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Transforming small and medium-sized enterprises to address the climate emergency: The case for values-based engagement

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Abstract

Collectively, small and medium-sized enterprises (SMEs) make a significant contribution to carbon emissions. Transformative changes are needed to achieve Net Zero amongst the SME community, presenting policymakers and practitioners with a complex and largely unresolved set of challenges. In this paper, we investigate the unexploited potential of human values in facilitating these changes, with a particular focus on the role and experiences of specialist intermediaries, such as business advisors, as agents of change. The paper reports on four linked, transdisciplinary research projects, which tested and validated a values-based intervention in collaboration with businesses and advisors, designed to promote more effective, long-term journeys towards Net Zero. Our study connects research evidence on SME support with key insights from values literature, including the emerging concepts of values practices and values work. We discuss outcomes from the four projects, and the broader implications for research, policy, and practice.

KEYWORDS

climate change, intermediaries, small and medium-sized enterprises, sustainability, values

1 | INTRODUCTION

Over the last three decades, calls to reduce the carbon emissions and other environmental impacts of businesses have become much more prominent, signalled by global initiatives such as the United Nations Framework Convention on Climate Change and the more recent 'Race to Zero' campaign and small and medium-sized enterprise (SME) Climate Hub (UNFCCC, 1992, 2022; SME Climate Hub, 2022). However, efforts to address these complex, contested, and urgent societal challenges have had little effect on underlying growth trends in material resource use, or in their associated ecological impacts (Schandl et al., 2018; Görg et al., 2020, p. 46). Our paper addresses the particular challenges involved in transforming the environmental performance of SMEs, which have attracted less attention than larger businesses

(Reyes-Rodríguez et al., 2016; Rodgers, 2010). Collectively, SMEs are estimated to account for approximately 13% of global energy use (IEA, 2015), and generate about 64% of the overall environmental impact of businesses in the European Union (Calogirou et al., 2010). They are also widely recognised as a 'hard to reach' group that lags behind larger businesses and the public sector in relation to climate change mitigation and other forms of pro-environmental action (Depken & Zeman, 2018; IEA, 2015), and are generally less well served by existing environmental policies. As previous studies have indicated, tools such as Environmental Management Systems (EMS), which were originally developed for the corporate sector, are not so readily adopted by smaller businesses (Cassells & Lewis, 2011, p. 192; Johnson & Schaltegger, 2016; Johnstone, 2020). However, there is evidence that alternative approaches, including modified variants of conventional CSR

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(Morsing & Perrini, 2009; Spence, 2016, p. 45) and values-based engagement (Schaefer et al., 2020), may prove more effective due to the more personalised, embedded and relational nature of their activities.

Until recently, pro-environmental SME policy support measures and investments have been largely oriented towards innovative start-up ventures and specialist environmental businesses (Calogirou et al., 2010; Hojnik & Ruzzier, 2016), leaving millions of smaller enterprises poorly served by energy or environmental policy (Fawcett & Hampton, 2020). However, this is changing, propelled by growing public concern about the Climate Emergency and the realisation that all sizes and types of organisation must be included in sustainability transitions. For example, since 2019 governments and businesses around the world have declared climate emergencies, and major initiatives such as the UN's SME Climate Hub and 'Race to Zero' have emerged. A recent survey of UK SMEs found that more than half of owner-managers would welcome more information and advice about achieving Net Zero (British Business Bank, 2021). Growing ambition and appetite for climate action must be matched with robust policy interventions. However, there is a lack of theoretically informed, evidence-based research on how SMEs can be supported to undertake meaningful, longer-term journeys towards environmental sustainability (Blundel & Hampton, 2021; DECC, 2014; IEA, 2015). Our research addresses this gap by investigating how environmental awareness and capability can be enhanced amongst SMEs in the context of the climate emergency. It draws on a series of linked research projects conducted over a six-year period (2015–2020), investigating the linkages between values, business, and environmental sustainability. The projects involved the owners and managers of small and medium sized enterprises (SMEs), along with support providers, energy advisors and other intermediary actors. We analyse the strengths and weaknesses of dominant discourses that seek to promote pro-environmental behaviour in SMEs, including the 'win-win' argument, where environmental benefits can be achieved alongside increased profits (North, 2016; Williams & Preston, 2018). This paper focuses on two inter-connected themes:

- The ways in which values (personal, professional, and organisational) shape SME owners' and managers' responses to environmental challenges.
- The catalytic role of intermediaries, such as business advisors, working with (and in some cases, within) businesses, including their capacity to identify, articulate and foreground these values to facilitate pro-environmental practice.

Our central argument is that a values-based approach to engaging SMEs on climate change has the potential to overcome the limitations of purely techno-economic approaches and can encourage more profound, longer-lasting organisational change. Intermediaries are crucial actors in this process. Previous studies have shown that while business advisors (even specialist low carbon advisors) primarily focus on the technical aspects of new products and practices (e.g., performance data), and on economic justifications (e.g., availability of subsidies, anticipated payback periods), many *also* use values-based approaches in their engagements with SMEs (Hampton, 2018a). However, those tend to be more senior advisors, relying on instinct and decades'

experience. Responding to this, we collaborated with low carbon advisors to develop and test a toolkit for values-based engagement that includes an online course, 'how to' guides, and a methodology for narrative workshops (Shaw & Corner, 2017). Our follow-up study shows that, with appropriate training, resources, and support, intermediaries can enhance the capabilities of SMEs and reorientate them towards a more environmentally and socially sustainable growth trajectories.

Research on CSR in SMEs has largely neglected the potential of human values in transforming business practices and environmental impact. While there is a growing literature on values and ethics in smaller business (e.g., Adla et al., 2020; Dieleman & Koning, 2020), few studies have developed practical frameworks for mobilising values for pro-environmental activity in SMEs (Sepasi et al., 2021; Stewart & Gapp, 2014). This may be because values-based approaches require specific skillsets and are difficult to implement and scale. In a recent study of low carbon business advisors, most appeared more comfortable dealing with technical issues; as one participant reflected commented: 'it's the soft stuff that's hard' (Hampton, 2018a). However, increased awareness of the Climate Emergency, and of the business and personal risks arising from extreme weather events, are creating new imperatives for action. The massive, complex, and ongoing repercussions of the COVID-19 pandemic have also forced SMEs to become more aware of risks and resilience, and to reflect on their core principles, purpose, and responsibilities (Johnstone-Louis et al., 2020). In summary, there is a need for a paradigm shift in environmental business support policy, and the time is right to experiment with alternative, potentially transformative approaches.

The paper is structured as follows. The next two sections set out our theoretical framework and contextualise the study with an overview of existing business support arrangements. This is followed by an outline of our research methods and key findings from each phase of the project. In the discussion and conclusions, we reflect on the findings and draw out the main implications for research, policy, and practice.

2 | THEORETICAL FRAMEWORK

In this section, we review two distinct but related strands of research literature that address: (1) the nature and operation of human values in SMEs; and (2) the role of intermediary actors in SME engagement. We begin by outlining the current state of knowledge in each area, with a particular focus on their capacity to promote pro-environmental business practice, then discuss the key theoretical and empirical connections between these fields.

2.1 | The nature and operation of human values in SMEs

Human values have a vital role to play in addressing the Climate Emergency, guiding how change can occur in the relationship between business and the environment, and how this translates into everyday operations. Values underpin daily life and are ever present in the conduct of business, whether or not they are identified and articulated.

Casting light on this dimension of business activity, Gehman et al., 2013 call these 'values practices', characterised as 'practices that are normatively right or wrong, good or bad, and thus, pursued as ends in themselves.' (p. 87, emphasis added).

Research has shown that values tend to have a greater influence on business strategy amongst SMEs than in larger businesses (Littlewood et al., 2018; Williams & Schaefer, 2013). For instance, the personal values of entrepreneurial founders often exert a profound influence on small, emerging and family-owned enterprises, in part due to their capacity to exercise power and discretion (Dieleman & Koning, 2020; García-Álvarez & López-Sintas, 2001; Hemingway, 2005). In addition, values held by members of the wider workforce and local community may play a role due to the locally embedded nature of many such businesses (e.g., Hammann et al., 2009; Jamali et al., 2017). Compounding these, the COVID-19 pandemic has brought values practices to the fore for millions of SMEs, as normal activities have been radically reconfigured, and owners and managers have reflected on the purpose and priorities of their businesses (Hopley, 2021). This paper addresses the question: how can these values be mobilised in SMEs to promote pro-environmental action?

In the existing literature on the role of human values in organisations, there are two distinct strands: the 'cognitive' and 'cultural' perspectives (Adla et al., 2020; Gehman et al., 2013). The cognitive perspective, developed in the field of psychology, has generated

several useful typologies, most notably the Theory of Basic Human Values (Schwartz, 2012), which has been validated in multiple national and international studies. It has been used to examine the personal values of entrepreneurs and leaders, organisational values in their own right, and to identify differences between the two. This approach relies on positivist assumptions and quantitative techniques, and has been criticised for lacking depth of insight and an appreciation of contextual influences (Hemingway, 2005). However, its core framework, the Schwartz value system (SVS) has been successfully adapted to study the personal values of SME owners and managers in relation to the environment, and has been operationalised for use in climate communications and public engagement initiatives with a variety of audiences (Corner & Clarke, 2017; Schaefer et al., 2020; Williams & Schaefer, 2013). This work demonstrates that individuals with diverse values *can* be engaged to act on climate change through the deployment of appropriate narratives, images, and scenarios. Researchers applying cultural perspectives on values in organisations tend to combine them with qualitative methods, such as in-depth case studies, to explore how values practices emerge inter-subjectively, how they become embodied in organisational discourses and symbols, and the ways in which they can be re-shaped (Adla et al., 2020; Phillips et al., 2004). This perspective, though less fully developed, is also generating important insights.

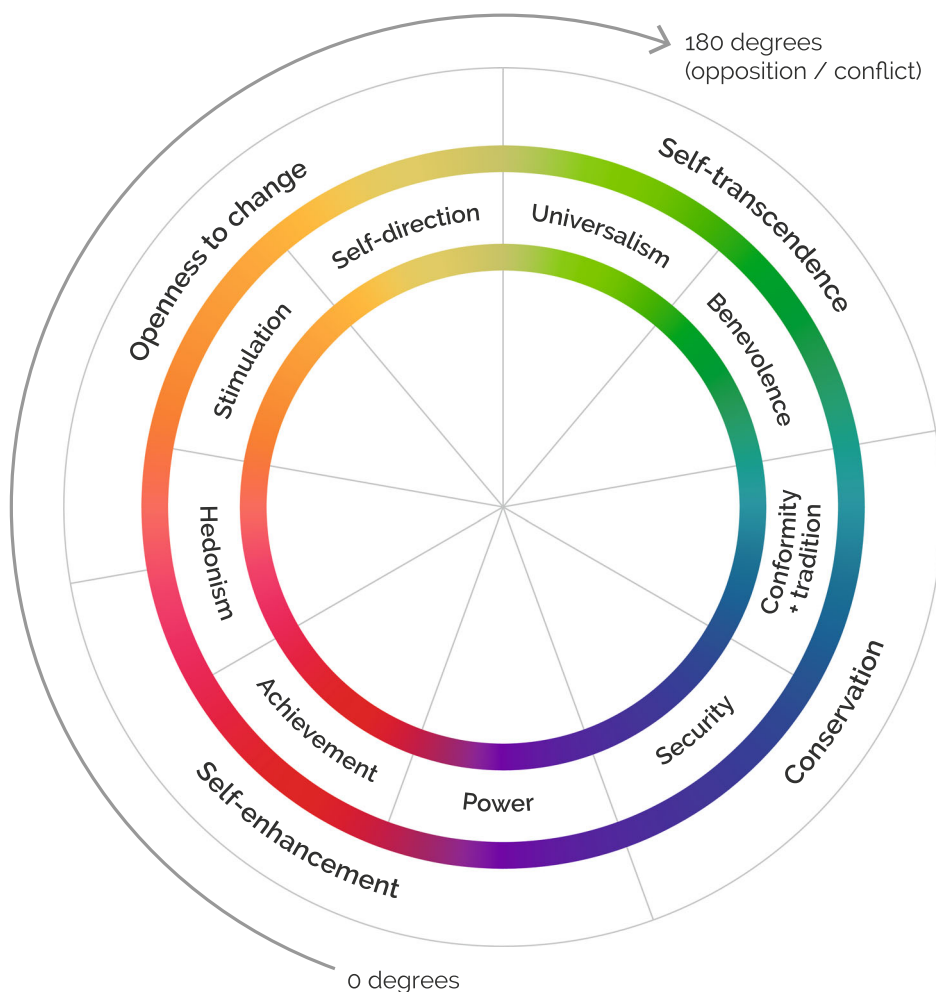


FIGURE 1 The Schwartz Circumplex model. Source: Adapted and redrawn from Schwartz, 2012 [Colour figure can be viewed at wileyonlinelibrary.com]

This paper adopts elements of both perspectives to explore these issues. We deploy the SVS (Figure 1, Schwartz, 2012) primarily as a heuristic framework to identify and articulate the values of SME owners and managers in more fine-grained ways than would be possible using quantitative techniques (cf. Schaefer et al., 2020; Sepasi et al., 2021). We combine this with insights from values practices theorists to help us to trace how these values are mobilised over time, and in specific organisational contexts. We follow Gehman et al. (2013) in paying particular attention to the concept of 'values work', which the authors define as, 'the work that is going on at any moment as values practices emerge and are performed, as well as the effect that values practices perform and provoke as they make their way through an organization' (Gehman et al., 2013, p. 102). This focus makes it possible to probe unfolding tensions as personal and collective values are negotiated under conditions of uncertainty (Callon et al., 2011; Gehman et al., 2013, p. 85).

When applying values-frameworks to organisations, one of the most difficult methodological challenges is tracking values across multiple levels of analysis: personal, organisational, and institutional (Agle & Caldwell, 1999; Görg et al., 2020). This complexity has been addressed in various ways in previous organisational studies, including the competing values framework (Hooijberg & Petrock, 1993); and in energy social sciences, by approaches such as the '3Cs' (concern, capacity, conditions) (Janda, 2014), and energy cultures (Stephenson, 2018). Recent research evidence suggests that business owners and managers embody these multiple values-sets (Schaefer et al., 2020; Spence, 2016). These values, which may be in tension or in harmony; concealed or exhibited, are difficult to uncover (Cameron & Quinn, 2011), and add to the practical challenges faced by intermediaries such as low carbon advisors.

Values have a powerful influence on organisational culture and practice, but the process of translating those values into pro-environmental behaviours is far from straightforward. The 'value-action gap' has been found in repeated studies in environmental psychology, with a primary focus on individuals (Babutsidze & Chai, 2018; Whitmarsh et al., 2011), and researchers have identified similar discrepancies in relation to small business owners and their organisational responses to environmental issues (Chassé & Courrent, 2018; Williams & Schaefer, 2013). Our previous research with SME intermediaries has also highlighted the significance of advisors' personal values, which can have a profound effect on the design and delivery of SME policy interventions (Hampton, 2018a). SME policies have been modelled on corporate sustainability objectives that were themselves based around a restricted set of, 'instrumental, compliance-driven, and profit-oriented terms' (Shrivastava et al., 2013, p. 231). This orientation has been extended to the engagement work of intermediaries through a combination of factors including competitive market dynamics and the dominant 'win-win' framing of policy interventions (Elkington, 1994; Schaefer et al., 2020). It has also generated a source of a new tension as institutional norms, values and interests associated with economic growth, 'eco-modernisation' and 'win-win' are confronted by an alternative discourse that calls for transformative change in the conduct of business, in the context of the Climate Emergency (Sandberg

et al., 2019). These sources of tension are explored in the next section, which considers the role played by intermediaries.

2.2 | The role of intermediaries in SME engagement

SMEs seek advice and support differently from larger corporations. They are less likely to pay for external expertise and tend to seek support via informal and professional relationships, including friends, peers, customers, suppliers, and accountants (BEIS, 2016; Egels-Zandén, 2017; Mole et al., 2017). SMEs tend to be more locally embedded than larger corporates, meaning that intermediaries are often geographically co-located (Eadson, 2014; Revell, 2007), and relationships are more personal in nature, characterised by trust, ethical motivation, and shared values (Egels-Zandén, 2017).

Relatively few SME owners and managers actively seek support about mitigating their environmental impact (Mole et al., 2017). This is partly explained by the perception that their businesses have minimal impact, and that pro-environmental action will reduce their competitiveness (Revell & Blackburn, 2007). However, with growing concern for climate change and the biodiversity crisis amongst the general public, there is evidence that environmental issues are rising up the agenda for SMEs (Carbon Trust, 2020).

The importance of intermediaries for promoting and enabling pro-environmental action by SMEs has long been recognised (Revell & Rutherford, 2003), but recent work has examined their contributions in greater detail with the aim of improving the design and implementation of business support policies. Studies have sought to define and categorise intermediary institutions and actors, and to classify their functions. For example, Journeault et al. (2021) identify five key roles: trainer, analyst, coordinator, specialist and financial provider, and describe respective requirements for skills and capacities. Kundurpi et al. (2021) use the multi-level perspective (Geels, 2010) to characterise intermediaries as occupying the space between socio-technical niches and regimes, acting either to help SMEs 'fit-and-conform', or otherwise 'stretch-and-transform'. There is also evidence that interventions by intermediaries can disrupt the established practices of incumbent firms challenging the notion that sustainability transitions must be driven by radical outsiders (Sovacool et al., 2020).

Another research strand has examined the working practices and lived experience of intermediaries. The term 'middle-actors' has been introduced to highlight their role as more than go-betweens; focusing on the agency and capacities of intermediaries as dynamic and multi-faceted institutions (Janda & Parag, 2013). A small number of studies have adopted this practice-oriented approach, focusing on actors in the housing sector such as contractors, landlords and data providers (Janda et al., 2014). This approach was subsequently applied in an in-depth study of specialist low carbon business advisors in the United Kingdom (Hampton, 2018a). This research demonstrated that policies to promote pro-environmental measures in SMEs were still dominated by a relatively restricted narrative, framed around economic growth. Members of this professional community often hold



strong environmental values at a personal level, they tend to suppress these when engaging with SMEs, often assuming that their clients' have disregard for environmental impact (Hampton, 2018a).

Literature on SMEs, intermediaries and environmental impact is dominated by European and North American studies (Aykol & Leonidou, 2015), but research on emerging economies is growing. Recent studies reveal a number of important contextual differences. For example, government-led sustainability programmes for SMEs in developing countries tend to be more sporadic and less well-resourced, leaving SMEs more reliant on support from intermediaries such as environmental NGOs, business networks and peers (Jamali et al., 2017; Wahga et al., 2018). In the absence of strong local regulatory pressures, decisions to pursue sustainability goals may also be influenced to a greater extent by the capabilities and values of owners and managers, and by levels of trust in local business networks (Egels-Zandén, 2017; Hamann et al., 2017; Schaper, 2022; Tevapitak & Helmsing, 2019). In the case of export-oriented SMEs, eco-innovations are likely to be influenced by pressure from international stakeholders (Nguyen & Adomako, 2021), with support being provided through international NGOs (Wahga et al., 2017). These findings underline the need for more empirical studies on the Global South, which draw on multi-country case studies, and incorporate a nuanced analysis of the roles played by intermediaries.

2.3 | SMEs, intermediary actors, and values

There is a contradiction at the heart of environmental business support policy. The rationale for government intervention is, in the first instance, based on evidence that financial drivers are insufficient to motivate action. And yet promoting pro-environmental activity using payback periods and economic logic is ubiquitous amongst publicly funded intermediaries operating across developed economies and emerging economies alike (IEA, 2015; Biswas et al., 2018). Business advisors rarely use values-based approaches (Hampton, 2018a), and remain wedded to the 'win-win' approach, promoting those opportunities in which economic and environmental benefits are closely aligned (Revell, 2007; Williams & Preston, 2018).

Unsurprisingly then, the impact of environmental business support initiatives remains limited, and SMEs continue to miss-out on energy and resource savings (DECC, 2014; North, 2016). For example, in a survey of Indian SMEs for the United Nations Industrial Development Organisation (UNIDO), Ghosh and Roy (2011) found that despite 100% of respondents agreeing that energy efficiency measures increase profitability, only 37% had adopted any. Williams and Preston (2018) found that win-win approaches typically lead to intermediary-SME relationships which are short-term and transactional. Our earlier research found that intermediaries were aware of such limitations, but many advisors lack the skills to pursue more meaningful relationships with SMEs (Hampton, 2018a).

This literature review has highlighted the important role played by personal values, and the influence of intermediaries in seeking to effect transformational change amongst SMEs. The urgency of the

climate crisis and the scale of activity needed to reduce emissions calls for intermediaries to end their reliance on financial cost-benefit approaches and to experiment with alternative ways of engaging SMEs. Intermediaries are critical agents of change, creating 'deliberative spaces', where values are foregrounded (Adla et al., 2020). The authors of this study argue that a normative framework for thinking through values can enable businesses to develop resilience, particularly in 'turbulent environments' (Adla et al., 2020, p. 98). The Climate Emergency, COVID-19 pandemic, the current war in Europe, and drastic energy cost increases affecting many countries, have generated unprecedented turbulence for SMEs around the world, strengthening the case for values based approaches.

Developing and operationalising these approaches is far from straightforward, however. An evidence-based framework is needed to support intermediaries to develop relationships with SMEs, which encourage them to discover, articulate and ultimately act in accordance with their core values (Gehman et al., 2013). This should include business support systems in developed economies and those serving SMEs in the Global South.

3 | THE CONTEXT: ENVIRONMENTAL BUSINESS SUPPORT AROUND THE WORLD

There are significant national and regional variations in SME business support, and in the roles played by intermediaries. Most business support is informal, but in many countries SMEs can benefit from services provided by governments, NGOs or supranational institutions such as the European Union (IEA, 2015). Conventionally, interventions have focused on maximising *economic growth*, including productivity and automation, collaboration and knowledge exchange, and exports (Marchese et al., 2019; Mole et al., 2017). In some cases, such as initiatives to promote resource or energy efficiency, these aims overlap with environmental goals (UNEP, 2010). Recent interventions, such as the SME Climate Hub, We Mean Business and Race to Zero, have placed more emphasis on pro-environmental action, framed around the UN SDGs.

Formal business support takes varied forms but has several common characteristics. Firstly, investments are justified based on the diagnosis of market failure, where the private sector is judged to be failing to deliver energy and resource efficiency savings, despite compelling cost-benefit analysis (IEA, 2015). Secondly, with SMEs typically resistant to 'hard levers' such as tax and regulation (Fawcett & Hampton, 2020), incentives such as grants, loans, free energy audits or face-to-face advice are often a preferred form of intervention. Thirdly, though funding sources are often national or international, support is usually organised and implemented locally by intermediaries such as local government agencies, business associations or civil society groups (National Business Initiative, 2015; Wahga et al., 2017). Fourthly, SME behaviour is framed around a number of *barriers* and *drivers*, with interventions designed to overcome the former, and accentuate the latter. This dominant approach is supported by literature which has quantified and ranked factors preventing and

motivating investments in energy efficiency measures, renewable generation, and behaviour change initiatives (DECC, 2014; Trianni & Cagno, 2012). However, it has also been criticised its flawed methodology (Hampton, 2019), and for under-appreciating the complexity of organisational decision-making (Fawcett & Hampton, 2020; Revell & Blackburn, 2007).

Differences in business support provision are driven by governance arrangements, market structures, resource availability, the presence and influence of civil society groups, and the needs of SMEs. In the European Union, for instance, support is financed by member states and EU agencies, but delivery models vary (Hampton & Fawcett, 2017; ODYSSEE-MURE, 2015; Paramonova & Thollander, 2016; Ringel et al., 2016). In the United States, energy efficiency programmes are implemented at a regional scale, often led by regulated electric utilities, with the federal government playing a minimal role (Nowak, 2016). One advantage of aligning programmes with market geographies is that programmes can be funded through consumer bills, and be adapted to local priorities (Geller et al., 2006).

The United Kingdom has no national SME business support organisation, and the devolved administrations in Scotland, Wales, and Northern Ireland each take different approaches. In England, 38 Local Enterprise Partnerships award funding for projects promoting energy efficiency and low carbon innovation. These are typically led by non-profit organisations with links to local authorities, but there is a lack of national coordination, significant variability across regions (Britton & Woodman, 2014), and many projects are hampered by bureaucracy (Hampton, 2018b). While some studies have found a lack of appetite amongst SME owner-managers for external advice (Spence, 1999), a recent survey suggests that SMEs may be more open to support on the topic of achieving Net Zero: it found that 12% had already sought external advice on measuring or reducing carbon emissions; and 54% agreed that more information and advice would be helpful (British Business Bank, 2021).

In the Global South, there tend to be weaker institutional frameworks and publicly funded initiatives are more sporadic and limited in scale. However, there are examples of good practice in countries such as India (Painuly, 2009; Sahoo et al., 2016) and South Africa (National Business Initiative, 2015). International environmental NGOs also play a key role in promoting climate action in SMEs. In this study, we conducted some fieldwork in Pakistan, which illustrates several of these characteristics. For example, implementation of environmental legislation is relatively weak (Wahga et al., 2018), but associations in the country's leather industry have been able to leverage support from the UNIDO, international donors including the Norwegian and Dutch governments, and international charities (including WWF) to create the Cleaner Production Institute and Cleaner Production Centre. These have been shown to drive pro-environmental innovation in the sector, which is dominated by SMEs (Wahga et al., 2017).

Intermediaries are a common feature of support programmes around the world, irrespective of the observed variations in scale, format, and resourcing. They play critical roles, such as operating between state and SME, administering financial incentives, delivering advice and coordinating networks (Kundurpi et al., 2021). However, despite growing evidence on the transformational potential of values

work, we are unaware of any significant policy or funding instruments that have formally developed or deployed a values-based approach to support intermediaries in these tasks. The research studies described in the next section seek to address this gap.

4 | METHODS

This article presents evidence from four linked research and impact acceleration projects related to SMEs, sustainability, intermediaries, and values, conducted over 6 years (2015–2020), primarily in the United Kingdom, with some additional piloting work in Pakistan. This focus enabled the team to make full use of its own prior research evidence and connections to local business and policy communities. In addition, the Pakistan fieldwork allowed us to examine a Global South context characterised by contrasting cultural and religious values (Abdelzaher & Abdelzaher, 2017). There were three distinct research phases (Table 1). The first involved engagement with SMEs and intermediaries, gathering information and co-creating concepts in workshops and interviews. In the second, these concepts were developed and refined by the authors through the creation of a toolkit. The third involved reflecting on increased public awareness and concern for climate change since 2019, and the impact of COVID-19.

The UK Energy Research Centre project (2015–2019) focused on everyday business practices, energy-related decision-making in SMEs and the influence of intermediaries (Hampton, 2018a). It identified and addressed gaps in evidence and policy (Fawcett & Hampton, 2020). The Growing Green project (2017) was an 'impact acceleration kick starter' project involving a collaboration between two UK universities, Oxfordshire Business Support, and Climate Outreach, a charity specialising in climate change communications. In two workshops, SME owner-managers were invited to reflect on values practices using the Theory of Basic Human Values (Schwartz, 2012; Figure 1). Discussions focused on the influence of personal, professional and organisational values on environmental performance. Workshops were promoted through SME networks such as Oxfordshire Business Support, but struggled to attract attendees. Participating SMEs were largely environmental consultants and charities. While all had small carbon footprints themselves, it became clear that as intermediaries they held significant influence over other SMEs.

The Growing Greener project focused on working with sustainability and energy intermediaries whose profession is to provide advice to SMEs on energy efficiency, renewable generation and CSR. A series of five workshops were conducted in Autumn 2018, facilitated by Climate Outreach using its interactive 'narrative workshop' technique (Shaw & Corner, 2017). Two researchers with direct experience as SME advisors adopted participant-observation roles, taking notes on participants' body language and inter-personal dynamics. The workshops were structured into two parts. In part one, we introduced the Theory of Basic Human Values and initiated a discussion about how values come into play in personal and professional contexts. Participants were asked to consider which values they most strongly identified with, and to plot prominent consumer brands on a

TABLE 1 Overview of linked research studies

Phase	Date	Project title	Research methods	Evidence collected
Phase 1	2015–2019	1. UK Energy Research Centre (UKERC)	Auto-ethnography—participation as a low carbon SME advisor, UK.	Meeting notes, carbon footprint calculations, journal entries.
	2017–2018		21 semi-structured interviews (30–75 min) with UK intermediaries from the private sector (6), non-profits (10) and local authorities (5).	Interview transcriptions.
	2017	2. Growing Green	2 pilot workshops (approx. 180 min), with SME owners and managers in Oxfordshire, UK (n = 10).	Workshop notes, group activity materials, audio and video recording, participant feedback forms.
	2018–2019	3. Growing Greener	5 UK workshops with >50 low carbon advisors. Locations: Manchester, Birmingham, Oxford, London (x2), UK.	Workshop notes, audio recordings, transcriptions, participant video diaries.
Phase 2	2019		Interactive webinar (60 min), with >50 participants, presenting findings and launching the new online course: <i>Promoting Sustainability in Business</i>	Recording, participant Q&A, feedback forms.
	2019–2020		2 workshops in Pakistan, (approx. 300 min), with NGO business advisors and postgraduate students.	Workshop notes, participant feedback forms, follow-up letters.
Phase 3	2019–2020	4. Evaluation of Oxfordshire Greentech membership network,	Participant feedback from online course, <i>Promoting Sustainability in Business</i>	Entries from course activities, surveys and quizzes, feedback forms.
	2020		2 follow-up interviews (60 min) with UK workshop attendees.	Interview transcriptions.
	2020		11 semi-structured interviews with environmental business stakeholders in Oxfordshire, UK.	Interview transcriptions.

visual resource (Figure 1). They were also invited to share stories of encountering values in their work with SMEs. In the second part, participants applied these ideas in a series of role-playing exercises. One participant was given the role of an SME owner-manager with a strong set of guiding values, and their partner, an advisor with a brief to discover the key values at play, then to select the most salient language and arguments for this particular client. The workshops concluded with plenary discussions covering the challenges and opportunities of values-based engagement.

In a second phase of research, workshop notes, audio recordings, transcriptions and participant video diaries from phase one were compiled, organised and analysed. Key concepts, diagrams and excerpts were used to co-create a 5 h, online professional development course that promotes the use of values-based techniques to engage with SMEs. The course can be used by external advisors and by internal staff members wishing to effect organisational change. Content includes videos featuring workshop attendees and members of the research team, which provide the basis for several learning activities. These are complemented by interactive exercises that explore key concepts, ‘thinking points’ and end-of-session quizzes that encourage learners to reflect on their own practice, and to develop more effective approaches. Course graduates complete a feedback survey and are invited to join an online forum to share experiences.

In phase three (2020–2021), participant feedback from the online course and entries from the online forum were collated and arranged

according to key themes. Two follow-up interviews were conducted with workshop participants in the United Kingdom, and two face-to-face workshops were held in Pakistan with business advisors and SME managers. The primary objective was to obtain additional feedback on the course and to understand how, and to what extent, advisors were able to implement these approaches in their work with SMEs. Media coverage of climate change had substantially increased during this period, alongside rising public concern (CAST, 2020), and the COVID-19 pandemic created unprecedented disruption to businesses and support services. This prompted us to introduce a secondary objective of capturing changes in attitude, awareness, or concern with regards sustainability that advisors had observed when engaging with SMEs. Interviews were semi-structured, conducted online, recorded, and transcribed. Transcripts were coded according to theme, and quotations illustrating recurring or pertinent ideas were selected. In the following section, all names linked to quotations are pseudonyms.

5 | FINDINGS

5.1 | Phase 1 - themes emerging from the narrative workshops

The potential of values work became clear during the ‘kick starter’ project, in workshops with SMEs in Oxfordshire, UK. Pivoting our

focus to intermediaries, we conducted five workshops in the United Kingdom, from which three major themes emerged.

5.1.1 | Theme 1: Dominance and limitations of win-win approaches

Respondents described how attracting the attention of SME owners and managers was challenging, and their default approach was to use financial messaging. As previous research has found (Hampton, 2018a; Revell, 2007), this often requires them to suppress their own personal values when engaging with SMEs:

We don't promote sustainability - we save people time and money. *Matthew, Energy consultant, Oxford workshop*

We talk to *each other* about the environment; but we want to create change that leads to carbon savings. If we have to, [we] just 'nod along' to the *Daily Mail* thing ... We're not there to try and *change* their personal values, we're there to create positive impacts. *Caroline, Sustainability Advisor, Manchester workshop*

As she made this comment, Caroline looked around at her colleagues, seeking confirmation that this was a shared experience. Referring to a politically conservative UK national newspaper with a track record of climate scepticism, the expression 'nod along' suggests that advisors adopt this non-adversarial form of body language as a routine response when confronted by SME clients who are perceived to hold such views (Shaw & Corner, 2017). However, intermediaries were also aware of the limitations of such approaches. One advisor said that by avoiding a direct discussion about environmental responsibility, the risk was that the company might abandon pro-environmental action in favour of other cost-saving measures:

I may have got [the SME] on-board by speaking their language, changing the way they operate to create carbon savings. But if their whole motivation was around cost-savings, if an opportunity arises for them to save money in a different way, might they just change and switch to something else? *Sarah, Sustainability Advisor, Birmingham workshop*

In a follow-up interview, Heather, a Sustainable Business Network Coordinator in Oxford, revealed a concern that while the win-win framing may motivate single actions such as upgrading lighting, SMEs may be less likely to pursue a longer-term sustainability journey, and even 'discredit the entire environmental movement' when it ceases to represent financial gain.

5.1.2 | Theme 2: Using values by instinct

Workshops revealed that many experienced intermediaries use values-based approaches instinctively when engaging with SME

clients. Alex, who has advised SMEs in Greater Manchester for over 20 years, explained that he seeks to befriend owner-managers by revealing his own values and principles, and building empathy over the course of several interactions:

If you really do well, they will share with you things which you didn't expect. For example, what the fears are within the organization, what the challenges are, but also where the opportunities are. The more listening, the more questions asked, the better it is.

Given his instinct for using values to build trust, Alex was sceptical of the need to formalise values-based engagements using a theoretical framework:

You do it second nature, and if you've done it for as long as I have in relationship building, then you would not even consider this [framework].

Caroline, another experienced advisor in Manchester, said that she starts to 'switch on' when she arrives at an SME's premises, taking note of the car driven by the owner-manager; whether they have their own parking space; who greets her at the door and who makes the tea. She explained that these cues help her assess the culture and ethos of SMEs, and she adapts her approach accordingly.

Findings showed that while some experienced advisors used values as second-nature, other, often younger, intermediaries, lacked the skills, confidence and gravitas to employ such approaches.

5.1.3 | Theme 3: Tensions and the 'values trinity'

Findings show that in an SME context, multiple sets of values can interact in what intermediaries at one of our workshops described as a 'values trinity' (Figure 2). When acting in a professional capacity, individuals must engage with those values practices associated with job roles and organisational ethos. For staff, these entanglements can become synergistic when the multiple values are well-aligned, or create tension when they are in conflict.

In some cases, these values-based tensions can exist explicitly amongst different individuals within organisations and are immediately apparent to intermediaries. Alan in Manchester said:

Constant adaptation... is very important. We sometimes have to change [approach], even in a single meeting. Three different people in the room might have different interests, different value sets, and you have to change how you talk to them.

Responding to Alan, Caroline said:

I repeatedly say to groups of people like that: I don't care why you're coming to the party, because everyone's box gets ticked by us working together.

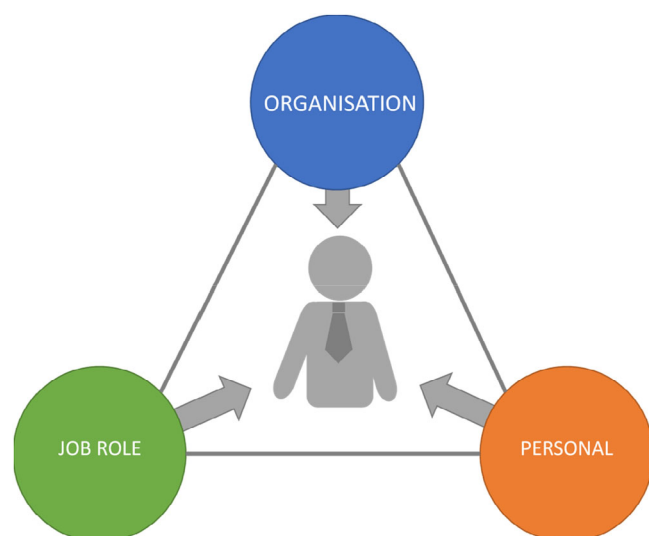


FIGURE 2 'The values trinity': A visual resource co-created for the values-based toolkit, to show how multiple sources of values can act on different individuals in small and medium-sized enterprises [Colour figure can be viewed at wileyonlinelibrary.com]

In some cases, however, tensions can be more hidden, requiring intermediaries to be sensitive to interpersonal and even intra-personal dynamics. For example, Heather observed that business owners often attempt to balance an interest in climate action at a personal level with organisational-level responsibilities to employees, external stakeholders, or other business-related priorities, such as risk reduction:

We have found this discrepancy a lot: the values are there, they just often clash.

This insight, which is supported by previous studies (e.g., Cameron & Quinn, 2011; Spence, 2016), is echoed in the following comment from a business owner at another workshop:

It shouldn't be more difficult to be open and honest in business than in personal life but unfortunately often it is because it is not just about your individual values, but the broader organizational culture and the other people involved. *Sharon, SME owner-manager, Oxfordshire*

In summary, three themes emerged from workshops. Firstly, financial messaging prevails, but intermediaries were able to articulate its limitations. Secondly, more experienced intermediaries instinctively use values when engaging with SMEs, while others avoid 'softer conversations'. Thirdly, personal, professional, and organisational values interact dynamically. Observing these, we identified a need for a structured framework targeted at sustainability intermediaries to develop effective, values-based approaches to SME engagement.

TABLE 2 Components of the toolkit for values-based engagements

Toolkit component		Detail
Online course	Background and theory	Information on climate change, SMEs, intermediaries, and values theory.
	Case studies	Examples of pro-environmental action taken by SMEs with a range of values.
	Interactive exercises and quizzes	Intermediaries are encouraged to reflect on when they have encountered values in their work.
	Further reading	Including academic and grey literature.
'How-to' guide		A three-page printable document with ideas for practical implementation.
Guide to effective communications		Principles for communicating with SMEs without making values-based assumptions.
Online discussion forum		Hosted on LinkedIn, inviting intermediaries to share insights and experiences.

Abbreviation: SMEs, small and medium-sized enterprises.

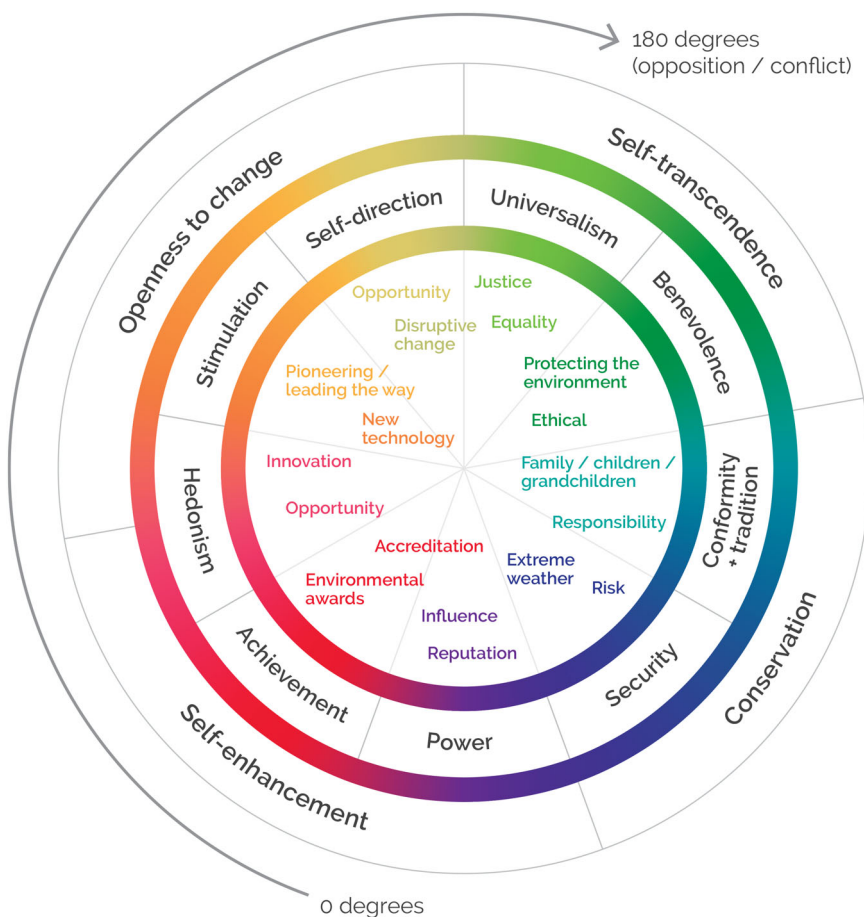
5.2 | Phase 2: Co-creating a toolkit for values-based engagements

Seeking to make both practical and theoretical contributions, we developed a toolkit using various formats and delivery channels to maximise impact amongst a diverse audience of intermediaries (Table 2).

The toolkit was tested and validated with selected intermediaries in the United Kingdom and Pakistan in 2019 and 2020. The Theory of Basic Human Values provided a structured framework for exploring links between personal values and sustainability, and its visual representation proved a valuable learning aid (Figure 1). For example, some intermediaries contested the idea that individuals or organisations could be neatly categorised into values-segments, which sparked constructive discussions. These served to highlight the 'values trinity' tensions discussed previously (Figure 2), and to draw attention to conventional characterisations of SMEs as motivated solely by economising and power-aggrandizing values (Frederick, 1992).

Standard engagement strategies that focus on economic ('win-win') arguments and 'hard' (i.e. practical and technical) issues are not sufficient. Tailoring the jargon and general approach to make strong links between their values and climate change ... is necessary for successful results. *Yusuf, Team Leader of a major environmental charity, Pakistan*

FIGURE 3 Example of a co-produced visual resource, comprising key words relating to environmental responsibility which are likely to resonate with small and medium-sized enterprises holding different value-sets [Colour figure can be viewed at wileyonlinelibrary.com]



Others used the framework to reflect on values they had encountered in previous engagements and to reflect on their own assumptions. For example, at the Manchester workshop, Caroline commented that the ideas were somewhat familiar, but she had never heard them referred to as 'values'; she also welcomed the systematic nature of the Theory of Basic Human Values as a way to frame her practice.

Our toolkit builds on evidence which dispels the idea that only certain values are commensurate with pro-environmental activity (Schaefer et al., 2020; Shaw & Corner, 2017). Co-created visual resources allow users to experiment with using different concepts, language, and motivations to appeal to SMEs with diverse value-sets (see, for instance, Figure 3).

In follow-up interviews, Heather explained how the 'Schwartz Map' image (Figure 3) had encouraged her to think differently about language and communication, recognising that businesses have different values, and that environmental issues can be discussed without resorting to financial cost-benefit arguments. This change of perspective was echoed by another participant:

I found the workshop helpful in thinking about language that has universal appeal, but also language that

is very specific to specific groups, be they right wing Conservatives or commercially-driven individuals.
Amber, Sustainability Advisor, Oxford

While intermediaries recognised the need to tailor their approaches to SME clients, as outlined in the workshops, this did not necessarily mean sheltering them from alternative views and values. This was highlighted by one of the workshop participants in Pakistan, who had convened a group of tourism practitioners. This involved challenging less environmentally-engaged businesses:

We have started a local activity whereby we share the benefits of being eco-friendly with those hotel owners who have not been taking such measures. And with such communications we are expanding our network. So, in a way we have started a new practice of informally regulating our local hotel industry to achieve sustainability goals. *Raees, hotel owner, North West Pakistan*

This intermediary organisation had adopted a similar approach:

A major change in our practice has been that when working with firms, we now identify those entrepreneurs having *more* active environmental values and

network them with those who focus less on environmental improvement. Yusuf, *Team Leader of a major environmental charity, Pakistan (emphasis added)*

In both cases, there was a recognition that pro-environmental changes in business practice could be encouraged by facilitating peer-to-peer networking of owner-managers with contrasting value-sets.

Our findings from the development and initial use of the online course and toolkit demonstrate the value of a structured framework for encouraging values-based approaches to SME engagement. Equipped with the skills to build trust, adapt language and appeal to diverse motivations, intermediaries can go beyond the limitations of financial cost-benefit approaches to effect more meaningful, longer-lasting change in SMEs' environmental attitudes and behaviours.

5.3 | Phase 3: Changes since 2019: Climate emergency and COVID-19

Since 2019, climate change has become more prominent in public discourse, driven by widespread protests and high profile scientific reports (IPCC, 2018). Pressure has been growing on businesses of all sizes to reduce emissions. For instance, 93% of participants in the UK Climate Assembly agreed that businesses 'should take steps to encourage lifestyles to change to be more compatible with reaching Net Zero' (Climate Assembly UK, 2020). Several intermediaries taking part in our UK workshops described how they were detecting shifts in attitudes amongst SMEs:

Things have evolved over the last 15 or 20 years. More people are integrating moral and ethical values around environmental issues into their business and personal decisions. It is important that we all stay open-minded to the different ways in which we can motivate business to make change. Caroline, *Sustainability Advisor, Manchester*

Since early 2020, COVID-19 has impacted SMEs across the world, with millions ceasing to trade and others cutting costs and pivoting business models (Hopley, 2021). Concurring with recent evidence (CAST, 2020), our findings suggest that despite being faced with unprecedented challenges, SMEs and intermediaries remain motivated towards climate action. Follow-up interviews highlighted the 'encouraging' contrast in 2020 with business responses to the financial crisis in 2008, where SMEs rejected any sustainability initiatives with a (negative) financial impact:

We saw that a decade ago, but I think a decade of action has helped. This is almost a *reset button*. We have the opportunity now to think: society has almost broken down; how do we build it back in a way that was not the same as before? Lawrence, *Sustainability Advisor, Oxford*

Prior to the pandemic, some intermediaries expressed scepticism over the need for reflexive practice and values work. In 2020 however, intermediaries were more open to integrating values into their work. Several interviewees said that COVID-19 had led SMEs to reflect on core values and purpose:

People have had to think more creatively and reassess the fundamentals of their business. They have had to make big pivotal swings in who they market to, or even what their product is. Amber, *Sustainability Advisor, Oxford*

Respondents also highlighted how the pandemic had foregrounded the notion of resilience, and many SMEs linked COVID-19 and climate risks:

COVID was like a trial run for when other things might happen in the future that could be far longer reaching. [For SMEs], it's about resilience and preparedness, and how do they maintain continuity in the future? Lawrence, *Sustainability Advisor, Oxford*

Responding to growing interest in resilience, Heather hosted a webinar on 'anti-fragility'. She described how her team were worried that this would be too academic for their SME audience. However, she was pleasantly surprised by a large turnout and strong engagement, crediting the change in attitudes amongst SMEs to the pandemic.

6 | DISCUSSION

In this section, we discuss how our findings advance understandings of values-based engagement, with the aim of accelerating the transformation of SMEs in response to the Climate Emergency. We consider how our work might inform future research in this area, with particular reference to the role of intermediaries, and outline implications for policy and practice.

6.1 | Implications for research

The operation of values in SMEs is complex, dynamic, and relational (Adla et al., 2020). Values can be manifested in different ways as meaning is negotiated by actors at multiple levels, within and beyond the boundaries of the organisation (Agle & Caldwell, 1999; Hampton, 2019). Our findings extend this literature, demonstrating the implications for form and content of 'values work' (Gehman et al., 2013) undertaken by business owners, managers, intermediaries, and other actors.

We found that The Theory of Basic Human Values (Schwartz, 2012) was a useful heuristic in explorations of values work. Its core terminology and their visual representation (Figure 1) were

generally well-received. While critics have questioned its underlying epistemological and methodological positioning (Hemingway, 2005), its generalisability and evidence base enhanced its credibility amongst practitioners in the United Kingdom and Pakistan. For experienced intermediaries, it acted primarily as a vehicle for articulating familiar ideas more systematically. For others, the experience of actively reflecting on their assumptions prompted transformational changes, as they experimented with alternative language, concepts, and methods to motivate pro-environmental action. We have drawn attention to the complexity of organisational values practices, outlined above (Theoretical Framework), by referencing the 'values trinity', a term coined by our workshop participants to illustrate how personal, professional, and organisational values interact and recombine during their engagements with SMEs, in unpredictable and context-specific ways.

The workshops and follow-up interviews shed light on the performativity of values work (Callon, 2010; Gehman et al., 2013, p. 106). Our values-based intervention was designed primarily as a practical tool to help business advisors develop stronger connections with their clients by tapping into their values. However, evidence collected during co-creation and evaluation phases revealed how the process of values-based engagement between SME owners, managers, employees, and external actors could, in itself, become a potent influence on the managerial and environmental practices of these organisations. These engagements are effective in opening up 'deliberative spaces' (Adla et al., 2020), where unresolved tensions and ambiguities can be discussed and resolved. These spaces may also provide opportunities for employees and other actors to demonstrate 'climate leadership' and exert a normative influence on the wider organisation (Littlewood et al., 2018, p. 1445).

Although values work is integral to the everyday experience of intermediaries as they engage with SMEs, they find this aspect of their role especially challenging. While more experienced intermediaries do make use of values, this practice is sporadic, informal and relies largely on personal instinct. Many practitioners indicated that they found values work challenging, and expressed a desire for a structured framework to learn and apply values-theory. Others questioned whether the necessary skills could be learned, other than through direct experience. These tensions reveal a *liminality* that characterises much of the lived experience of intermediaries, yet remains under-investigated in business and sustainability studies (Bailur, 2010). Consultants and advisors balance priorities between their own objectives, their clients', and in many cases the demands of public funders, adapting their values work for these different worlds (Hartley et al., 2021). Occupying these liminal spaces, we have shown that SME intermediaries often find themselves torn between helping businesses to 'fit-and-conform' or 'stretch-and-transform' (Kundurpi et al., 2021); and between maintaining or disrupting existing organisational arrangements (Sovacool et al., 2020).

Further research is needed to consider how values-based approaches might be implemented, and to assess their performance in different contexts. More extensive, formal evaluation would help to validate our initial findings and refine the approach. For example, in-

depth studies could examine evidence that cultural, religious and gender differences in the socialisation of particular values might influence the capacity of SMEs to engage with pro-environmental initiatives (Abdelzaher & Abdelzaher, 2017; Graafland, 2020). Longitudinal studies would help to establish whether more substantive and longer-lasting pro-environmental changes are generated, in comparison with conventional approaches. There is also need for more cross-country comparisons and qualitative studies that assess the effectiveness of these approaches when combined with different implementation methods, including one-to-one support, peer-networking and informational campaigns.

6.2 | Implications for policy and practice

Our programme of collaborative, action-oriented research provides support for the argument that environmental policymaking needs to move beyond 'win-win' arguments and techno-economic rationalities (North, 2016; Revell & Blackburn, 2007; Williams & Preston, 2018). Co-creating and testing the values-based toolkit has demonstrated that intermediaries can be supported to deliver more effective SME engagement activities at scale. This approach could be further developed in the following ways:

Firstly, values-based toolkits can be operationalised and scaled by incorporating them into existing delivery-channels for environmental business support in developed and emerging economies. In developed economies, the clearest opportunity is to provide structured training to intermediaries employed by publicly-funded initiatives and organisations, such as Energy Agencies, or linked to COVID-19 recovery funding. Businesses could be encouraged to express their values in mission statements, or to consider B Corp certification as a way of anchoring their sustainability-related values (Carvalho et al., 2022). More formal recognition and professional development of low-carbon advisors would help to enhance delivery of environmental business support, which can be sporadic, confusing and uneven in quality at a local level (Baranova & Paterson, 2017; Blackburn, 2012; Britton & Woodman, 2014).

Secondly, adaptations will be needed for different contexts, including emerging economies, where the role of local government, grassroots business networks and non-state actors varies. For instance, while in Pakistan industry bodies and international charities were found to be key actors, a recent study of in six countries across Southeast Asia found that SMEs across the region are most likely to turn to government sources for assistance (cf. Schaper, 2022; Wahga et al., 2018). Intermediaries based in Pakistan emphasised how, contrary to some western assumptions, SMEs are just as likely to be concerned about environmental impact as organisations in the Global North, but have different epistemic traditions, priorities, and capacities (Head et al., 2019). This is confirmed by Schaper's (2022) study, which found very high levels of concern for climate change across Southeast Asia, albeit with some notable variation within the region. This evidence indicates that while values-based approaches could be equally effective in the Global South with modifications, it would be

important for interventions to adopt the kind of collaborative approach used in our pilot studies, in order to co-create context-sensitive case studies.

7 | CONCLUSIONS

Values-based engagement is all about heart-felt things, and it is the point at which change is possible. *Philippa, Business Advisor, Oxford workshop*

This paper sets out the case how transformational change in the relationship between businesses and the environment can be achieved. The literature on CSR and environmental management has so far neglected the potential of human values in driving change. This paper addresses this gap by developing a theoretical framework combining cognitive and cultural perspectives on values, with empirical evidence from fieldwork with SME intermediaries. Our four linked projects explored the experiences of intermediaries as they undertook 'values work' in the relatively mundane context (Adla et al., 2020) of day-to-day delivery of environmental advice and support to SMEs. The study also demonstrated how, through active collaboration between academics and practitioners, it was possible to operationalise these concepts in ways that could facilitate more effective engagements between intermediaries and their SME clients.

The latter stages of this project were overtaken by the COVID-19 pandemic. In contrast to the period following the 2008–2009 financial crisis, evidence suggests that concern for climate change and motivations for pro-environmental action amongst SMEs was undiminished. This may, in part, be explained by increased public awareness of nature and its role in mental wellbeing (Rousseau & Deschacht, 2020). Pandemic-related disruption has opened 'deliberative spaces' for SMEs (Adla et al., 2020), generating new discourses of resilience and survival, business purpose and values. The COVID-19 recovery presents an opportunity to capitalise on this epistemic openness by extending the scale and reach of values-based approaches, while also evaluating, adapting and refining the design and delivery of interventions. Technological and economic considerations will always play an important part in the decarbonisation of SMEs, but effecting real, lasting, transformational change in these organisations will also require considerable efforts to align interventions to their unique combinations of values.

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