluents flowing from a factory into Sungai Gong resulted in the contamination of Sungai Selan-

gor and subsequent unscheduled water disruptions that affected nearly 1.2 million households.

This was not the first incident of its kind. While we applaud the growth of the SME sector, we must be mindful of the potential environmental degradation it can entail. SMEs should therefore work towards achieving their goals without limiting the ability of future generations to meet theirs.

Towards this end, their vision, mission, values, goals and strategies must be revamped to address environmental sustainability. This calls for a paradigm shift from traditional business practices to environmentally sustainable practices that command commitment from all levels.

FIRST, SMEs should strive to go "lean" by doing less to achieve more with fewer resources and simpler processes. The focus should be on managing resources efficiently to produce products and services at optimum value without contributing to waste. For example, SMEs can replace

the production of toxic residues with cyclic processes that are both healthy and resource-conserving.

SECOND, SMEs should monitor and modify their energy consumption mechanisms. The goal should be to reduce the use of non-renewable resources and to gradually move towards renewable resources. In this context, small businesses around the world have been successful in renewable energy production (solar, wind and biomass), smart metering, building retrofitting, hybrid cars, and waste collection and recycling.

Denmark has been applauded for supporting new companies' development of clean technologies, especially wind energy technologies, until they benefit both the economy and the environment. Similarly, Sweden and Finland are known for their research and development of clean technologies and renewable energy, respectively.

Israel, meanwhile, is a world reference for its treatment of so-

lar energy and water treatment. In fact, a staggering 90 per cent of Israeli homes use solar energy to heat water. The country is also the pioneer of drip irrigation, a highly useful technique that transforms deserts into farmland. These examples clearly show that local SMEs have much to learn and to do in the sustainable energy area.

THIRD, SME Corp, in collaboration with the Department of Environment and the Human Resources Ministry, should provide SMEs with much-needed training and know-how related to environmental awareness. Such efforts can also build firms' human resource capacities through trainings, seminars and workshops geared towards green collar occupations.

FOURTH, there is a need for policy interventions that support SMEs' green practices through tax deductions. In the Netherlands, the Environmental Investment Allowance enables companies to deduct up to 36 per cent of environmental investment costs.

Banks and financial institutions should also participate by offering more robust packages to support SMEs' green and sustainable financing needs.

FIFTH, SMEs and ecopreneurs should be given greater opportunities to develop new green business models across various industrial sectors. This can be made possible through better networking and collaborations that encourage radical eco-innovation and eco-design in the manufacturing and service sectors. Such eco-friendly transformations would certainly pave the way for the nation's transition to a green economy.

Despite their small size, SMEs cast substantial and lasting impacts not just on the economy but also on the wellbeing of society. Therefore, to safeguard future generations' quality of life, it is imperative that SMEs play their part in creating a sustainable future.

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