DETE

SME Sustainability Research

Wave 2

November 2025

amárach
25 years of research

S24-161

An Roinn Fiontar, Turasóireachta agus Fostaíochta
Department of Enterprise, Tourism and Employment

Background

- The Department of Enterprise, Tourism and Employment commissioned Amárach to conduct research among Irish SMEs in relation to sustainability and wider trends.

- Amárach surveyed decision-makers in 344 businesses (SMEs: 85%, LSEs:15%). The questionnaire was developed by Amárach in collaboration with The Department. The survey was carried out online survey and fieldwork ran for **the second wave from the 4th to 11th November 2025**.

- This is the second quantitate wave of the research, **the first wave was carried out in November 2024** among 310 businesses (SMEs: 85%, LSEs:15%). A qualitative study consisting of six depths and one focus group was also completed in February 2025.

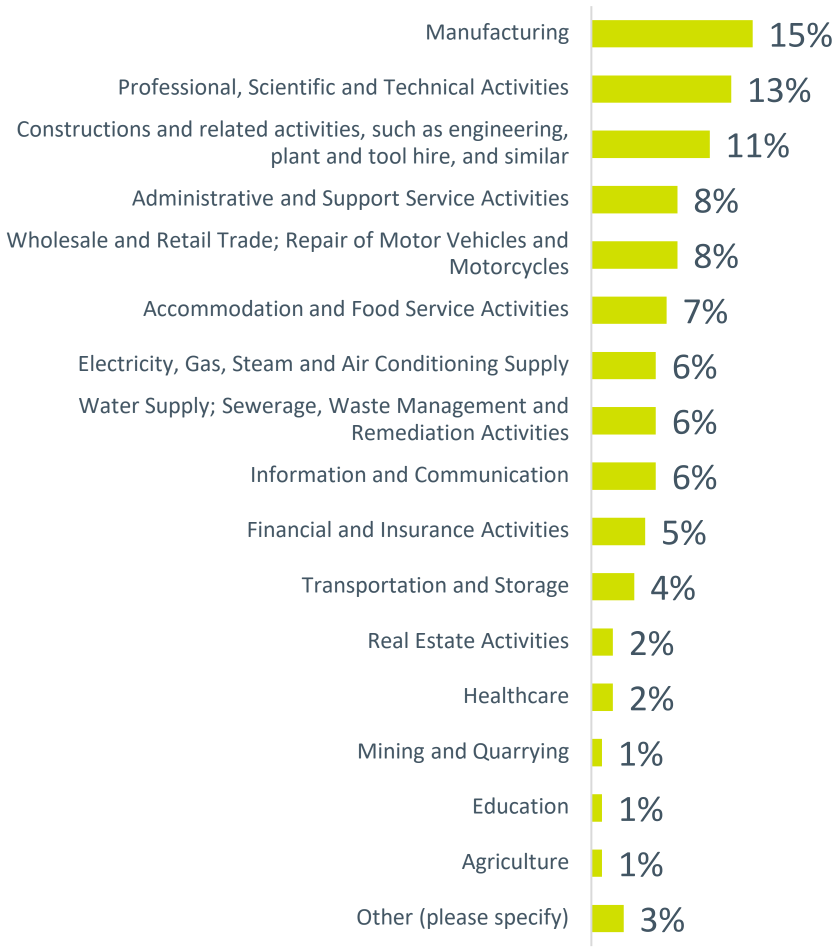
- The purpose of the research is to identify what factors motivate/demotivate SMEs and micro companies to become more sustainable; as well as what language resonates with SMEs about sustainability; and to establish a set of indicators for the current level of sustainability among SMEs, which can be used to measure their progress in this area.

- This report summarises the key findings and their implications, with reference made to Wave 1 findings where appropriate.

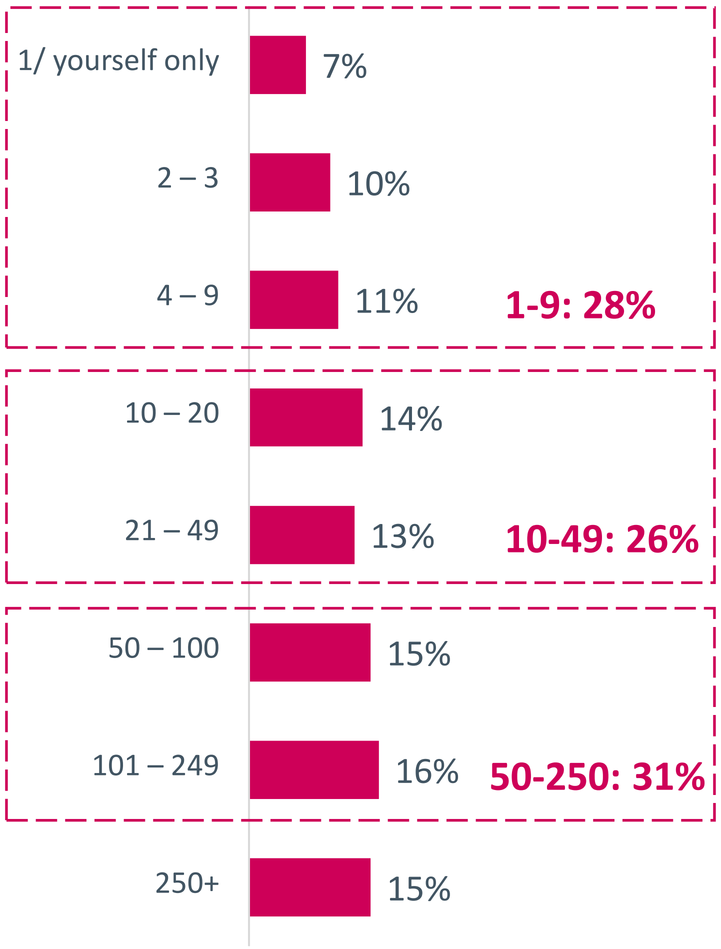
Sample Profile

Sample profile - I

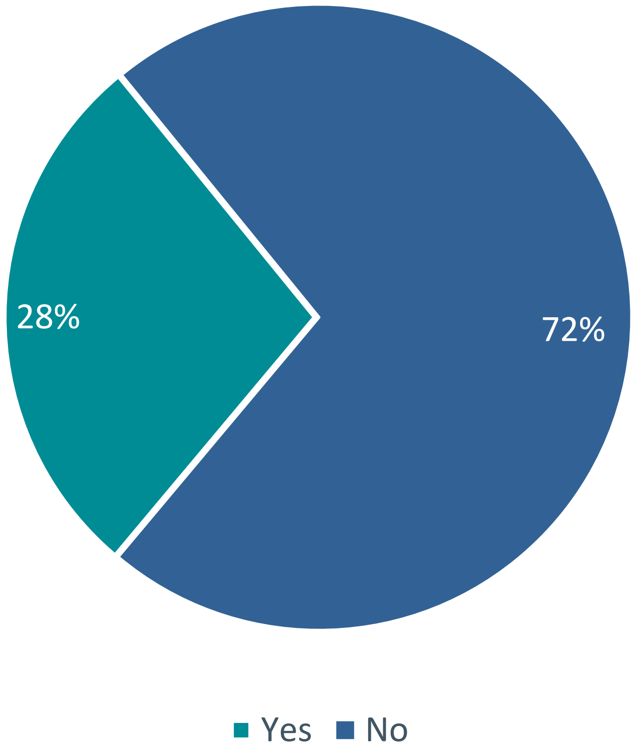
Sector



Employees

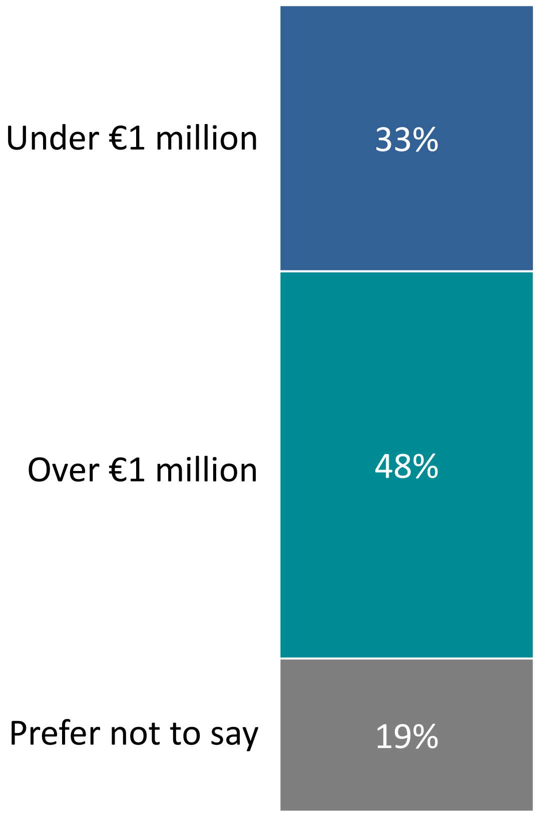


Export Outside Ireland

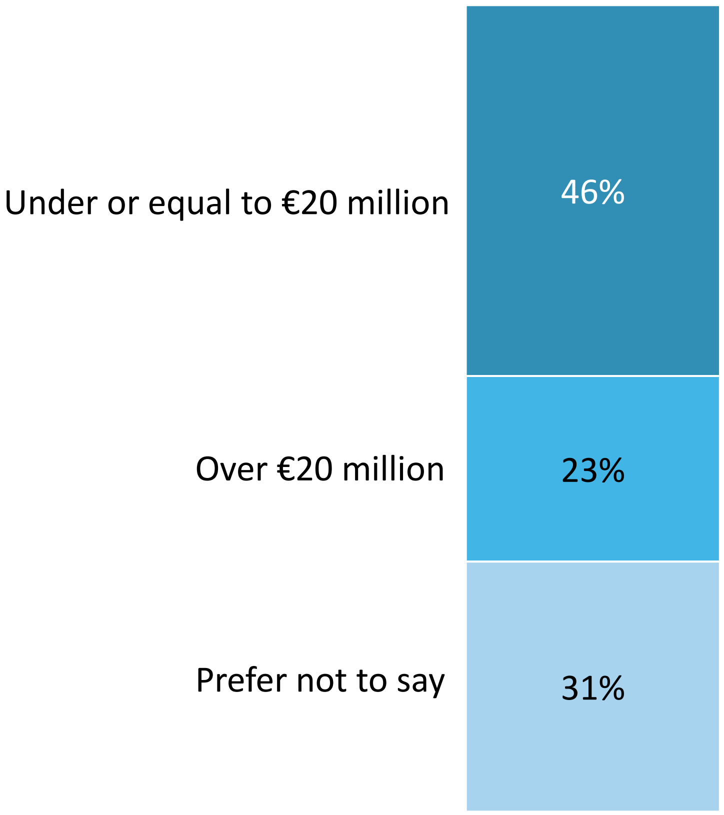


Sample profile - II

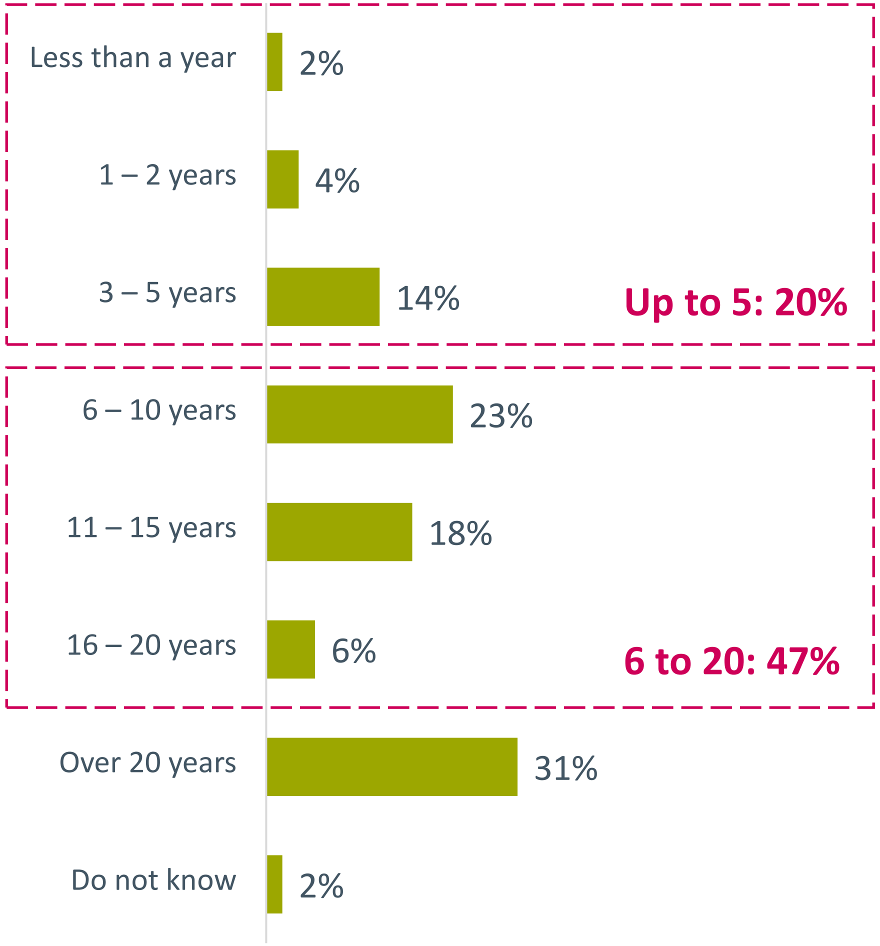
Annual Turnover



Balance sheet



Length of time business running



MAIN FINDINGS

Strategic Context

Strategic Context - I

- **Climate Impact & Awareness**
  - **About one in four say climate change is currently affecting their business**, unchanged from Wave 1.
  - **Larger and longer-established businesses feel the impact most.** However, 46% of organisations with 250+ employees and 41% of those operating 20+ years report being affected, compared to just 28% of micro businesses.
  - **Adverse weather has become the dominant impact.** Among affected businesses, 71% cite weather impacts (up significantly from 36% in Wave 1), highlighting the impact recent extreme weather events have on making climate and sustainability issues tangible to businesses.
  - **Only 13% know their business's carbon footprint**, down from 23% in W1 and a significant capability gap as you can't manage what you don't measure.
- **Understanding & Importance**
  - **85% say sustainability is important to their business day-to-day**, maintaining the high levels recorded in Wave 1 (83%).
  - **However, only 66% understand what it means for their business**, creating a clear gap where 1 in 3 organisations know sustainability matters but are not sure why or how it applies to them.
  - **Micro businesses lag behind significantly**, with just only 73% rating sustainability as important compared to 94% of medium-sized firms; this "micro gap" is apparent throughout the research.

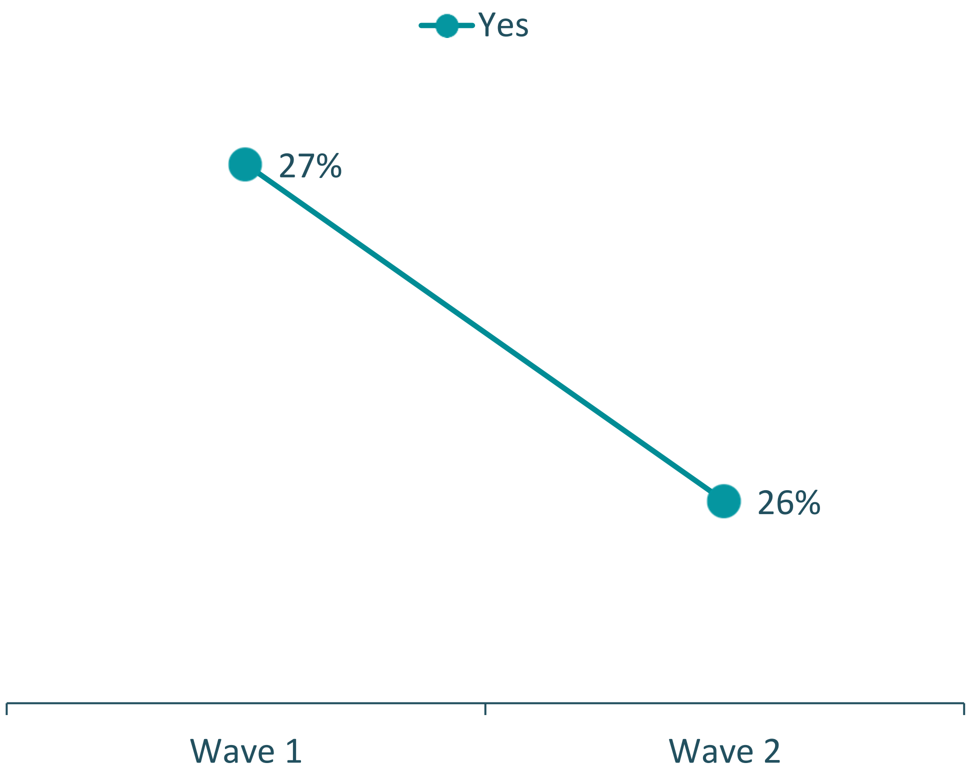
Strategic Context - II

- **The Sustainability Journey**
  - **68% are less than halfway through their sustainability journey**, with only 2% considering themselves fully sustainable, in line with Wave 1 results.
  - **Businesses are positive in their intentions for progress.** When asked where they'll be in 3 years, only 50% expect to still be less than halfway (W1: 52%).
  - **37% report having a written sustainability plan in place, with a similar proportion (34%) believe that sustainability credentials are important for customers when selecting businesses like theirs.**

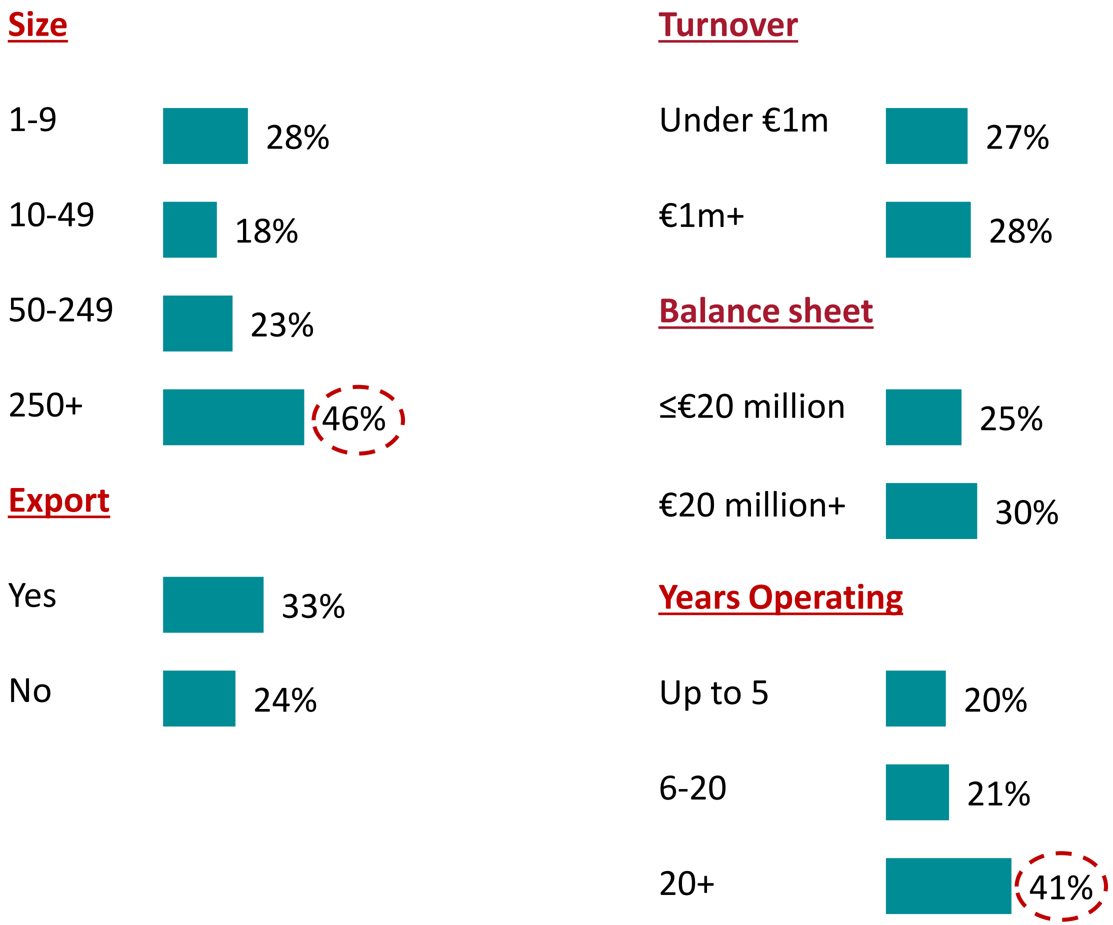
- **Motivations**
  - While businesses recognise there are a range of benefits of acting sustainably, **values and money are the main drivers,** with *making a positive difference* (35%) and *saving money* (34%) the top motivators.
  - **Regulatory pressure is rising fast**, compliance with regulations jumped to 30% (W1: 20%), reflecting growing awareness of incoming sustainability requirements/legislation.
  - **Customer and competitor pressure rank lower.** Customer demand (16%) and competitor response (14%) are not yet primary drivers but may grow as supply chain requirements increase.

Overall, one-quarter (26%) say their business is being affected by climate change at present, in line with wave 1 rates (27%). However, as was also the case in W1, this rises significantly for larger sized organisations (46%) and those in operation for 20+ years (41%).

(BASE : All respondents – 344)



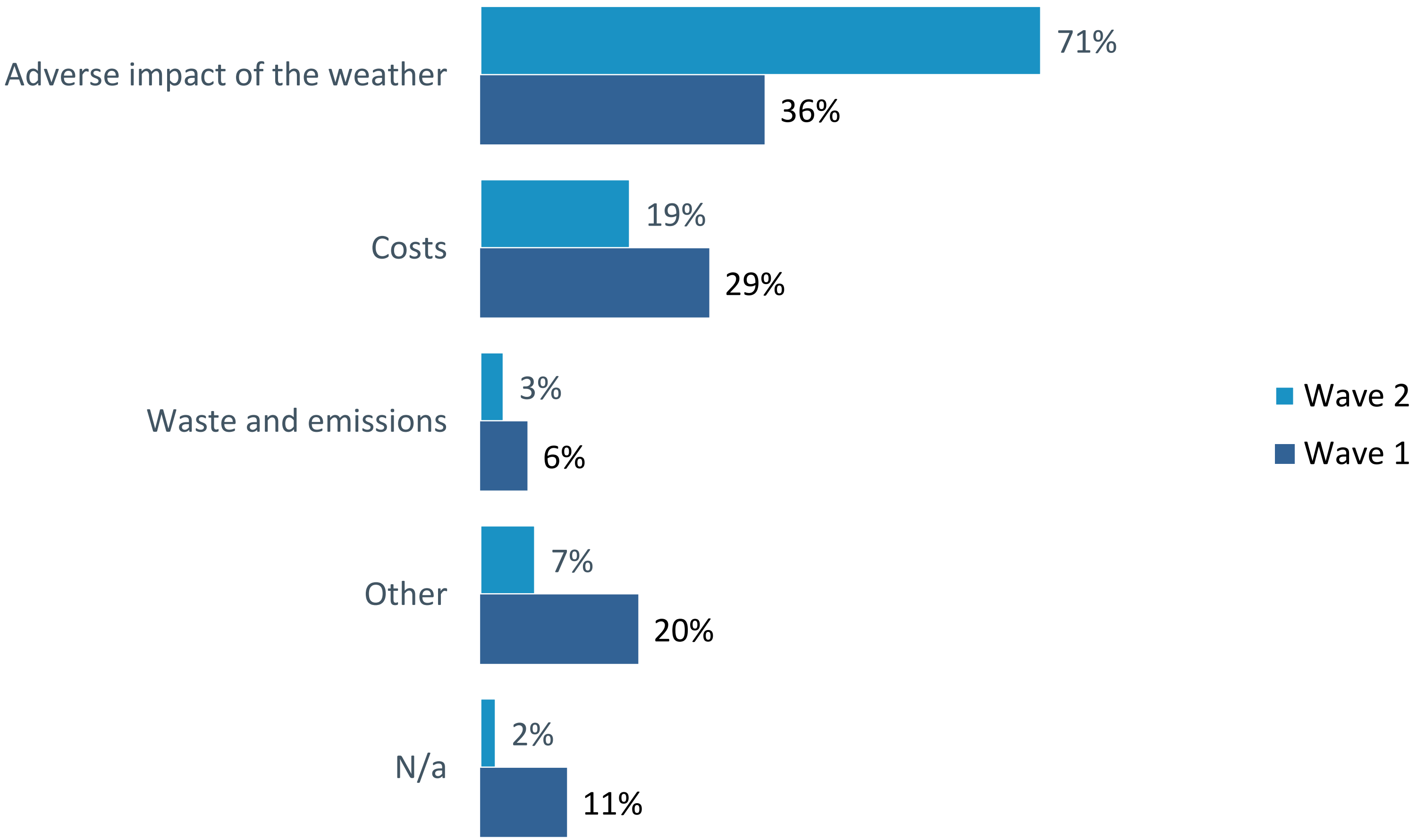
DEMOGRAPHICS FOR YES



Q Would you say your business is being affected by climate change at present?

Among those who reported their business being affected by climate change at present, adverse impacts of weather and costs once again are top, with adverse weather up significantly on Wave 1

(BASE : All who said business affected by climate change – 91)

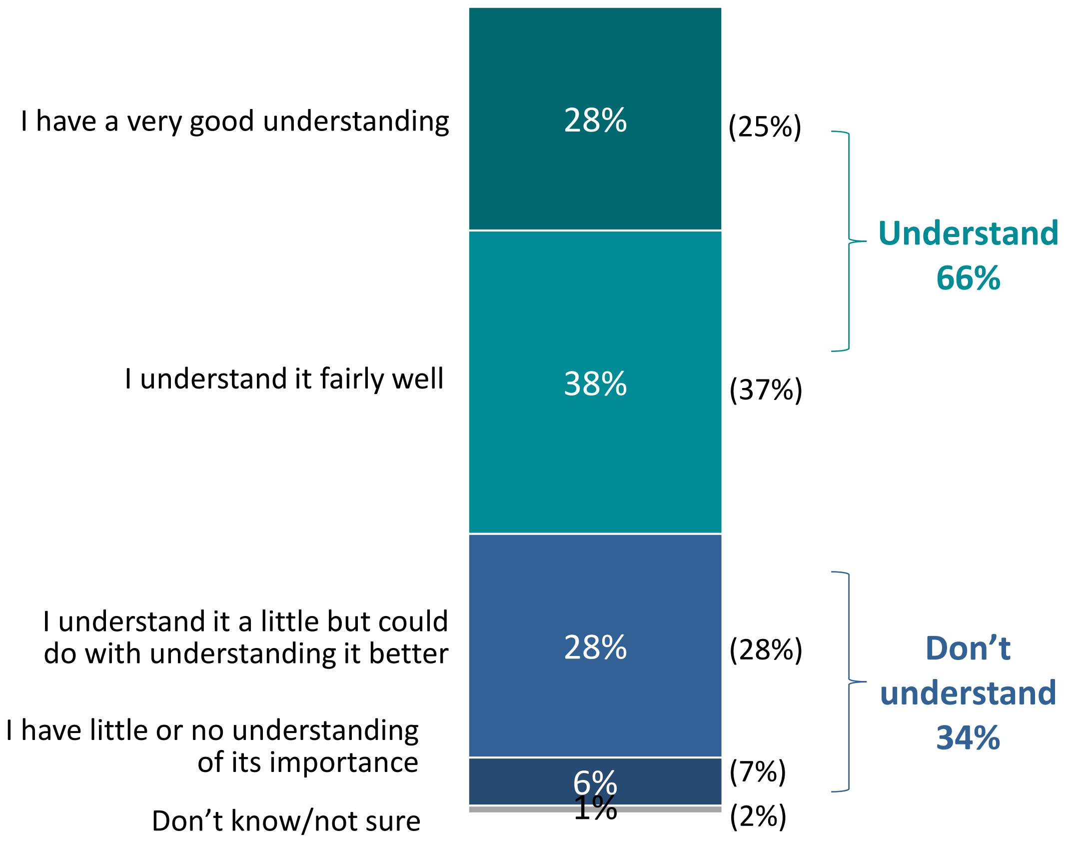


Q In what ways is your business being affected? Please answer as fully as you can.

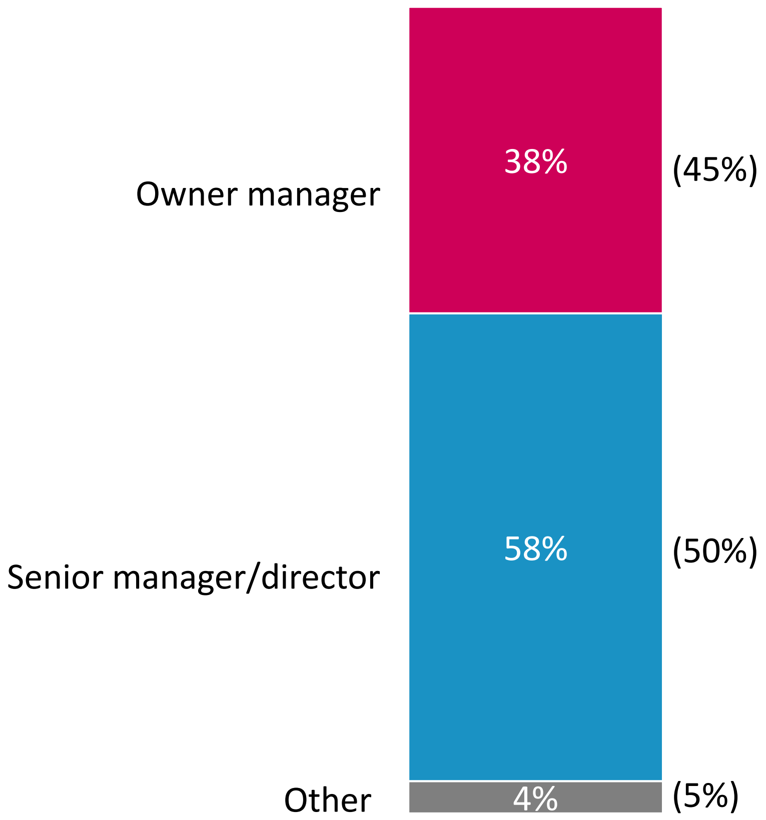
Two-thirds (66%) report they understand the importance of sustainability to their business *fairly well* or *have a very good understanding,* similar to Wave 1 levels (62%). Responsibility for sustainability lies primarily with senior management.

(BASE : All respondents – 344)

Understanding of the Importance of Sustainability to your Business



Where responsibility for sustainability issues primarily lie within your organisation



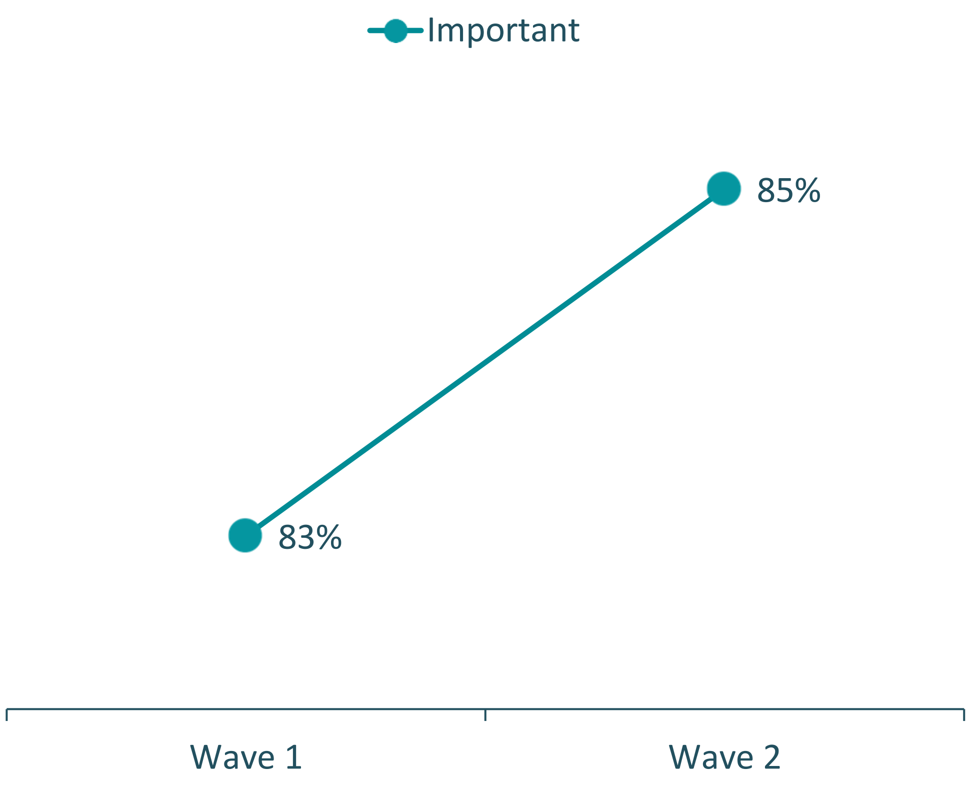
() = Wave 1

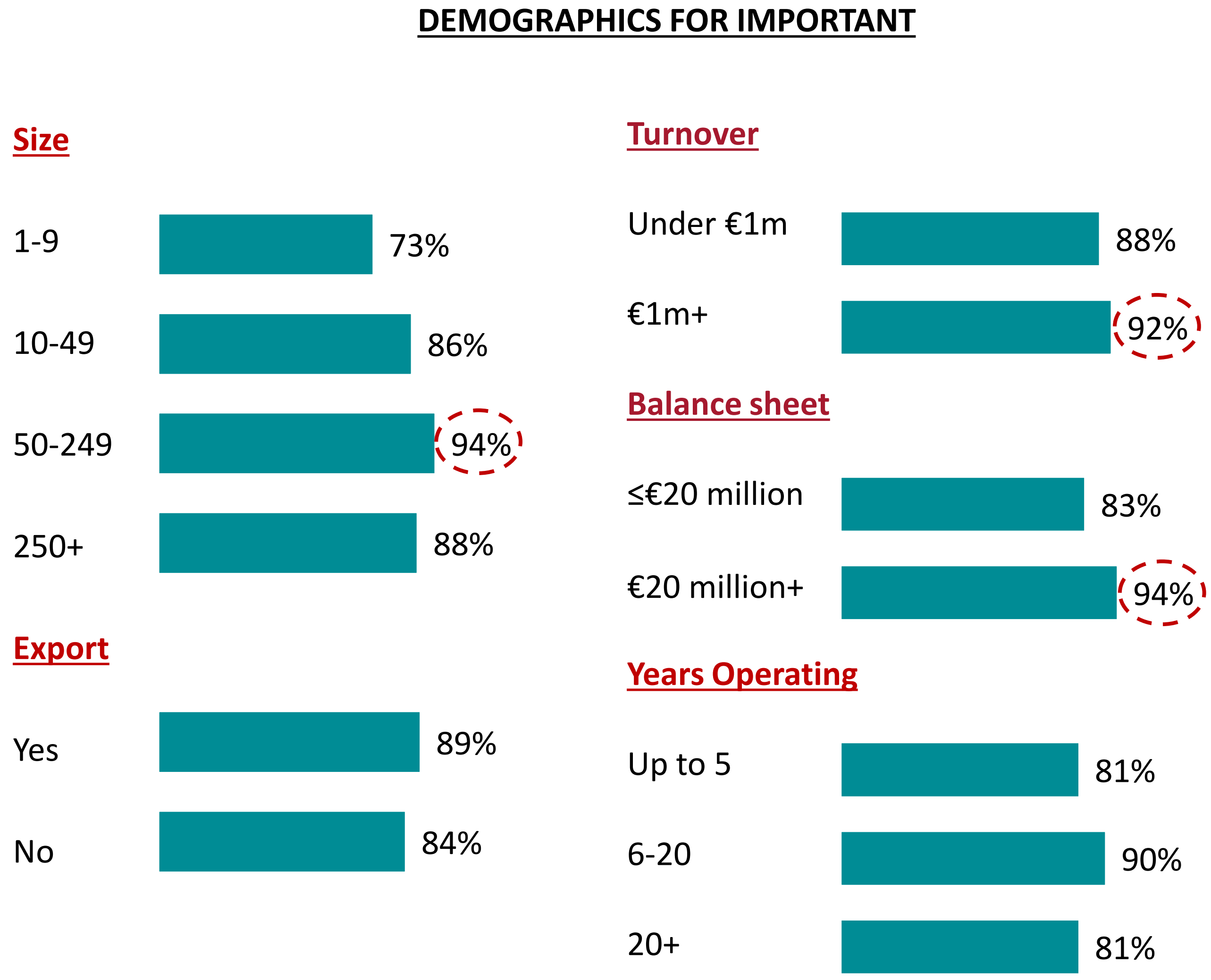
Q To what extent would you say you understand the importance of sustainability to your business?

Q At what level does responsibility for sustainability issues primarily lie within your organisation?

Over eight in ten (85%) describe sustainability as being important to their business on a day-to-day basis, in line with Wave 1 (83%). Larger organisations and those with a higher turnover and balance sheet over index.

(BASE : All respondents – 344)

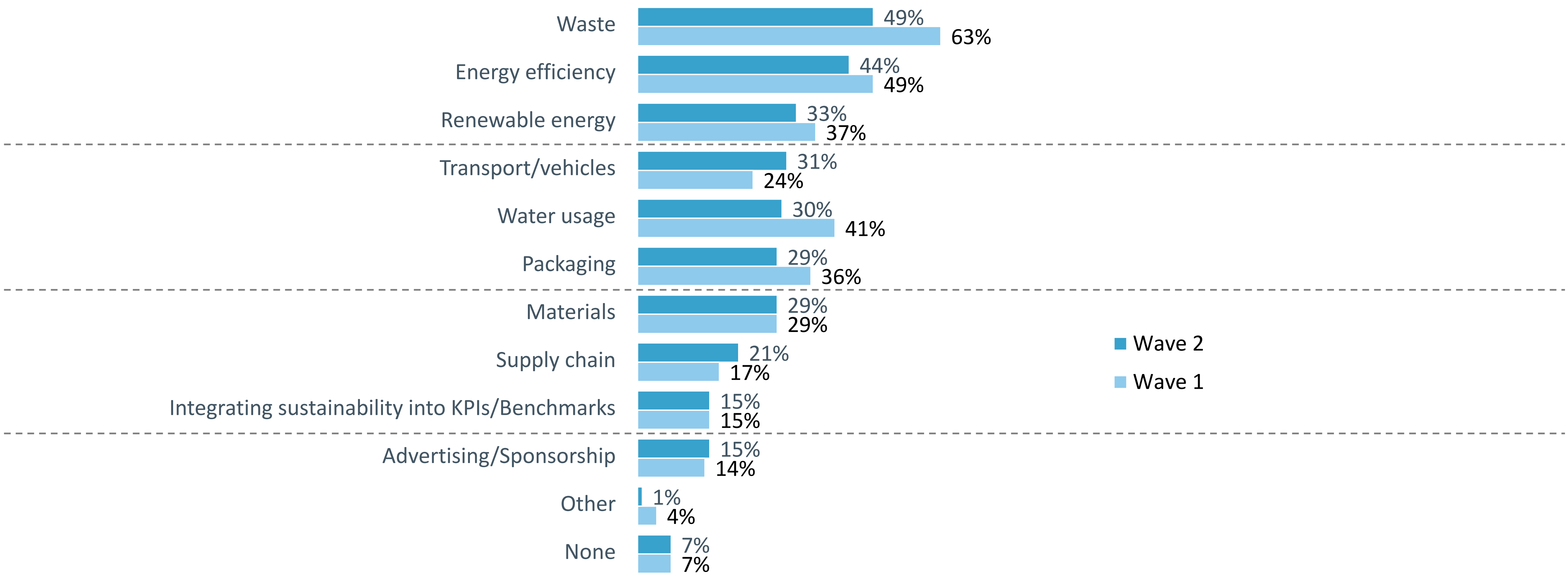




Q How important is sustainability to your business on a day-to-day basis?

Waste, energy efficiency and renewable energy are the top business areas where steps are taken to be more sustainable, with transport, water usage, packaging and materials also featuring highly

(BASE : All respondents – 344)

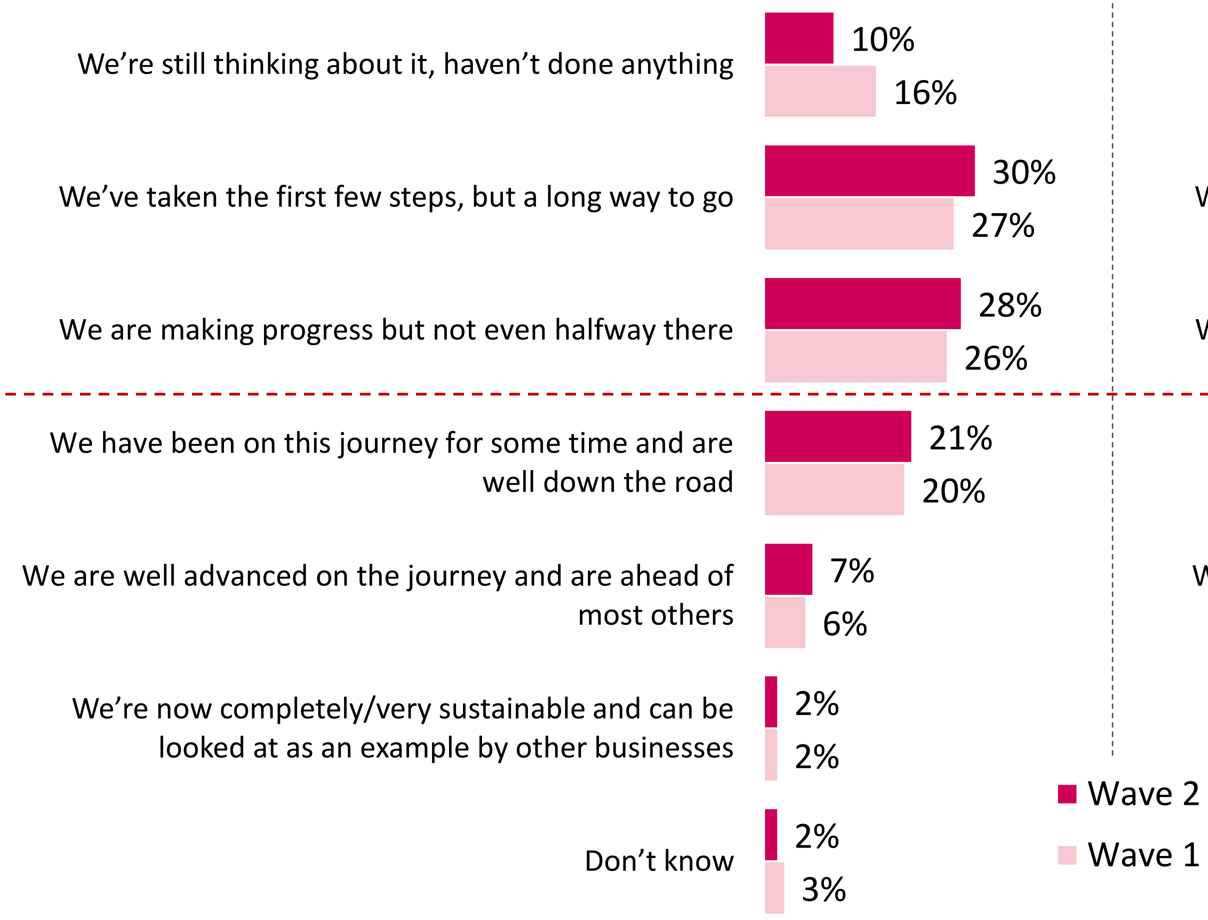


Q In which business areas, if any, has your business already taken steps to be more sustainable?

7 in 10 (68%) report they are less than halfway into their journey towards sustainability. When looking forward three years, this drops to 50%, indicating positive intentions for many businesses. Current and future journey positions are largely in line with wave 1 levels (W1: 69%, 52%).

(BASE : All respondents – 344)

Where would you say you are?



Where will you be in 3 years' time?

Q Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?

Q And where will you be in 3 years' time?

The main reasons stated for undertaking sustainability initiatives are *to make a positive difference* (35%), *to save money* (34%), and *regulatory compliance* (30%). Ethical, reputational, and operational reasoning also feature highly.

(BASE : All respondents – 344)

	1st mention	Top 3	Wave 1 1st Mention	Wave 1 Top 3 Mentions
To make a positive difference	15%	35%	19%	**32%**
To save money/reduce certain business costs	14%	34%	17%	**29%**
In order to comply with regulations and standards	10%	30%	11%	20%
It's something our organisation believes in	10%	28%	13%	**23%**
To improve our brand and reputation	10%	28%	6%	15%
To improve our operational efficiency	7%	27%	9%	21%
It's what's expected of businesses like ours	5%	19%	6%	13%
Responding to customer demand	6%	16%	3%	9%
As a response to what our competitors are doing	4%	14%	3%	7%
To appeal to potential recruits	4%	12%	1%	4%
To ensure suppliers are up to standard	4%	12%	2%	6%
To identify and grow new sources of business	3%	12%	4%	8%
As a response to pressure from the community we're based in	4%	11%	*	3%
To keep investors happy	3%	9%	2%	4%
Don't know	2%	2%	3%	3%

Q What are the main reasons for your organisation undertaking sustainability initiatives?

Importance of strong compliance with sustainability requirements
Firmographics

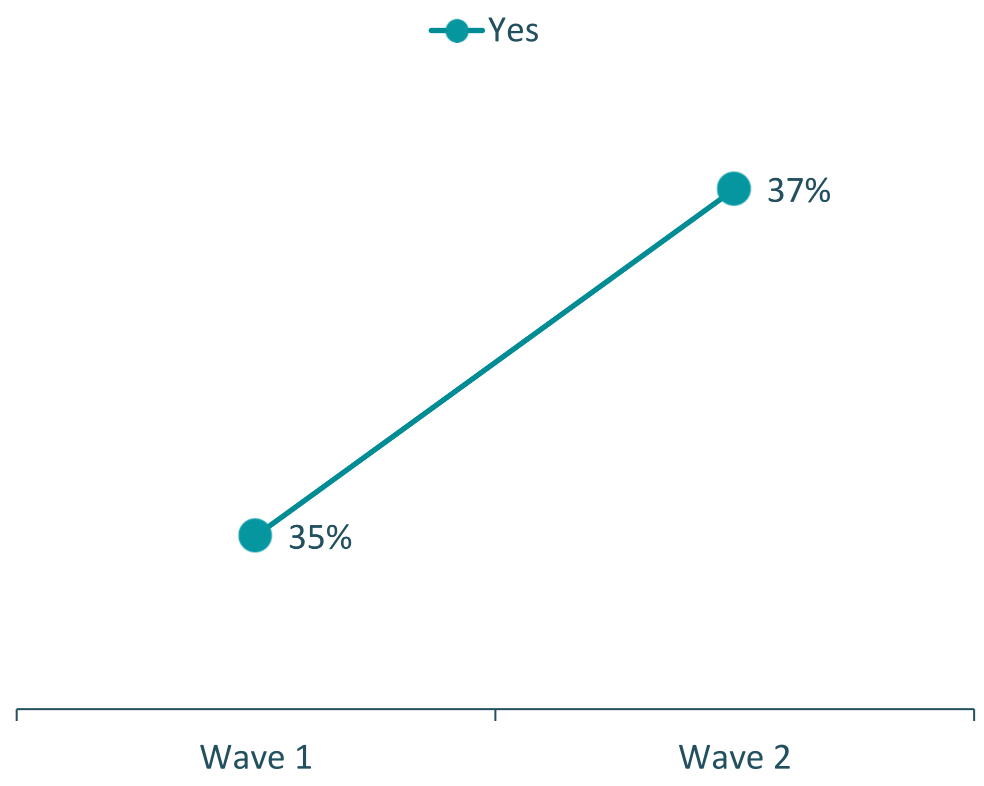
- Larger organisations are among the most likely to report strong compliance with sustainability requirements will be important for their ability to meet new laws and regulations
- Medium sized organisations over index for stating compliance will be important for attracting and retaining clients as week as for becoming more competitive

Important (total)	TOTAL	SIZE: 1-9	SIZE: 10-49	SIZE: 50-249	SIZE: 250+	EXPORT: Yes	EXPORT: No	TURNOVER: Under €1m	TURNOVER: €1m+	BALANCE SHEET: ≤€20 million	BALANCE SHEET: €20 million+	YEARS OPERATING: Up to 5	YEARS OPERATING: 6 to 20	YEARS OPERATING: 20+
N=	*344*	*96*	*91*	*107*	*50*	*95*	*249*	*114*	*164*	*157*	*79*	*69*	*162*	*106*
Your ability to meet/comply with new laws and regulations	85%	77%	85%	87%	98%	84%	86%	82%	90%	89%	78%	75%	87%	91%
Reducing costs	83%	78%	84%	85%	86%	78%	85%	81%	84%	84%	75%	86%	81%	83%
Attracting and retaining customers and clients	80%	66%	82%	89%	86%	79%	81%	75%	87%	80%	81%	74%	86%	76%
Becoming more competitive	79%	68%	77%	93%	76%	86%	77%	78%	84%	80%	84%	72%	88%	72%
Acting as a point of brand differentiation in your market	74%	64%	75%	83%	74%	76%	73%	68%	80%	76%	66%	74%	75%	72%
Attracting and retaining key staff	69%	53%	64%	81%	80%	75%	66%	60%	76%	65%	84%	71%	73%	61%

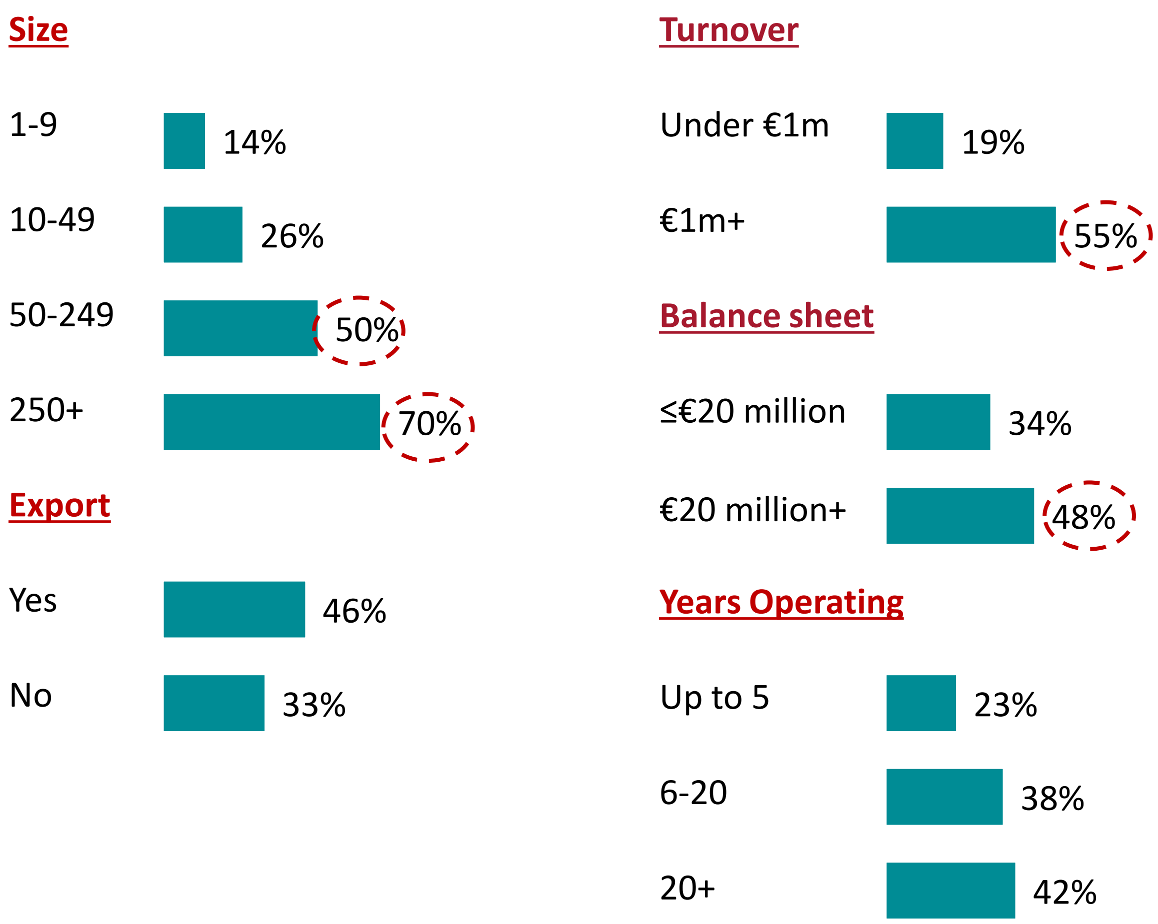
Q Thinking about the next 3 years, how unimportant or important do you believe strong compliance with sustainability requirements will be for the following?

Just over one-third (37%) of organisations have a written sustainability strategy in place, in line with Wave 1 (35%), with medium (50%) and large (70%) sized organisations, turnovers of €1m+ (55%) and balance sheets of €20m+ (48%) among the most likely. Micro organisations are significantly less likely to have a written sustainability plan in place.

(BASE : All respondents – 344)



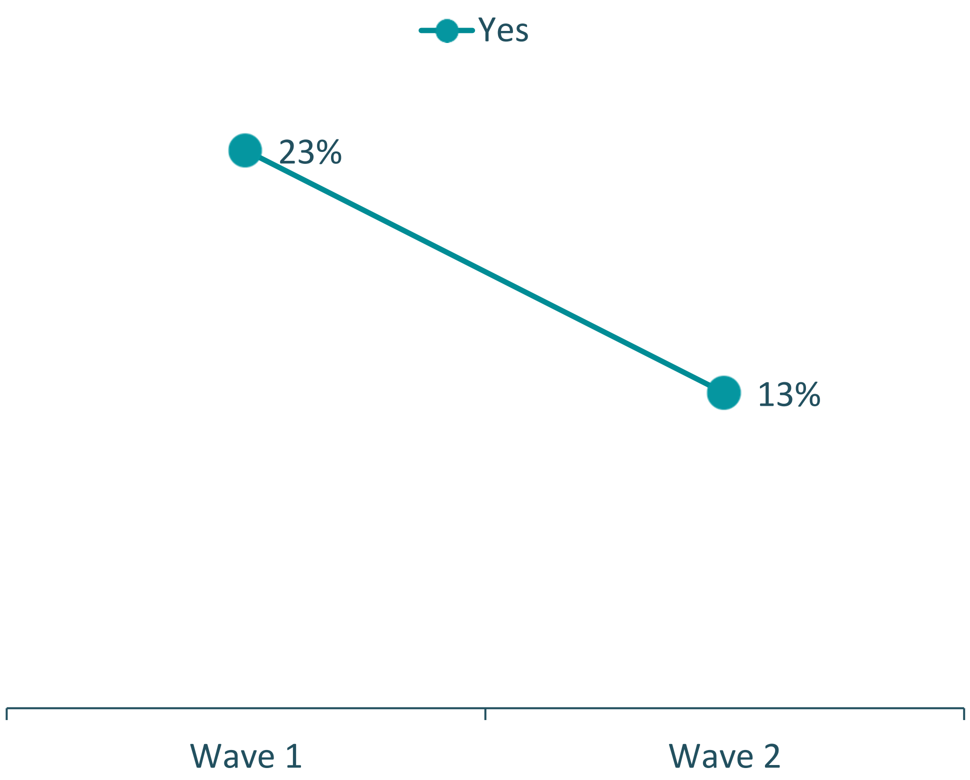
DEMOGRAPHICS FOR YES



Q Does your organisation have a written sustainability strategy/plan in place?

13% of organisations state they know their businesses carbon footprint, with rates increasing for larger organisations, a drop from Wave 1 (23%)

(BASE : All respondents – 344)



DEMOGRAPHICS FOR YES

Size

1-9	5%
10-49	11%
50-249	20%
250+	20%

Export

Yes	17%
No	12%

Turnover

Under €1m	13%
€1m+	16%

Balance sheet

≤€20 million	13%
€20 million+	20%

Years Operating

Up to 5	12%
6-20	12%
20+	17%

Q Do you know the carbon footprint of your business?

Policy & Practice

Policy & Practice- I

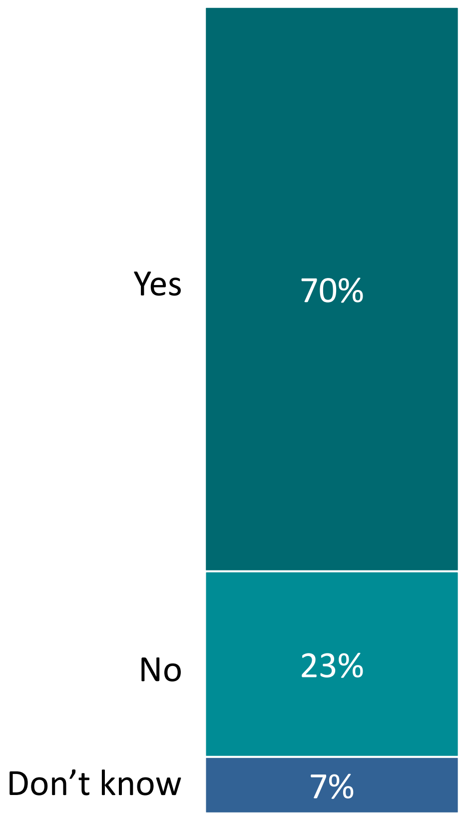
- **Strategy & Planning**
  - **Only 37% have a written sustainability strategy,** despite 85% saying sustainability is important, most lack a formal plan (W1: 35%).
  - There is a clear divide by business size, with **70% of large and 50% of medium sized organisations having a strategy vs only 14% of micro businesses.**
  - Among those with a written sustainability strategy, **70% have incorporated nature and biodiversity considerations.**
- **Where Action is Happening**
  - **Waste (49%), energy efficiency (44%), and renewable energy (33%) are the top action areas,** with most SMEs focusing on familiar, tangible sustainability measures.
  - **Measurement and KPIs are lagging,** with only 15% having integrated sustainability into KPIs/benchmarks.
- **Environmental Communication**
  - **Only 36% promote their environmental commitment on their website,** a missed opportunity for differentiation. Micro organisations are the least likely to communicate their efforts, at just 19%.

Policy & Practice- II

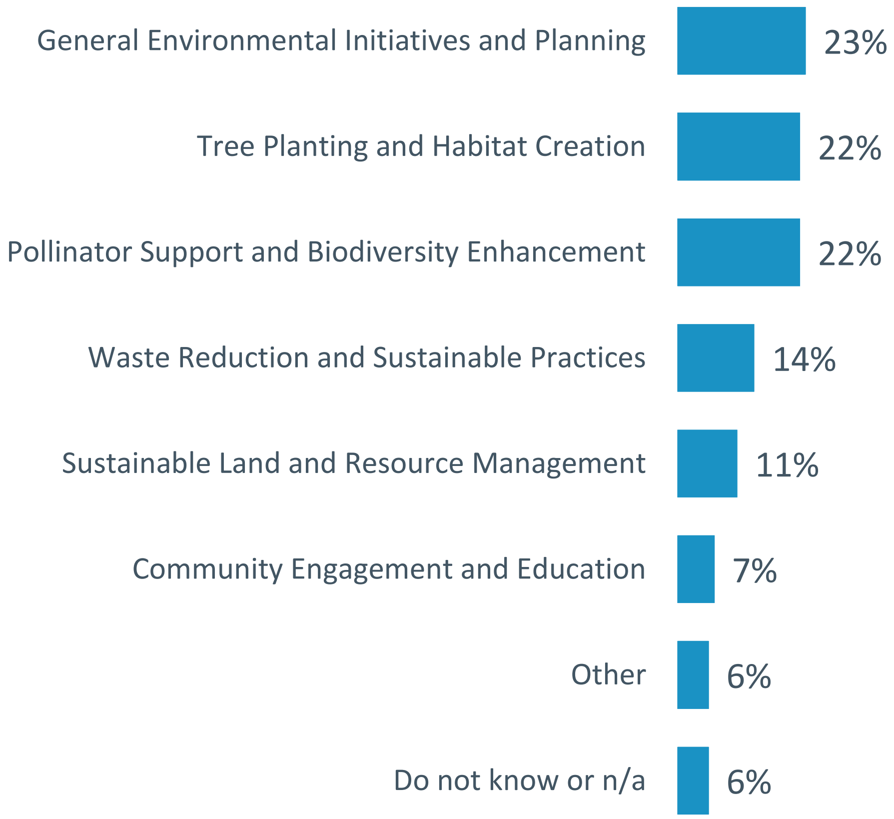
- **Circular Economy**
  - **35% report they participate in the circular economy** as buyers or sellers of circulated goods, however, this drops to just 21% for micro businesses.
  - **Encouragingly, 26% of non-participating businesses express interest**, suggesting the potential for real growth with better awareness and support.
  - **The main barrier to greater participation is perceived irrelevance**, a perception that could shift with better examples or shared case studies.

7 in 10 report they have incorporated nature/biodiversity into their sustainability strategy, with environmental initiatives, tree planting, and pollinator support being the most popular inititives

Incorporated nature/biodiversity into sustainability strategy
(n= 126)



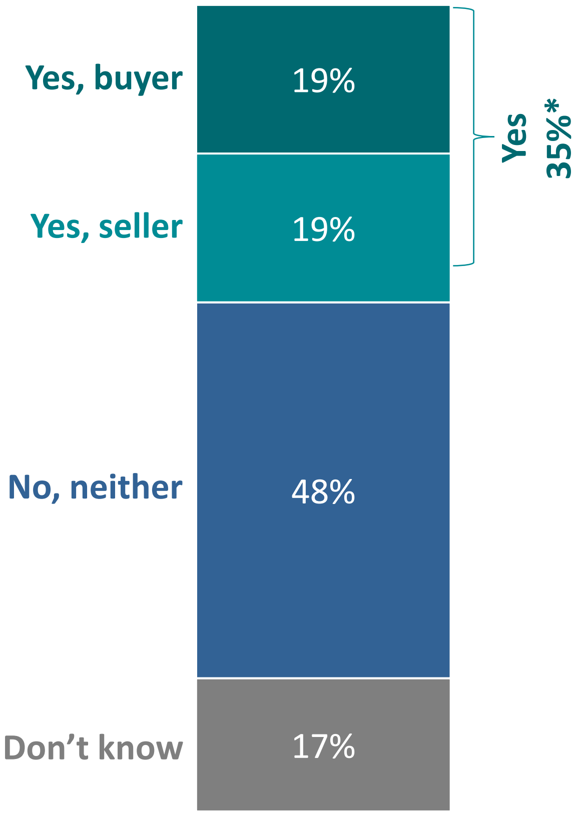
Nature/biodiversity initiatives in planning or have already introduced
(n= 88)



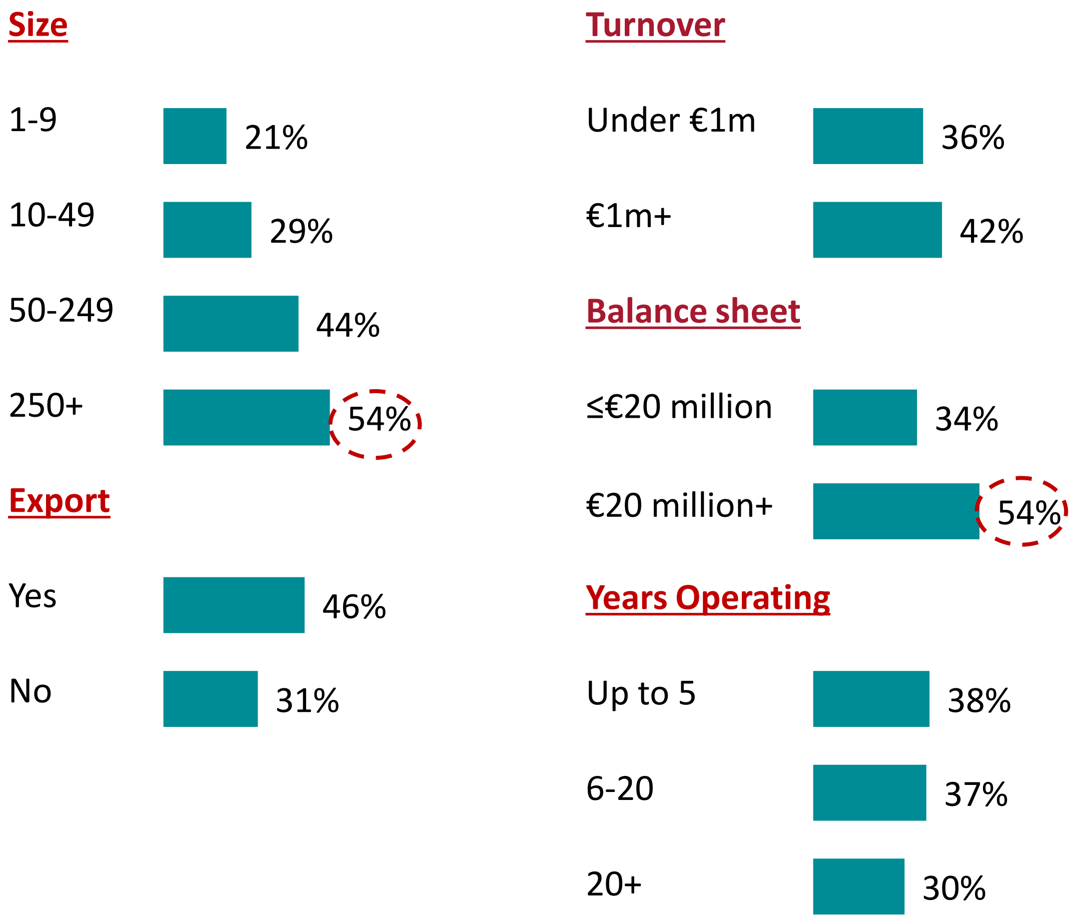
Q Have you incorporated nature / biodiversity into your sustainability strategy / plan (such as managing green areas to be pollinator-friendly, considering your supply chain to ensure minimal impact on nature, investing in nature restoration like planting trees or re-wetting bogs)?
Q Please provide summary information on any nature / biodiversity initiatives that you have in planning or have already introduced

One-third report being either a seller or buyer of goods or materials which have already been in circulation, with larger organisations (head count and balance sheet) over indexing

(BASE : All respondents – 344)



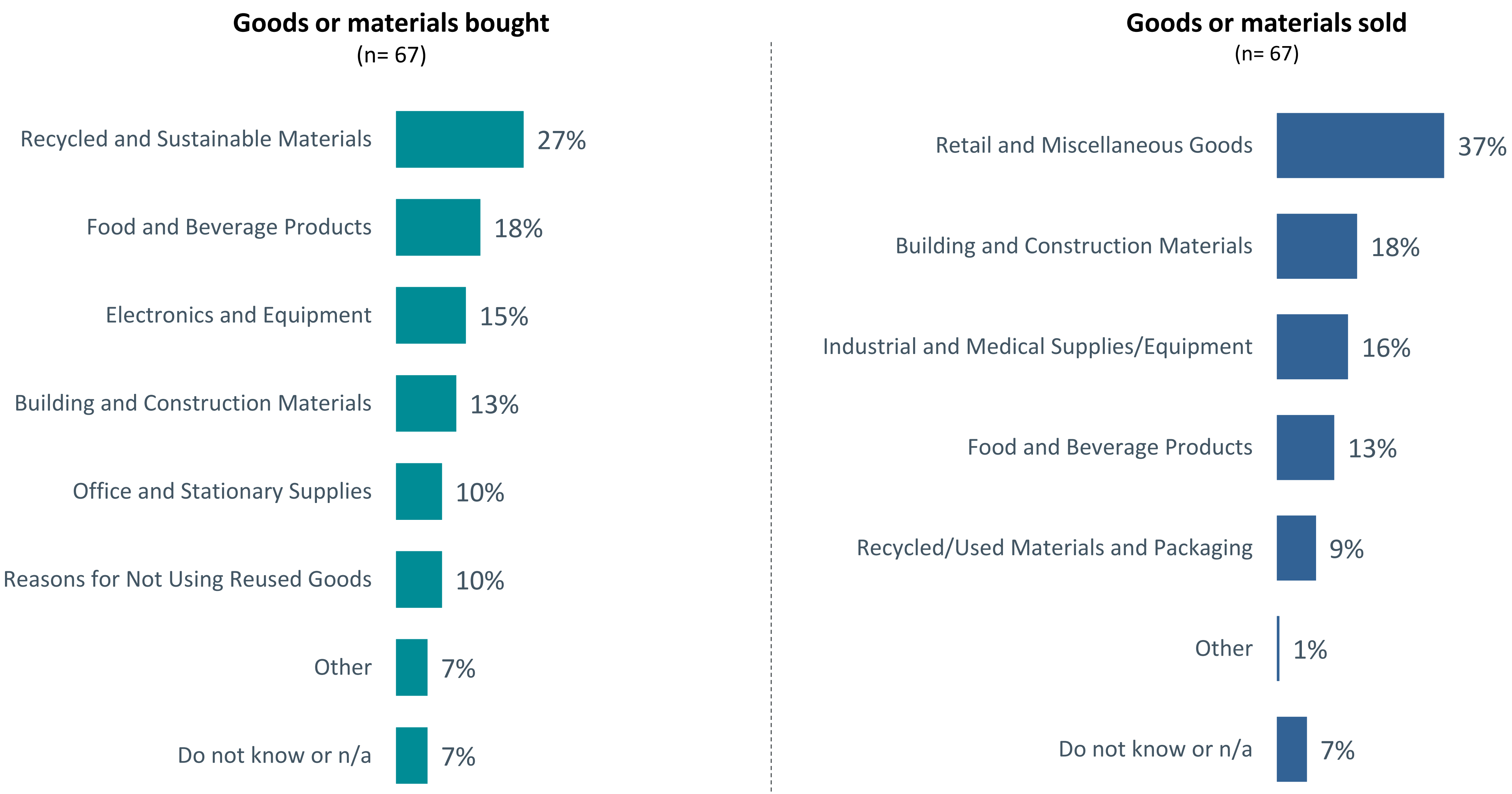
DEMOGRAPHICS FOR YES



**35% = individual respondents*

Q Is your business a seller or buyer of goods or materials which have already been in circulation for example: recycled materials / items, second-hand goods, recovered or secondary materials, re-used waste?

Recycled and sustainable materials top the list for goods bought, while retail goods are top for what is sold



Q Please provide list goods or materials bought
Q Please provide list goods or materials sold

One-quarter (26%) of those who do not currently buy or sell goods or materials which have already been in circulation express positive consideration of doing so. Of the rest, the main reason for not doing so is that its not applicable to their business.

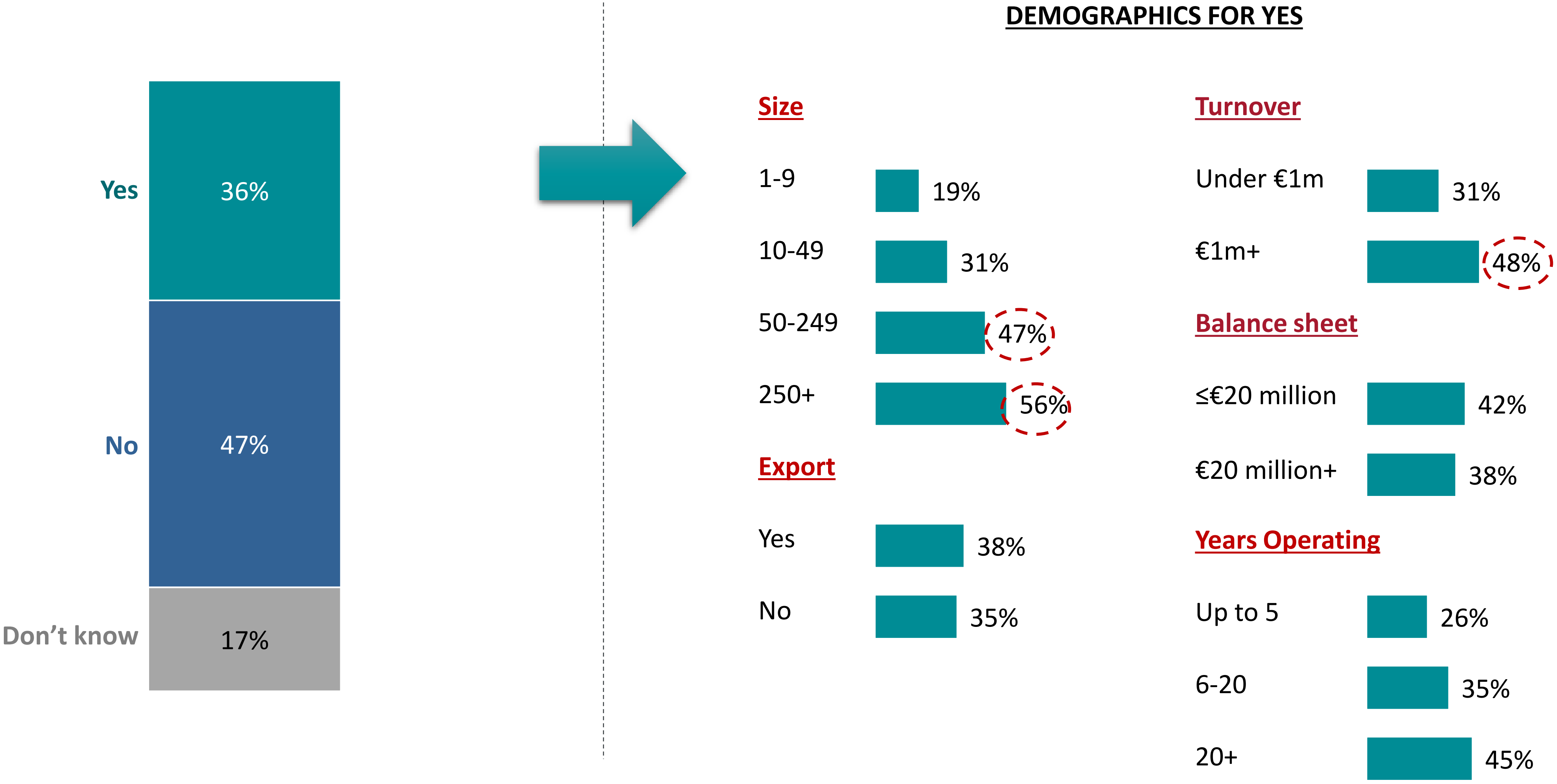
(BASE : Neither buyer nor seller – 165)

Goods or materials neither bought or sold
(n= 165)

Q Have you considered goods or materials which have already been in circulation and if not, why not?

One-third (36%) promote their environmental commitment or achievements and/or communicate their environmental practices on their website. Medium and larger organisations and those with higher levels of turnover over index.

(BASE : All respondents – 344)



Q Do you promote any form of environmental commitment / achievement and / or communicate your environmental practices on your website such as using renewable energy, implementing recycling practices, improving energy efficiency or any sustainability certification that you have?

Partners & Support

amárach
25 years of research

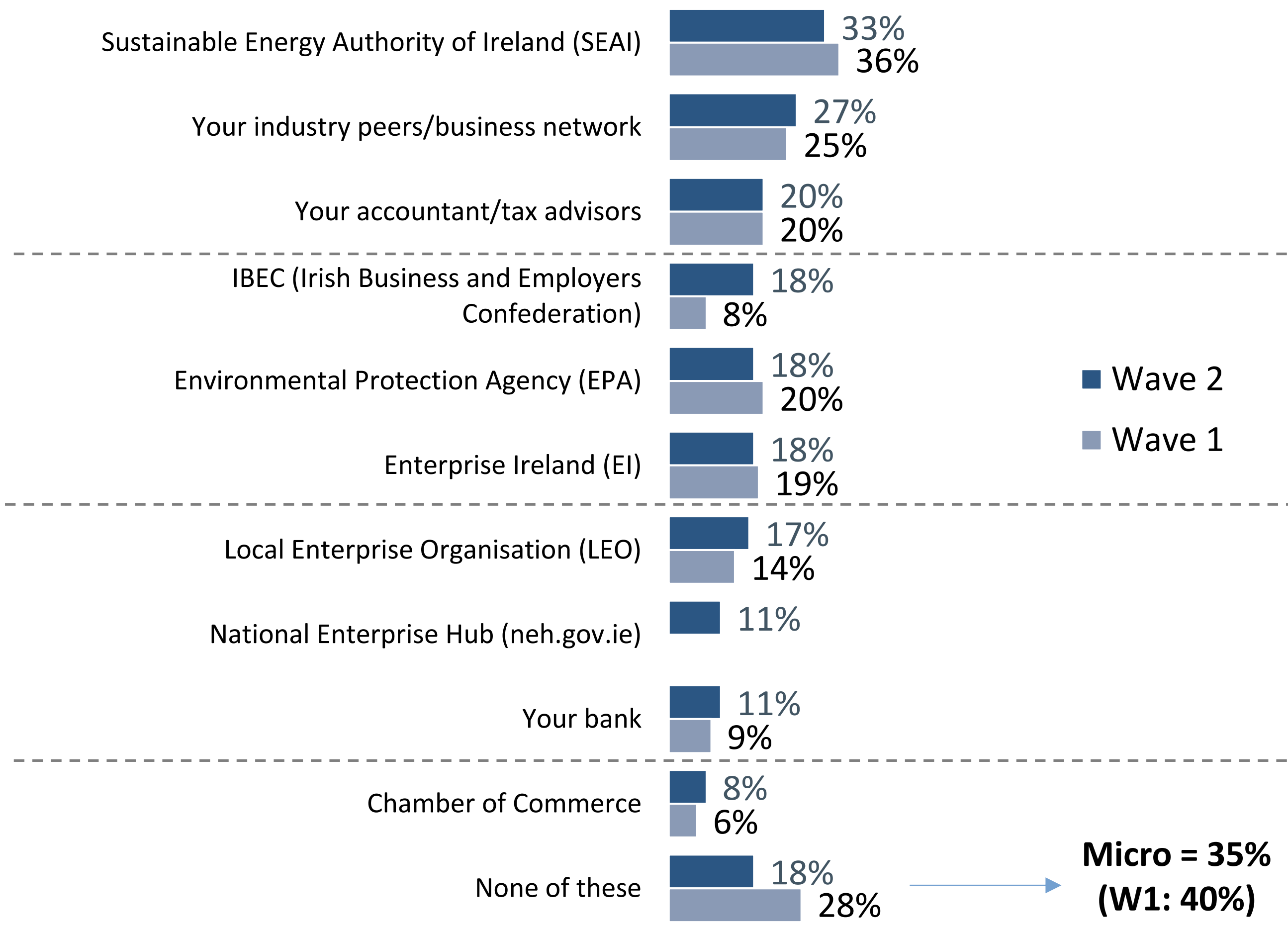
Partners & Support

- **Sources of Advice**
  - **SEAI is the go-to source**, with 33% having used SEAI for sustainability advice, and 35% planning to do so in future. Peers and business networks rank second, at 27%, reflecting the value of learning from similar businesses as well as highlighting an openness to businesses doing so.
  - **However, 18% have not sought advice from any source**, rising to 35% among micro businesses, who are largely navigating alone.
- **Awareness of Financial Supports**
  - Among all schemes listed, **the Energy Efficiency Grant (60%) and SEAI's Business Energy Upgrade Scheme (60%) have the highest levels of awareness**.
  - **Levels of awareness of certain schemes are growing significantly**: Growth & Sustainability Loan Scheme: 45% (up from 35% in W1) and Climate Toolkit 4 Business: 40% (up from 27% in W1), however, there is a drop from 67% in Wave 1 to 60% for awareness of the Energy Efficiency Grant. Overall, micro organisations show lower levels of awareness of the schemes.
  - **Relevance is high among the aware**, 50% to 60% of those who know about supports say they're relevant to their business, underlining the importance of continued education and communication.
- **Advice Received**
  - **Recycling waste (46%), water reduction (33%), and energy efficiency (28%) are the top areas of advice**, reflecting the operational focus of most businesses. These were the same top 3 in Wave 1. 16% have received no sustainability advice.

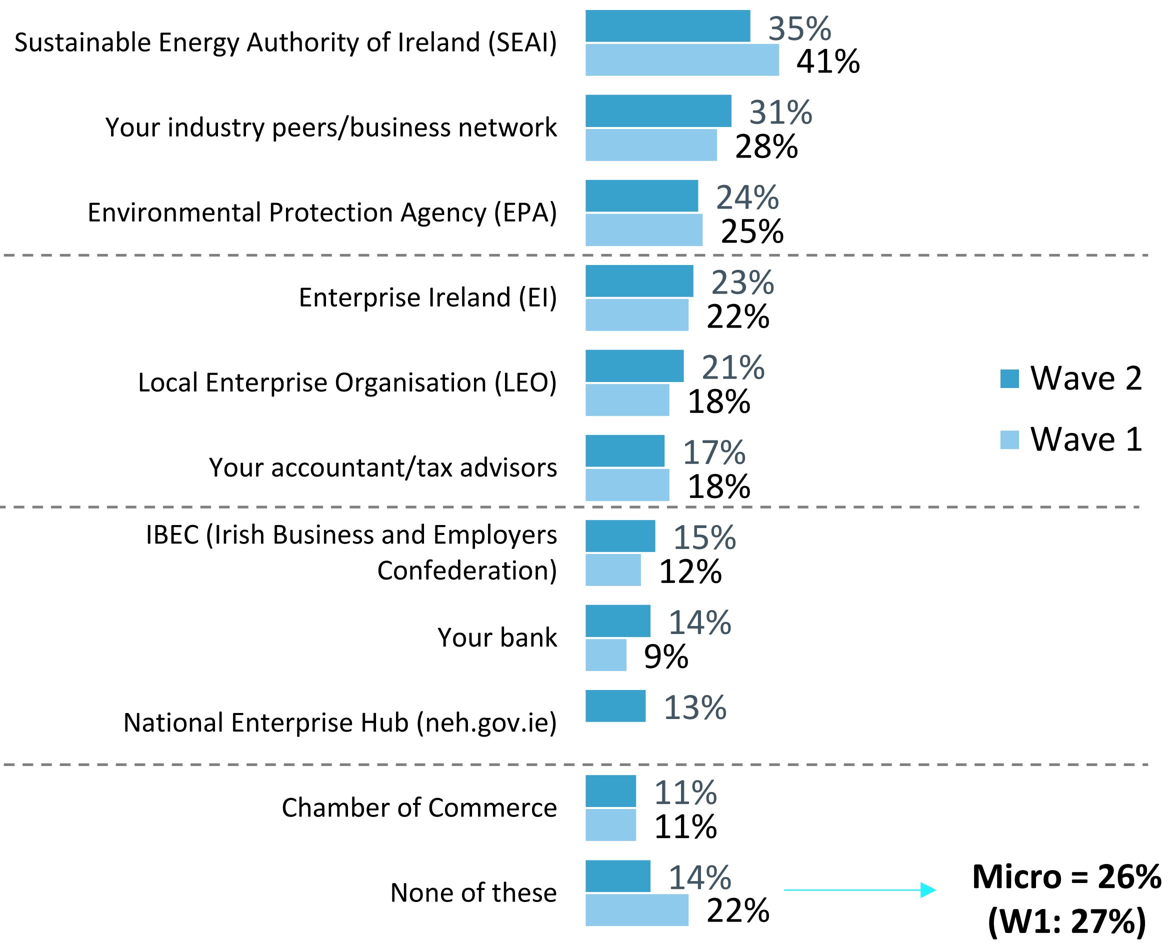
The most popular sources to have availed of advice are the SEAI, peers, and accountants. When looking to the future, the top 2 remains the same followed by the EPA. 18% report they have not availed of advice from any group listed and 14% do not plan to avail of advice in the future. As in W1, micro firms over index for *None of these.*

(BASE : All respondents – 344)

Availed of advice



Plan to do so in the future



Q From which of the following, if any, have you availed of advice to help your business be more sustainable?

Q From which of the following, if any, do you plan to avail of advice to help your business be more sustainable in the future?

Recycling waste, followed by *reducing water usage*, and *greater energy efficiency* are the most common areas of advice that organisations have received, as was also the case in Wave 1

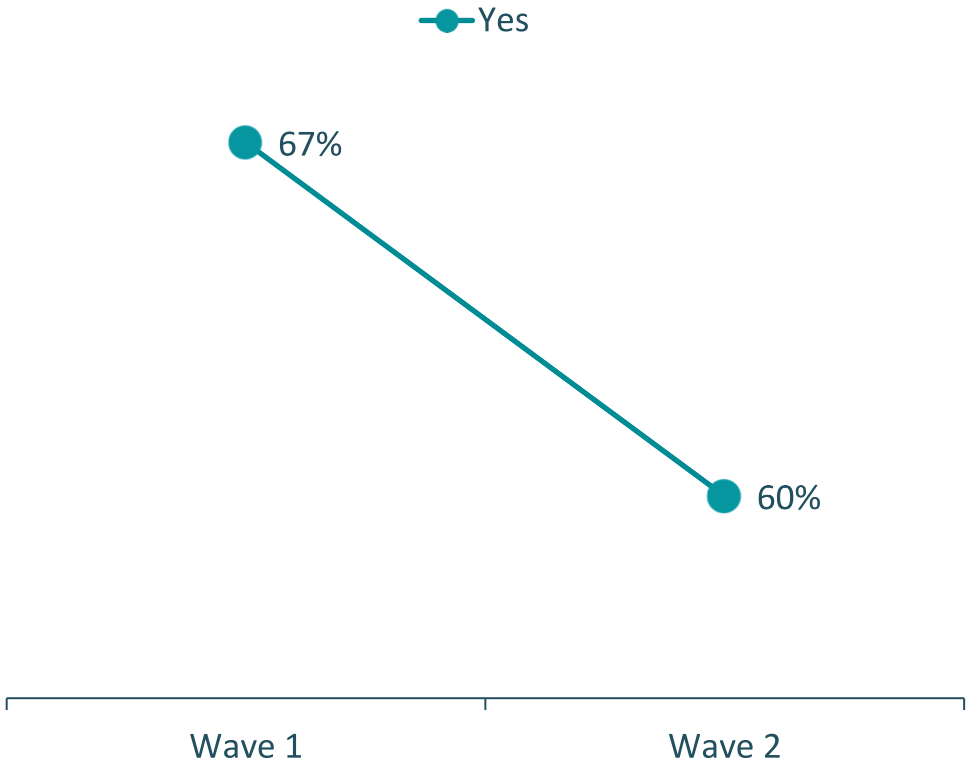
(BASE : All respondents – 344)

Q Have you received sustainability-related advice on any of the following in your organisation?

Three-fifths (60%) state they have heard of the *Energy Efficiency Grant,* down slightly on Wave 1 levels

(BASE : All respondents – 344)

The Energy Efficiency Grant



DEMOGRAPHICS FOR YES

Size

1-9	58%
10-49	57%
50-249	66%
250+	56%

Export

Yes	63%
No	59%

Turnover

Under €1m	55%
€1m+	65%

Balance sheet

≤€20 million	62%
€20 million+	63%

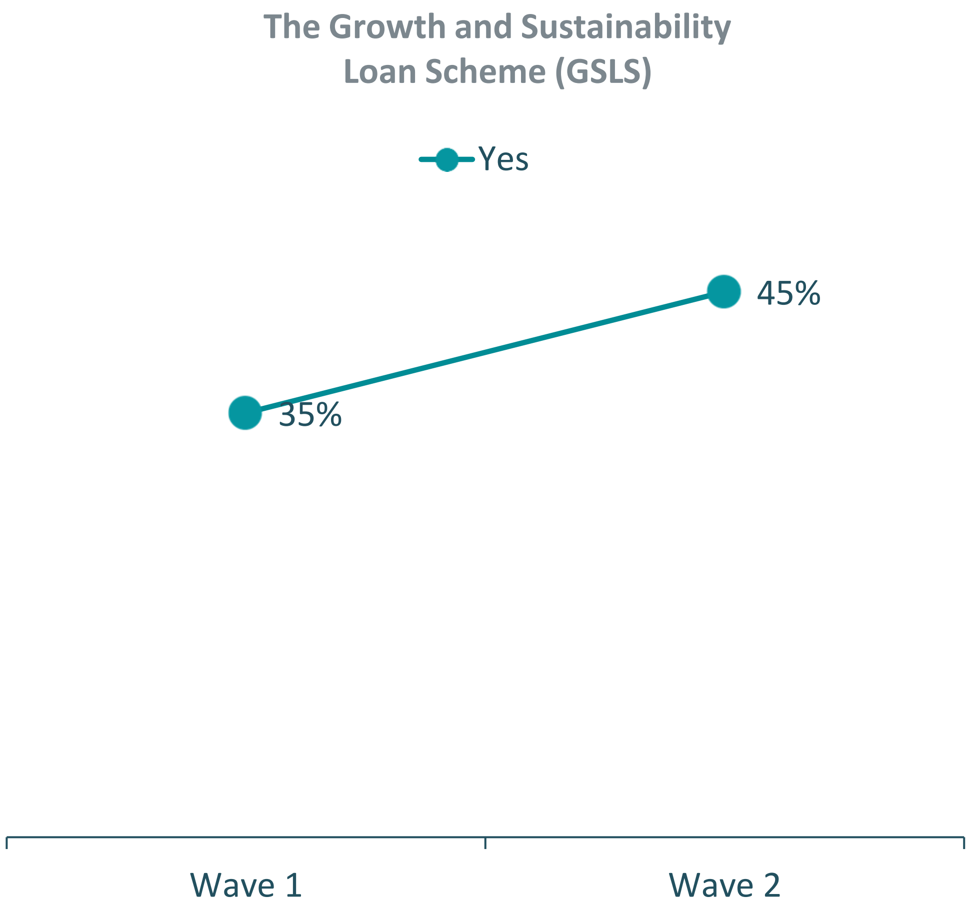
Years Operating

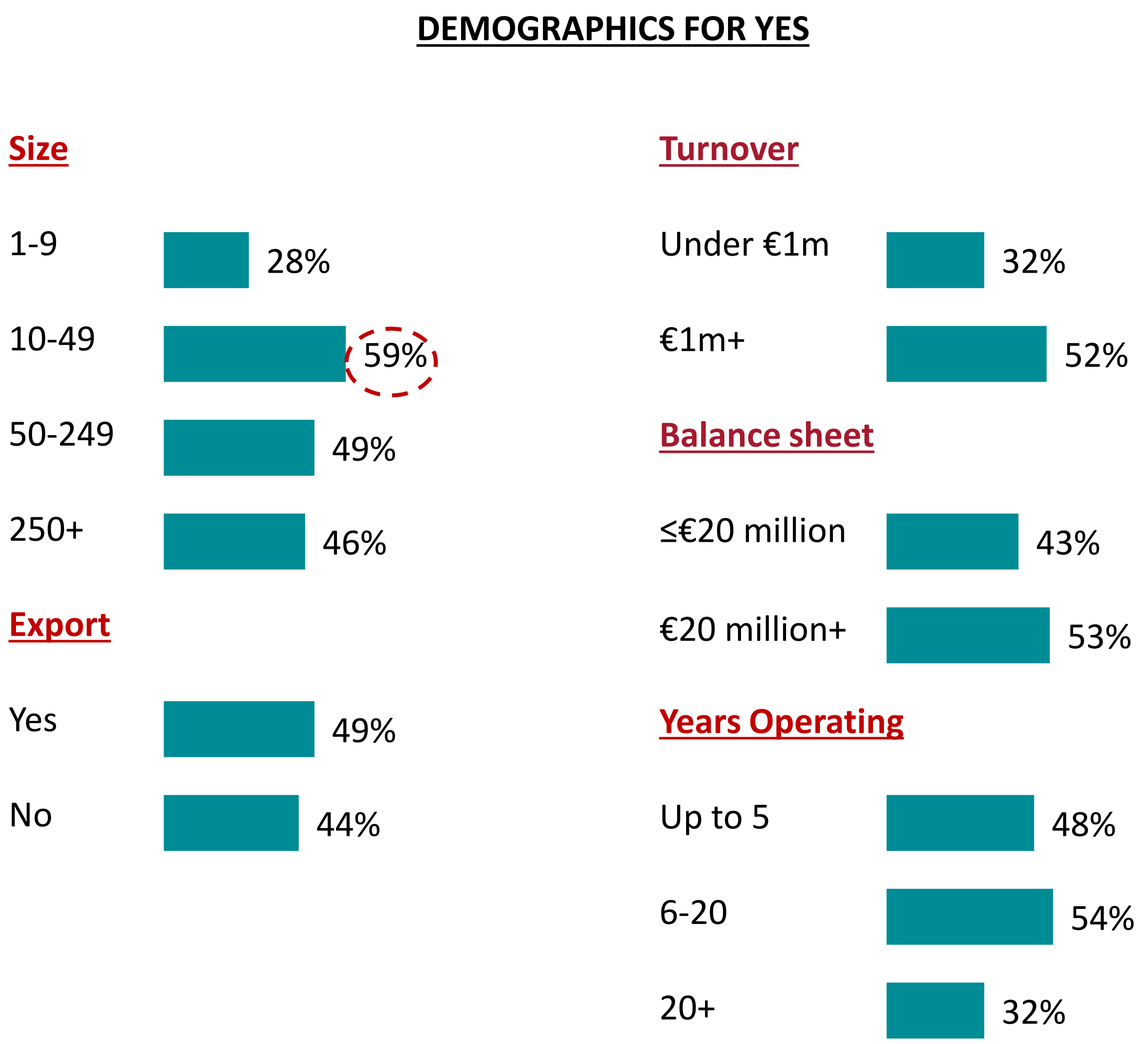
Up to 5	59%
6-20	62%
20+	57%

Q Have you heard of any of the following financial supports for businesses?

Overall, 45% have heard of The Growth and Sustainability Loan Scheme (GSLS), up significantly on Wave 1 (35%). Small organisations are among the most likely to report awareness, as was the case in Wave 1, micro organisations under index.

(BASE : All respondents – 344)

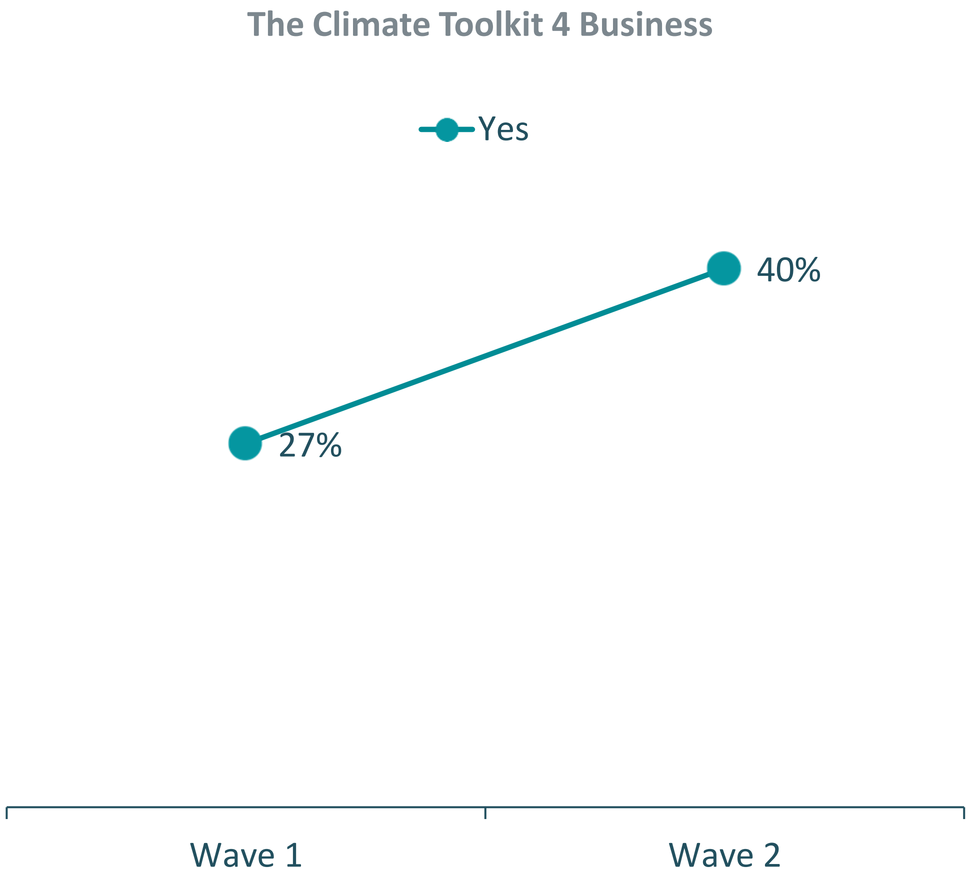




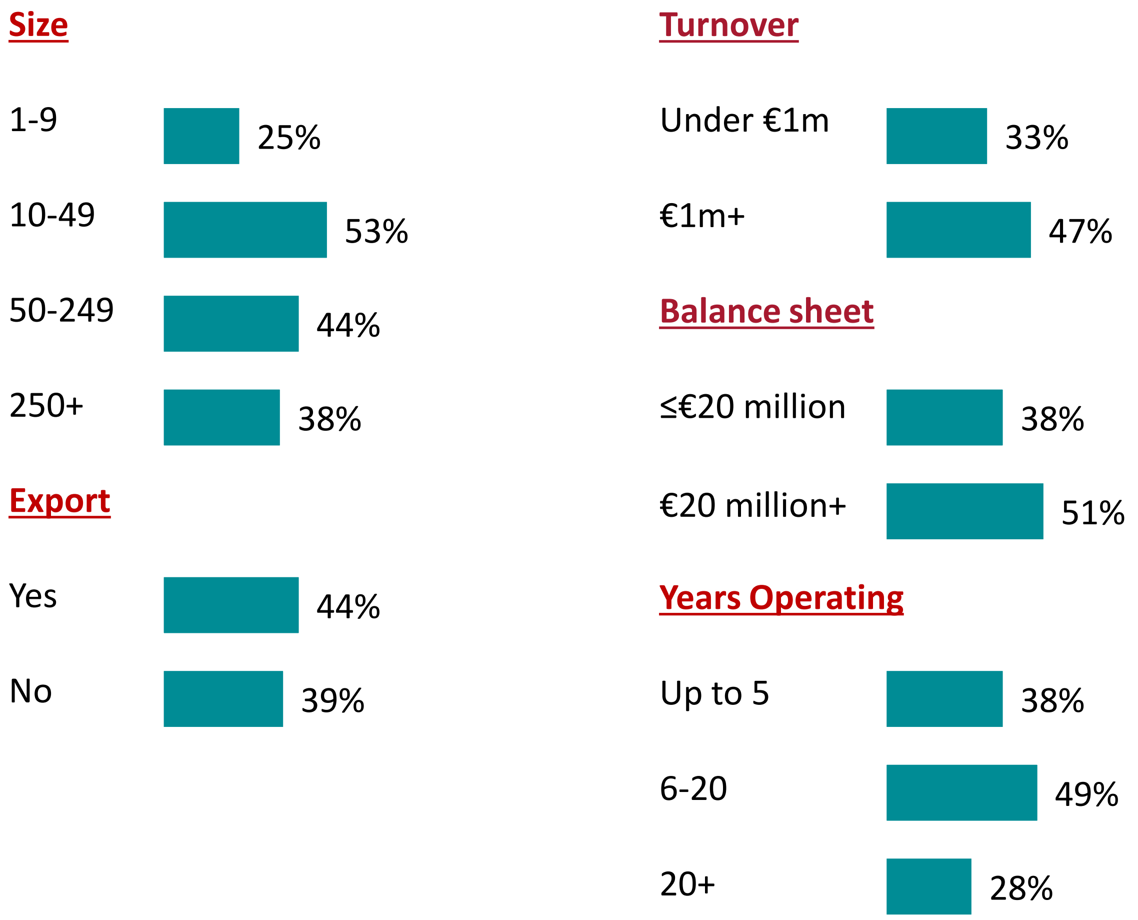
Q Have you heard of any of the following financial supports for businesses?

Two-fifths (40%) have heard of the Climate Toolkit 4 Business, an increase of 13 points on Wave 1 levels of awareness

(BASE : All respondents – 344)



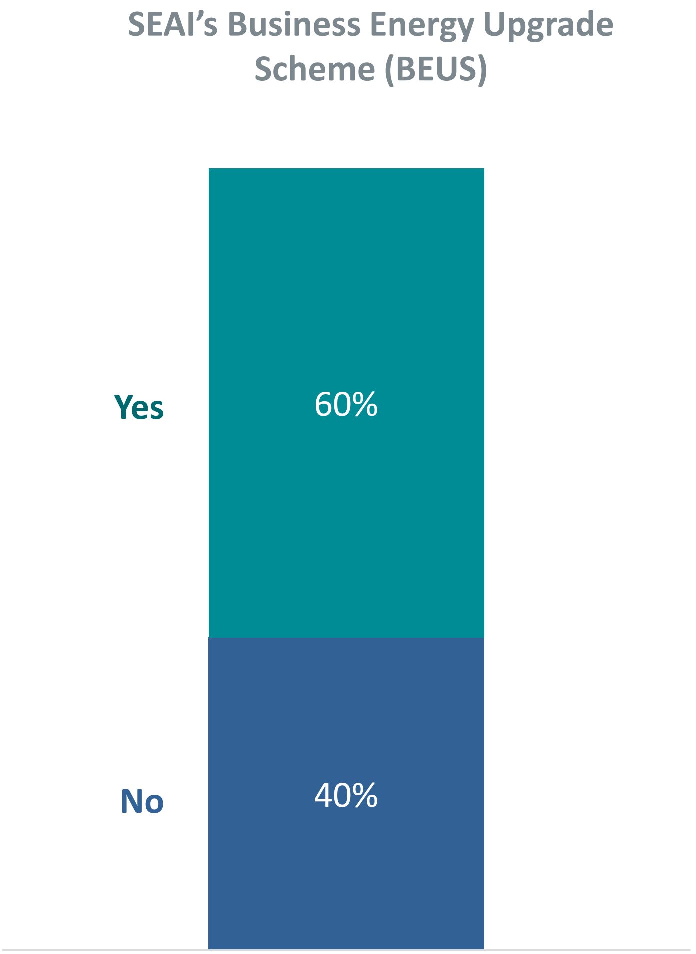
DEMOGRAPHICS FOR YES



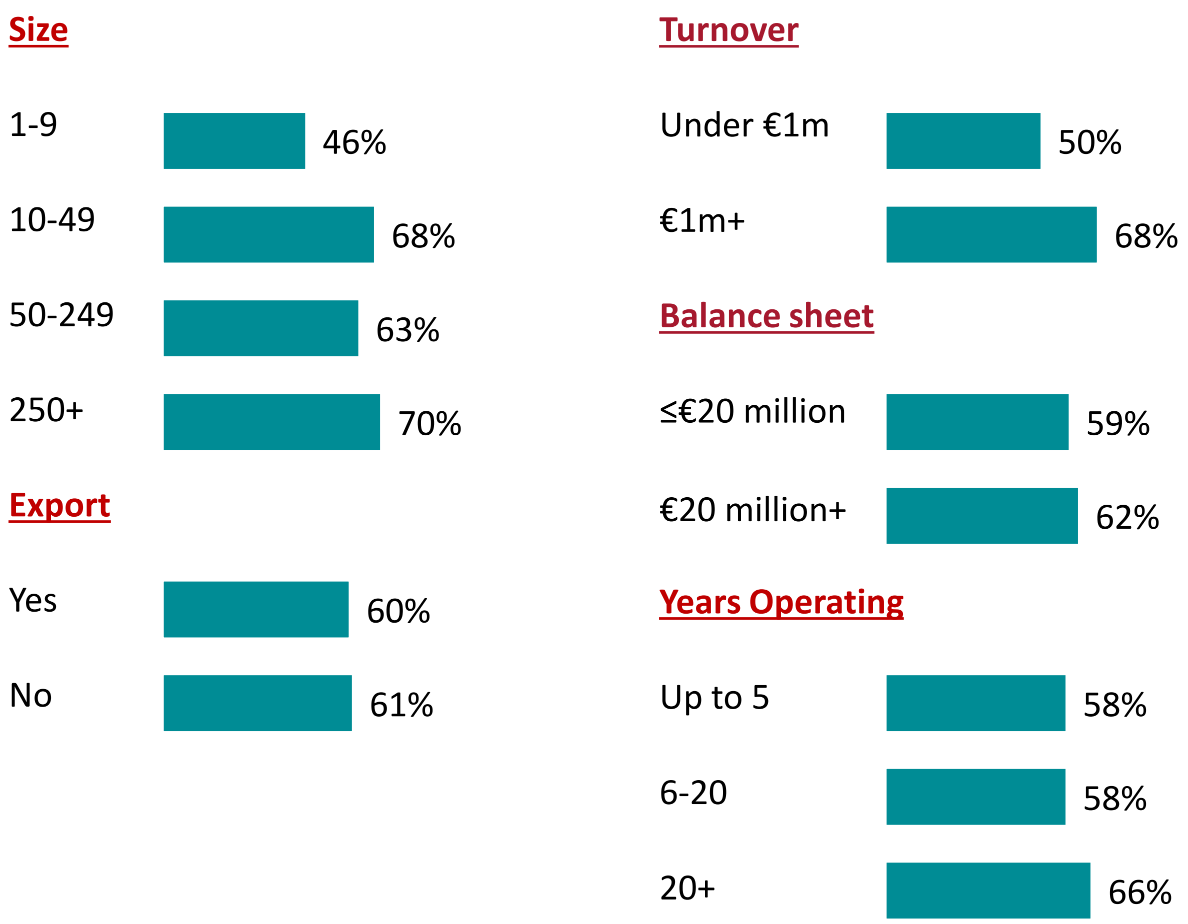
Q Have you heard of any of the following financial supports for businesses?

Three-fifths (60%) have heard of SEAI's Business Energy Upgrade Scheme (BEUS), however, this drops to 46% for micro-organisations

(BASE : All respondents – 344)



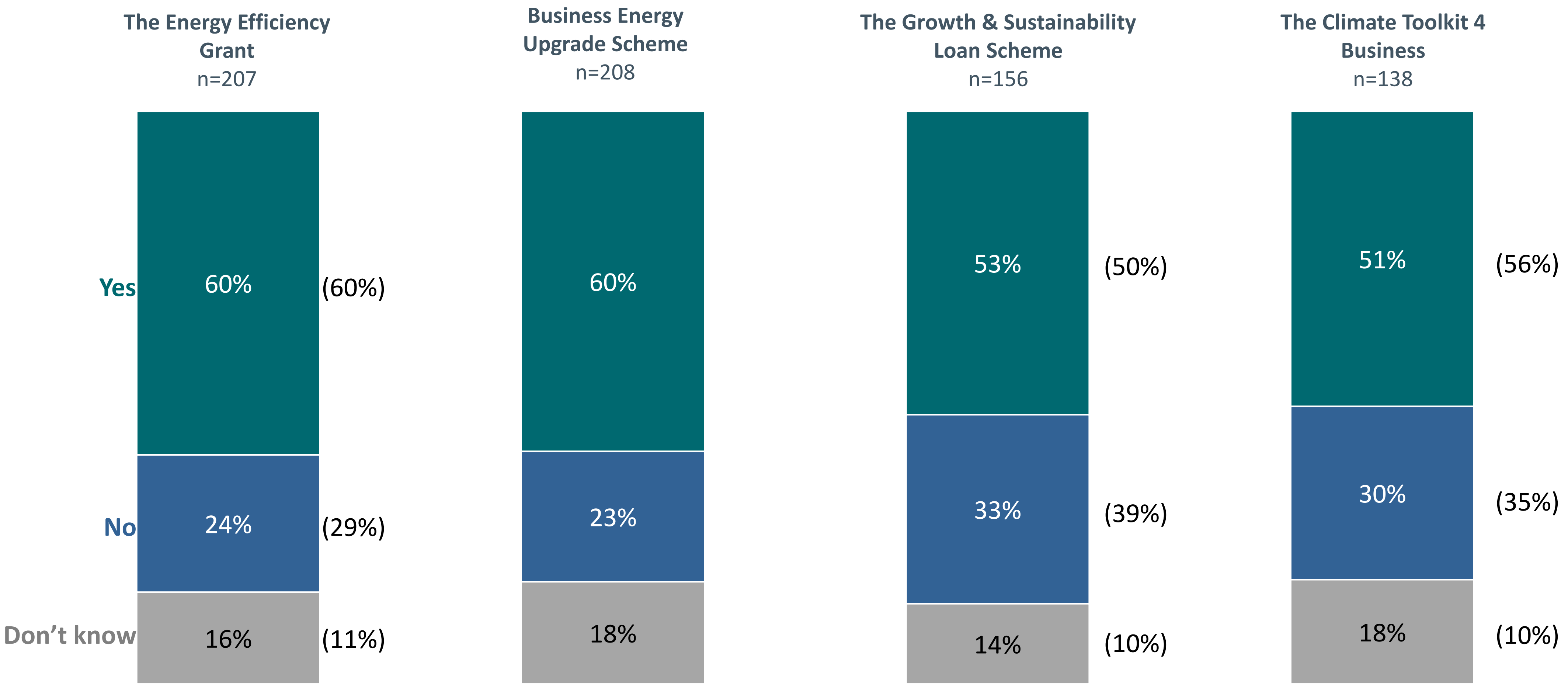
DEMOGRAPHICS FOR YES



Q Have you heard of any of the following financial supports for businesses?

Among those who have heard of the financial supports, a majority state all relevant to their business, with The Energy Efficiency Grant (60%) and Business Energy Upgrade Scheme (60%) being most relevant to businesses

(BASE : Heard of financial supports for businesses)



Q Is the support relevant to your business?

Competitiveness

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Competitiveness - I

- **Customer Expectations**
  - **34% believe sustainability credentials are very important or essential to customers choosing suppliers.** Newer and medium-sized businesses feel this most, with 42% of businesses under 5 years old and 41% of 50-249 employee sized firms viewing credentials as important.
- **Future Importance of Compliance**
  - **85% believe strong compliance with sustainability requirements will be important in meeting new laws and regulations** in the next 3 years. Compliance with sustainability requirements is also viewed as key for cost reduction, customer retention, and for their business to become more competitive.
- **Barriers to Action**
  - **Upfront investment costs remain the number 1 barrier** (44%) but are down significantly from 59% in W1. Uncertainty of ROI remains important (34%) but has fallen slightly on W1 (39%). People-related barriers are also key, with staff behaviour and leadership commitment increasing on Wave 1 levels.

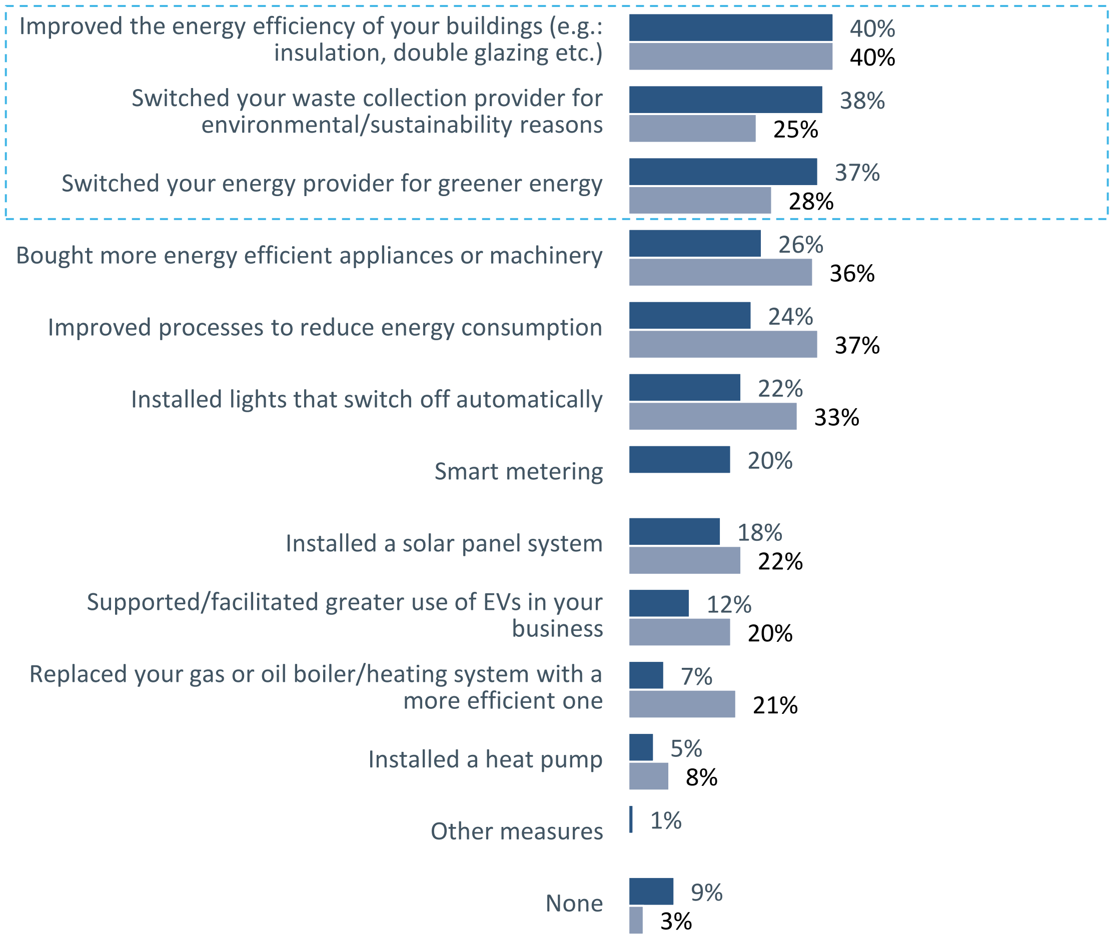
Competitiveness - II

- **Attitudes & Confidence**
  - **There is majority confidence across several key measures**:
    - *We have a good understanding of how our business should be more sustainable*: 63%
    - *It is important to all our senior management team that we achieve our sustainability goals*: 61%
    - *We are confident in our business that we can achieve our sustainability goals*: 58%
  - **However, resource constraints remain the weak point:**
    - *We have the financial resources/access to finance to deliver our sustainability ambitions:* 47%
- **Demand-Side Flexibility**
  - **66% are familiar with demand-side flexibility concepts,** shifting electricity use to off-peak hours.
  - **30% would likely consider shifting usage for the right incentives.**

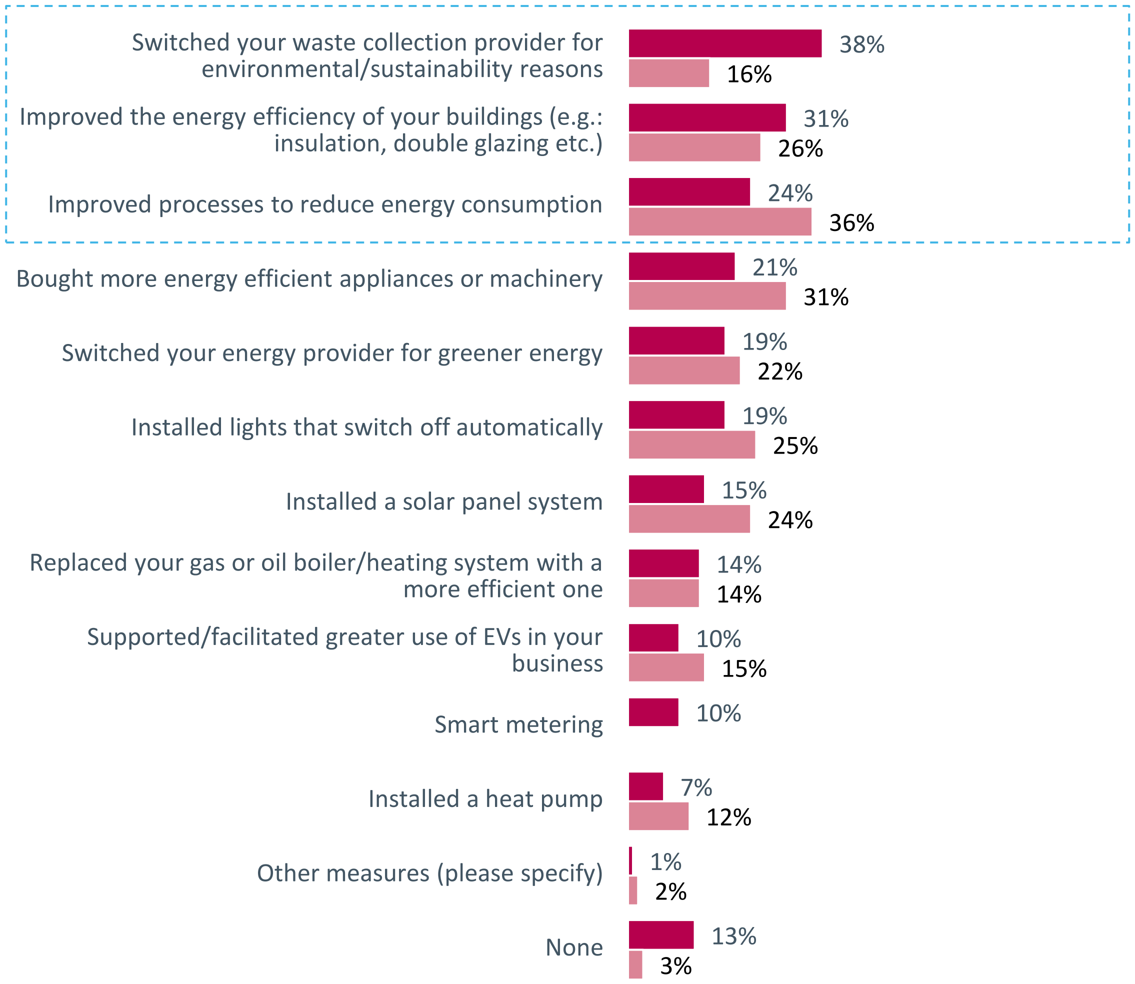
The most popular energy consumption actions taken over the past 2 years are *improved the energy efficiency of your buildings*, *switched your waste provider*, and *switched your energy provider.* Looking ahead, switching waste provider, improving energy efficiency, and improving processes are the most popular.

(BASE : All respondents – 344)

Past Two Years



Next Two Years

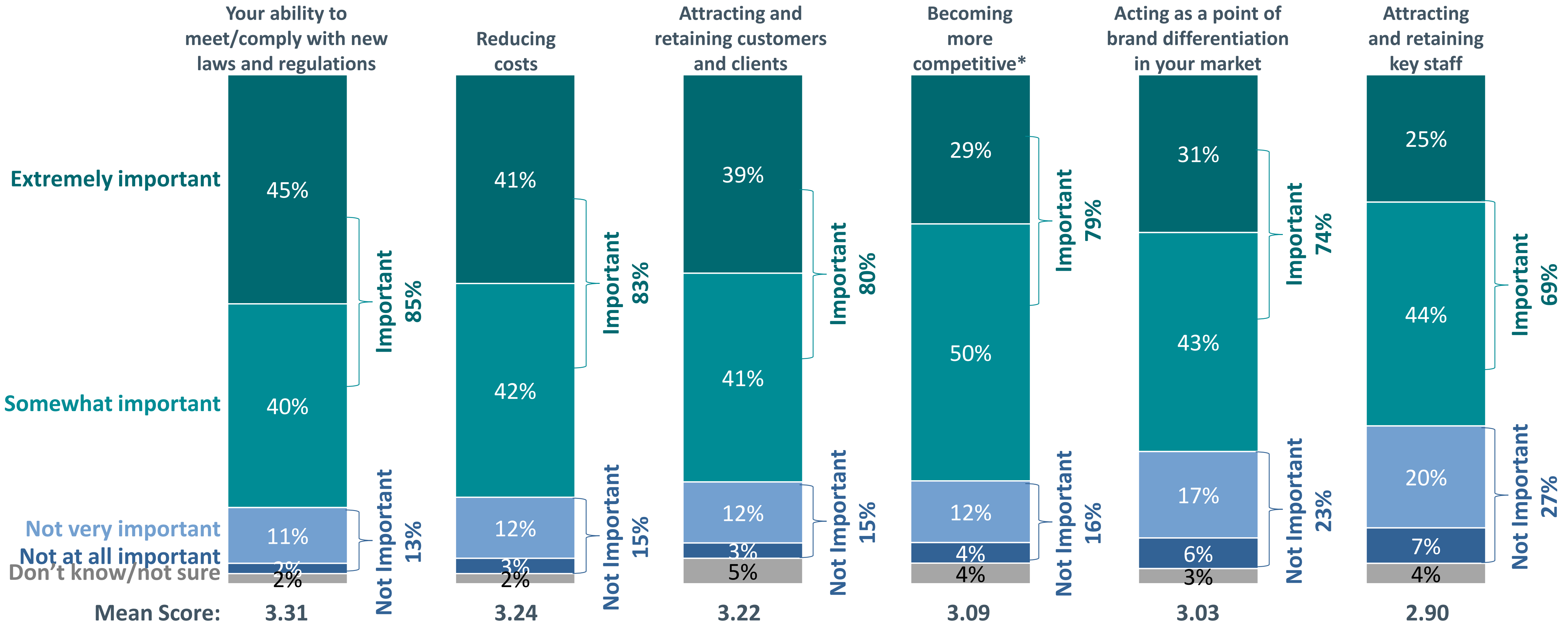


Q Thinking about energy consumption in your organisation, which of the following have you done in the past 2 years?

Q And which will you do in the next 2 years?

Over the next 3 years, a significant majority believe strong compliance with sustainability requirements will be important for all statements listed. 80%+ report compliance with sustainability requirements will be important for laws and regulations, reducing costs, and attracting and retaining clients.

(BASE : All respondents – 344)

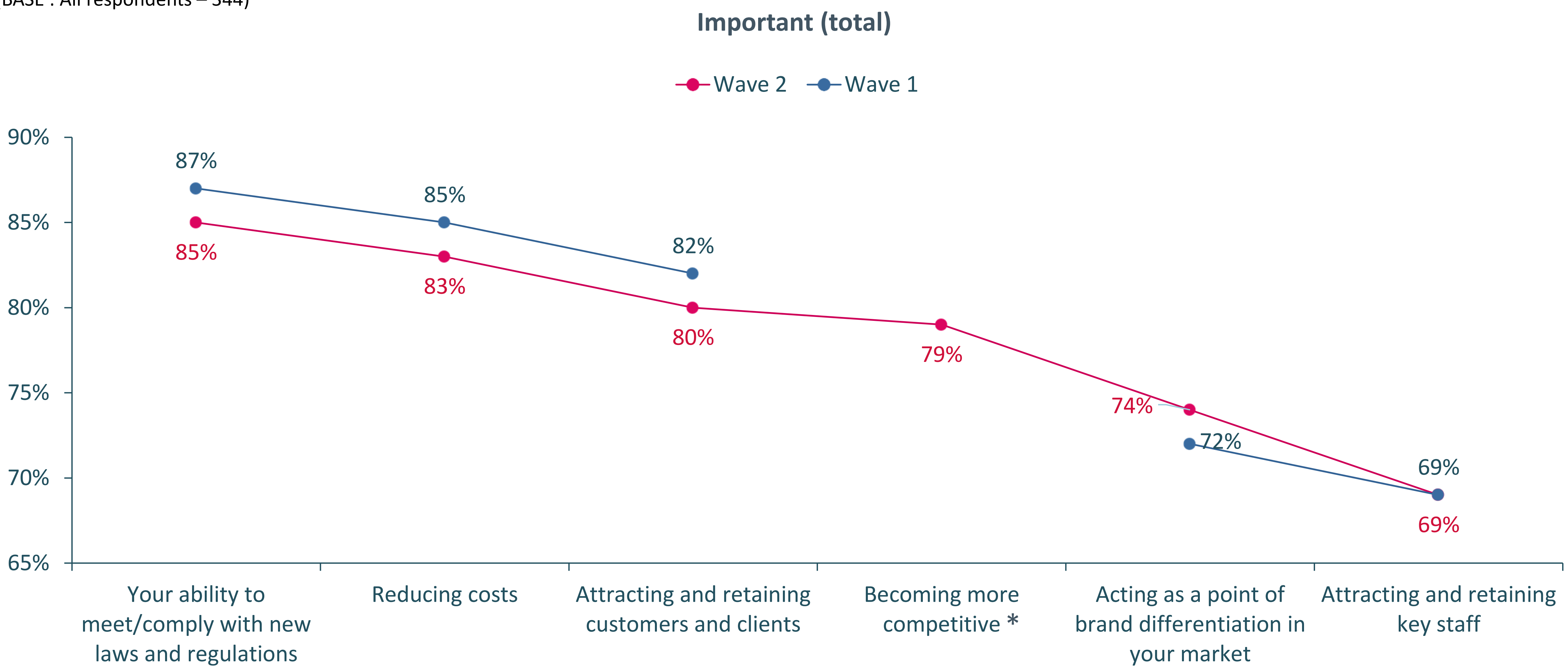


***New Code Added for W2**

Q Thinking about the next 3 years, how unimportant or important do you believe strong compliance with sustainability requirements will be for the following?

Wave 2 levels of importance are largely in line with the rates seen from Wave 1

(BASE : All respondents – 344)



***New Code Added for W2**

Q Thinking about the next 3 years, how unimportant or important do you believe strong compliance with sustainability requirements will be for the following?

The main barrier for organisations to act more sustainably remains *upfront investment costs,* although at a lower rate compared to Wave 1. Staff behaviour adoption and unsure of return on investment also rank highly.

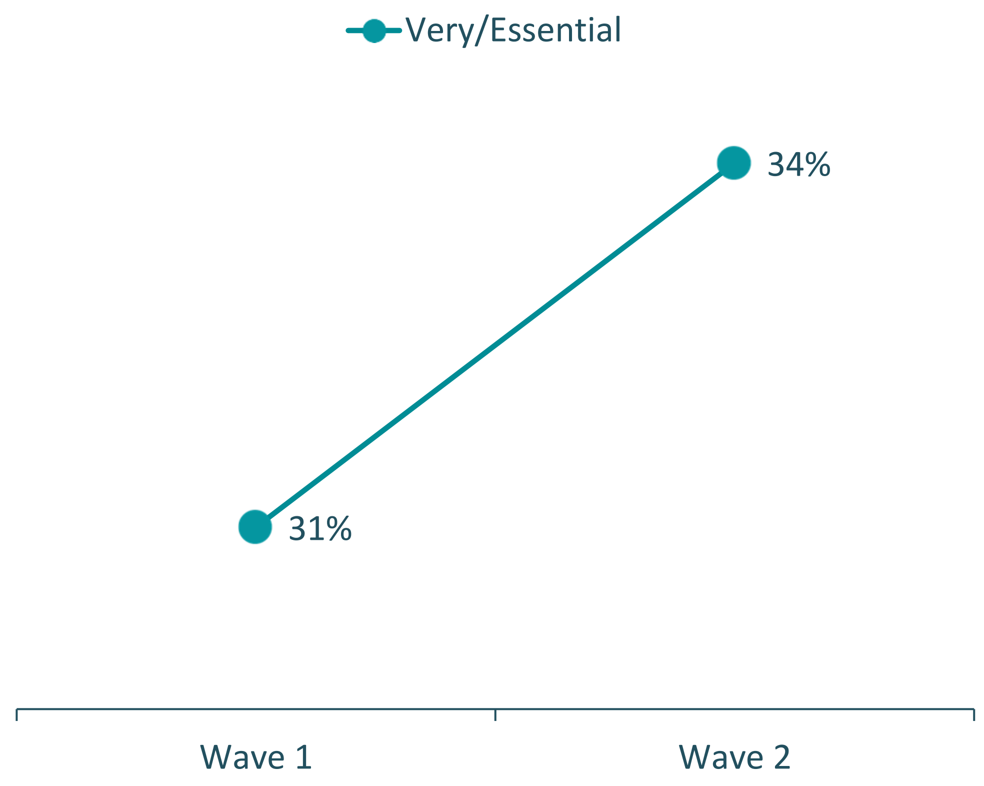
(BASE : All respondents – 344)

	1st mention	Top 3	Wave 1: 1st Mention	Wave 1: Top 3 Mentions
Upfront investment costs	22%	44%	35%	**59%**
Getting staff to adopt more sustainable behaviours (e.g. reducing paper use; WFH options; recycling; etc.)	10%	35%	8%	28%
Unsure of return on investment (ROI)	12%	34%	12%	**39%**
Lack of clear sector guidelines or advice	12%	31%	8%	30%
Getting your leadership team fully committed to the sustainability agenda	9%	29%	5%	20%
Lack of skills or expertise	8%	28%	9%	**33%**
Do not have the time required	9%	25%	8%	25%
Integrating sustainability goals into your business strategy and processes	8%	24%	5%	27%
Change Management	6%	19%	5%	20%
Other	1%	1%	1%	3%
None of these	5%	5%	3%	3%

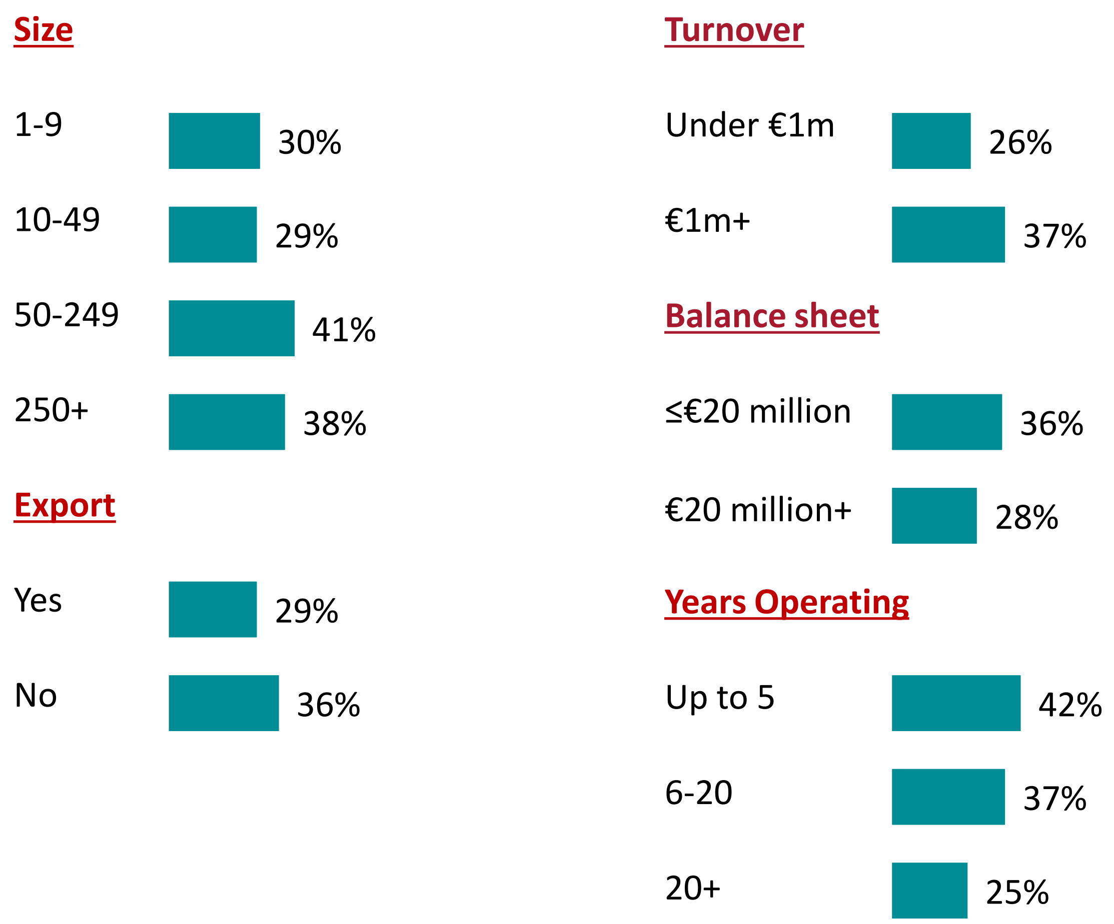
Q What do you consider to be the main barriers for your organisation to act (more) sustainably? Please rank your top 3, with 1 being the most important

One-third (34%) state that sustainability credentials are important for customers when selecting businesses like theirs

(BASE : All respondents – 344)



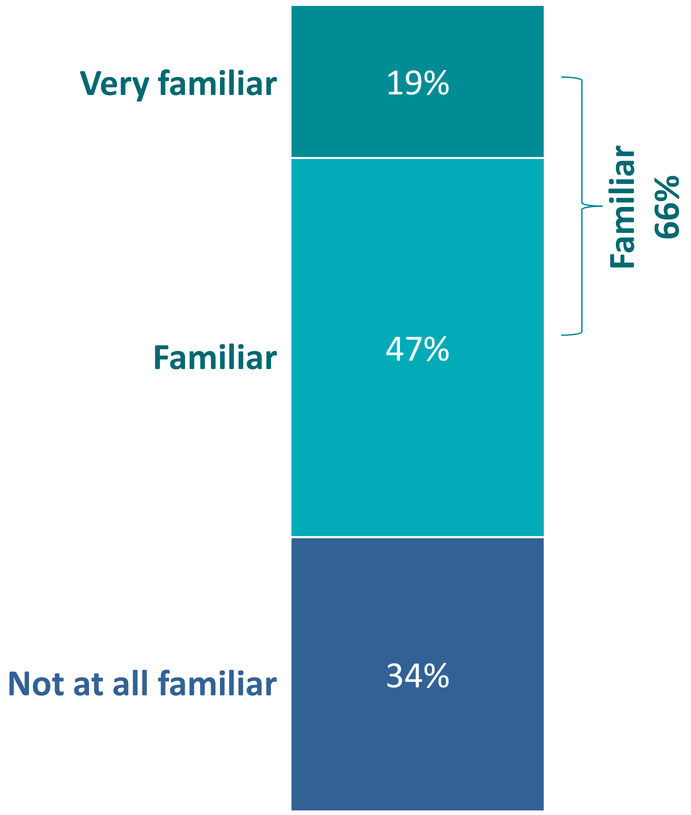
DEMOGRAPHICS FOR VERY/ESSENTIAL

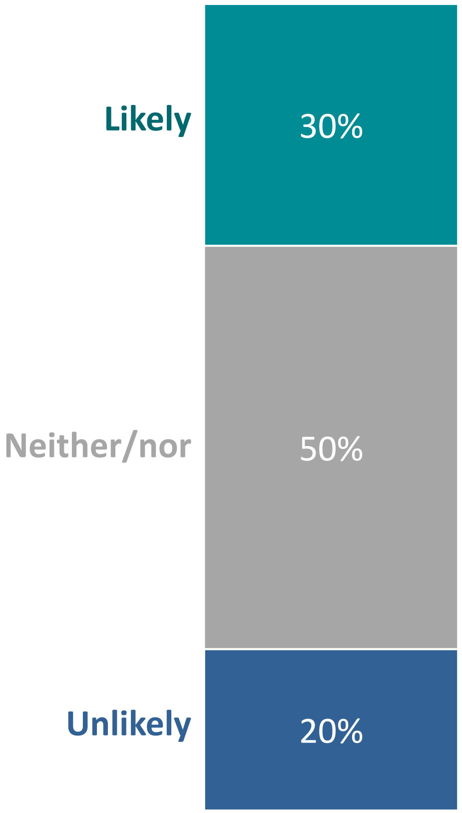


Q Thinking of your customers' decision making criteria, what level of importance, if any, do you believe they place on sustainability credentials when selecting suppliers/businesses like you?

Two-thirds (66%) are familiar with the concept of energy Demand-Side Flexibility, with 30% stating they would consider shifting their businesses' electricity use to off-peak hours for the right incentive

(BASE : All respondents – 344)

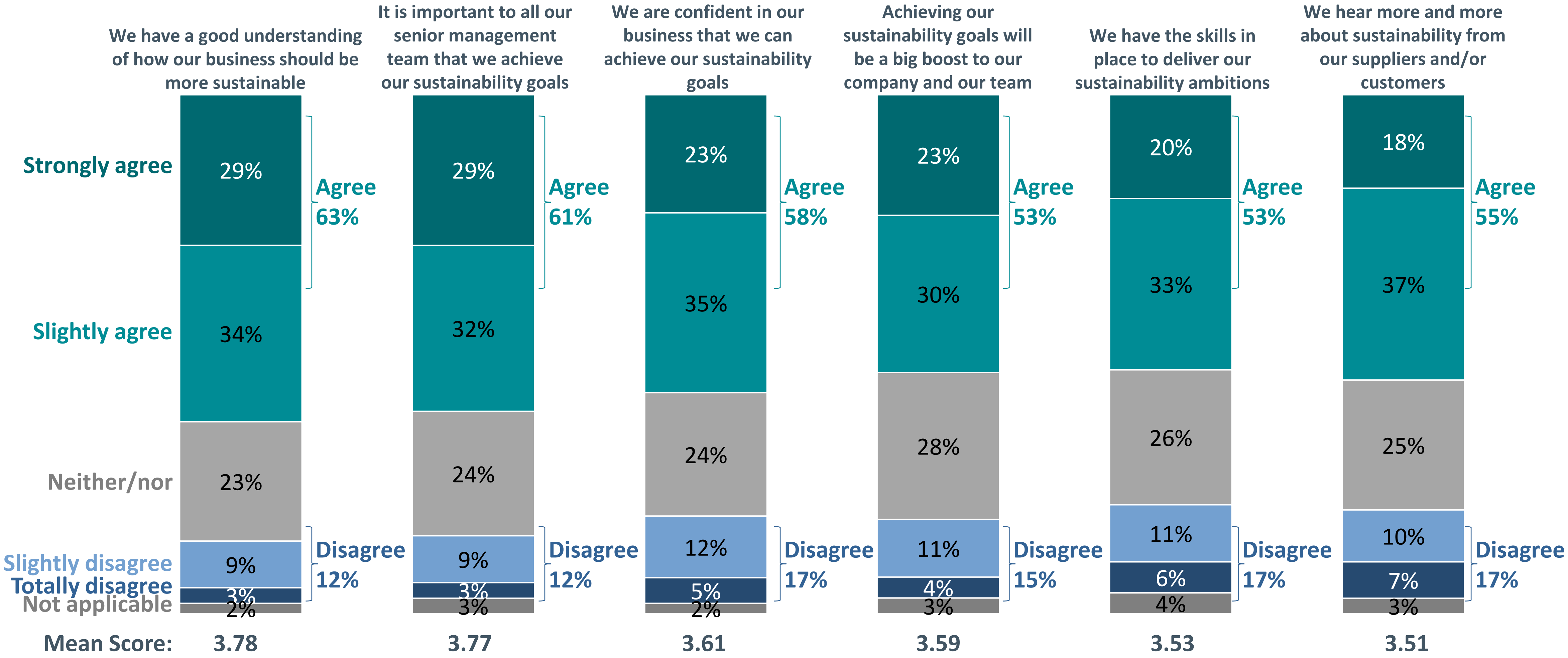




Q To what extent are you familiar with the concept of energy 'Demand-Side Flexibility'?
Q How likely would you be to consider shifting your businesses' electricity use (used for your processes, appliances and operations) to off-peak hours if the right incentives or price signals were available?

There is majority agreement around the importance of sustainability to businesses, customers and suppliers. Sustainability goals are seen as achievable and desirable.

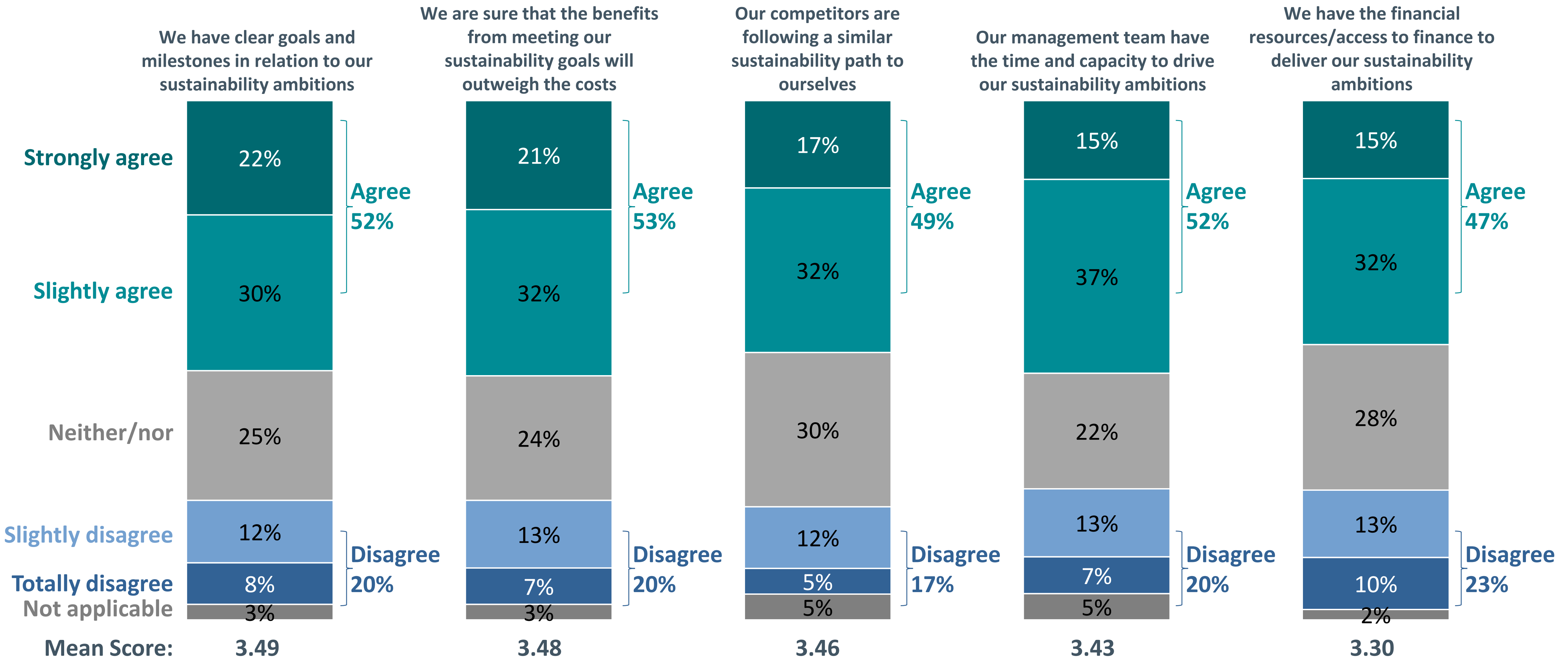
(BASE : All respondents – 344)



Q. To what extent do you agree or disagree with the following statements about your business.

However, agreement is lower for having the financial resources to deliver sustainability ambitions and for feeling their competitors are following a similar sustainability path

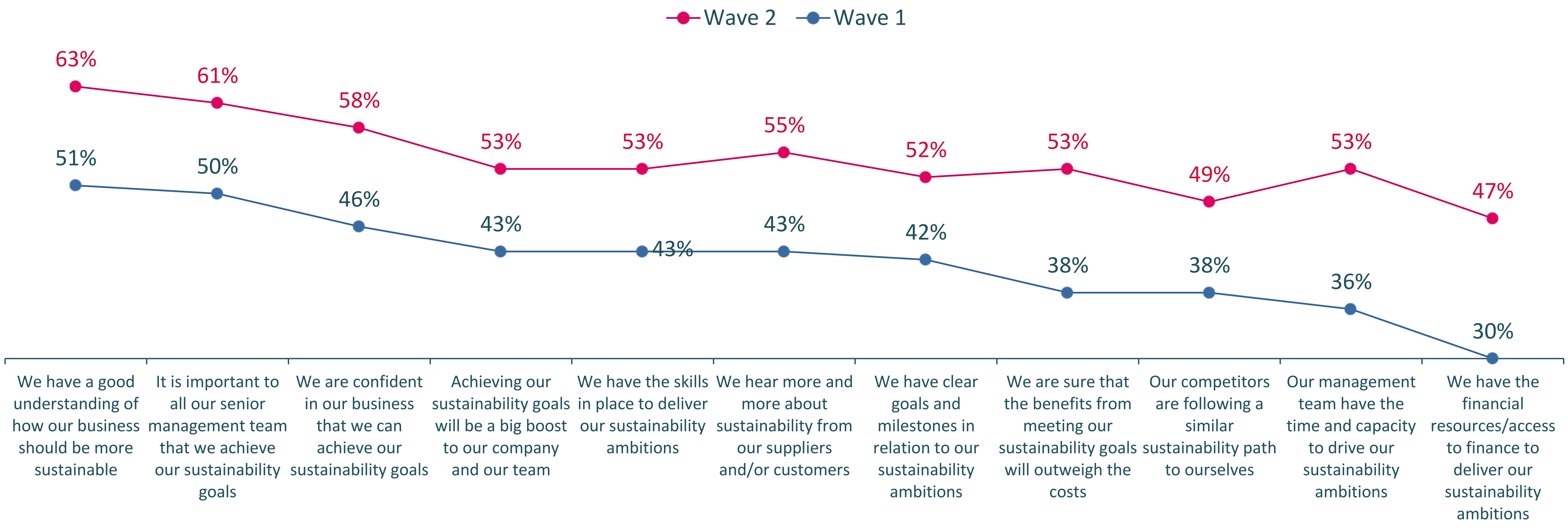
(BASE : All respondents – 344)



Q. To what extent do you agree or disagree with the following statements about your business.

Overall, Wave 2 levels of agreement across all statement listed are significantly up compared to Wave 1

(BASE : All respondents – 344)



Q. To what extent do you agree or disagree with the following statements about your business.

COM-B Analysis

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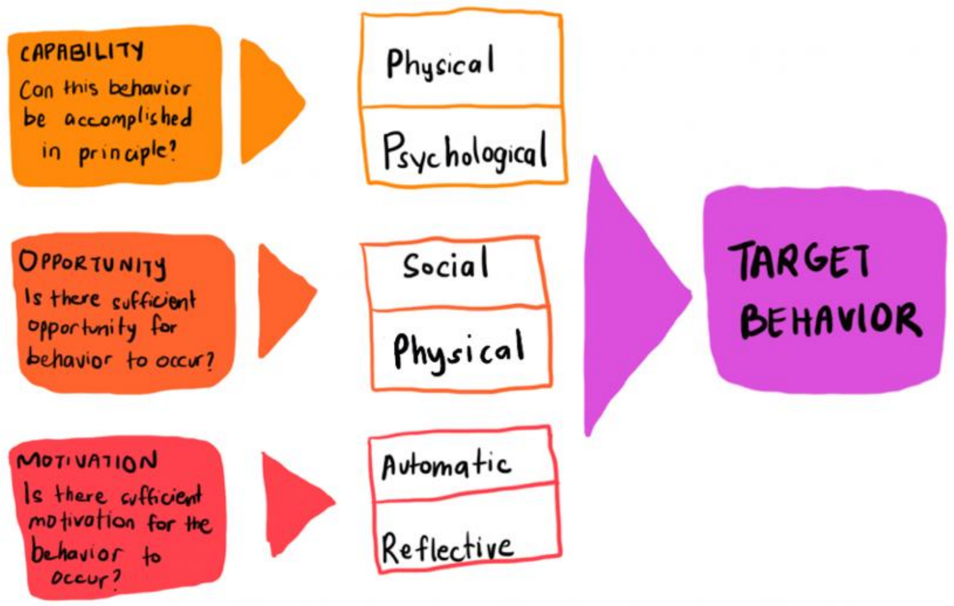
The COM-B Model of Behavioural Change – I



- It is important to explore the role of behavioural psychology in influencing business decision-maker behaviour in relation to sustainability plans and activities.
- The model we have used in this research is known as COM-B.
- The COM-B model (Capability, Opportunity, Motivation, and Behaviour) provides a useful framework for understanding and influencing behaviour.
- By applying the COM-B model to both DETE surveys about sustainability plans, preferences and intentions, we can identify key factors driving behavioural change and **any changes over time between waves**.

The COM-B Model of Behavioural Change – II

- As with the first wave in November 2024, the second wave in November 2025 followed **the same process**.

- The COM-B model in both waves of research measures what drives responses to the question:
  'Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?'

- The response options were as follows (respondents had to select one):

- We're still thinking about it, haven't done anything
- We've taken the first few steps, but a long way to go
- We are making progress but not even halfway there
- We have been on this journey for some time and are well down the road
- We are well advanced on the journey and are ahead of most others
- We're now completely/very sustainable and can be looked at as an example by other businesses

- In both waves we excluded a small number of respondents who answered 'don't know' for statistical analysis purposes.

The COM-B Model of Behavioural Change – III

- The COM-B model then uses answers to a series of 'agree/disagree' questions to measure what drives responses to ***'Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?'***:

Capability:
- We have a good understanding of how our business should be more sustainable
- We have the skills in place to deliver our sustainability ambitions

Opportunity:
- Our management team have the time and capacity to drive our sustainability ambitions
- We have the financial resources/access to finance to deliver our sustainability ambitions

Motivation:
- Our competitors are following a similar sustainability path to ourselves
- We hear more and more about sustainability from our suppliers and/or customers
- We are sure that the benefits from meeting our sustainability goals will outweigh the costs
- We have clear goals and milestones in relation to our sustainability ambitions
- We are confident in our business that we can achieve our sustainability goals
- It is important to all our senior management team that we achieve our sustainability goals
- Achieving our sustainability goals will be a big boost to our company and our team

Stepwise Regression Analysis

- We ran a correlation analysis to measure the significance of the relationship between the question *'Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?'* and answers to the question *'Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?',* which established that there are significant correlations between several variables.

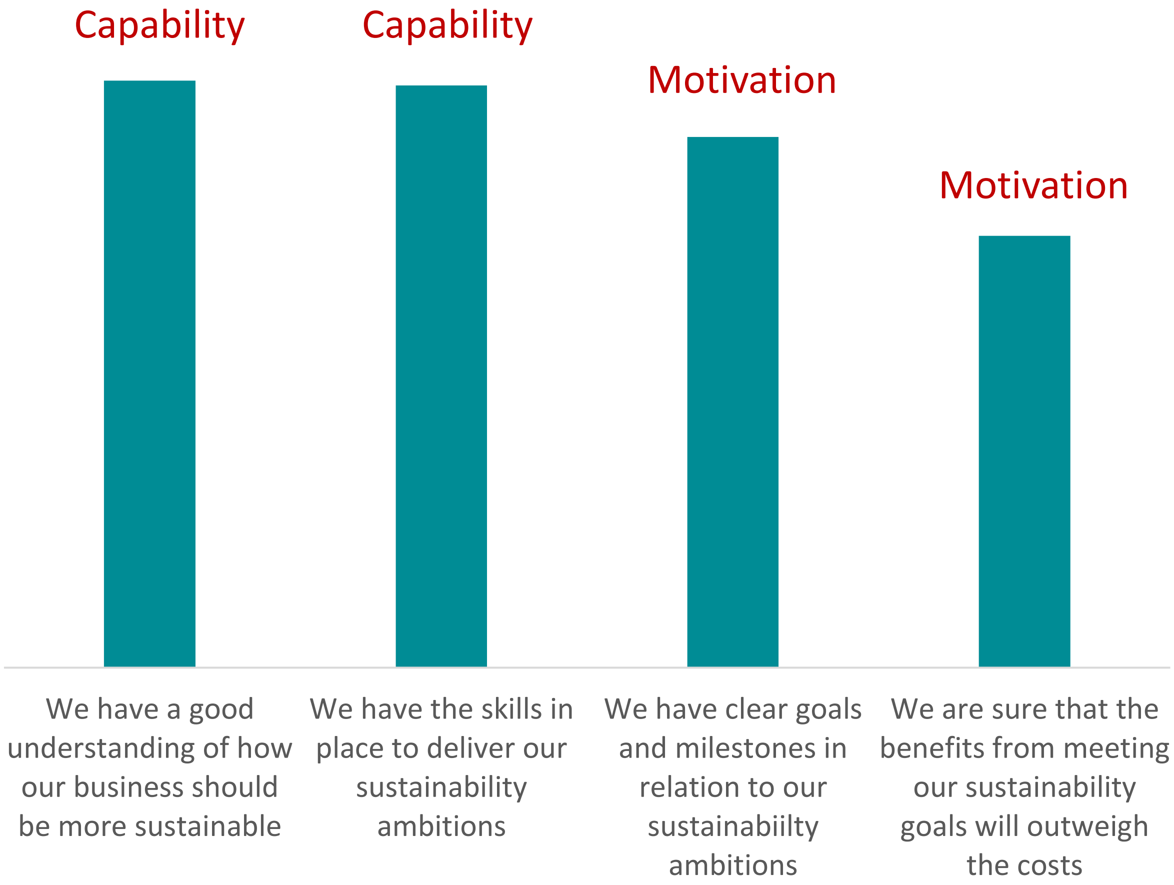
- Then we used stepwise regression analysis to establish which of the wave 2 variables (the 'COM' in the model) best explained differences in response to the question *'Thinking of your organisation's journey towards sustainability, where would you say you are on the journey?'* (the 'B' in the COM-B model).

- We summarise the findings and changes in the next slide:

We ran a stepwise regression analysis to find out which factors drive SME progress in relation to sustainability and we discovered the following significant influences

Wave 1: Ranked by statistically significant influence on Sustainability Progress using regression coefficients

Wave 2: Ranked by statistically significant influence on Sustainability Progress using regression coefficients



Implications of the COM-B Statistical Analysis

- Our COM-B analysis tells us that currently the main, positive drivers of SME decision makers self-reported sustainability progress in their businesses are the following in order of statistical influence:
  - **Capability:** understanding how to be more sustainable (knowledge level)
  - **Capability:** having the skills in place to deliver sustainability (skills level)
  - **Motivation:** having clear goals and milestones vis-à-vis sustainability (strategic focus)
  - **Motivation**: certainty benefits will outweigh the costs (ROI focus)

- This represents a significant shift from Wave 1 in November 2024: previously capability was secondary to motivation, but one year later in Wave 2, capability is more important than motivation, moreover, it now extends to include a focus on skills – which is key to DETE's communications and policy ambitions.

- As before, other factors were not found to be statistically significant for COM-B purposes.

Implications of the COM-B Statistical Analysis – II

- These findings have some implications for DETE from a communications perspective:

  – Sustainability no longer has to be 'sold' as a priority for businesses: rather they need to be encouraged to **invest in the capabilities** than can deliver ambitions.

  – We now see more clearly the importance of having sustainability integrated into strategic planning and targets: helping businesses develop **road maps** tied to planning capabilities will support continued momentum.

  – But as before: there is **a constant need to educate SME decision makers** about the sustainability journey ahead, reminding them of the tools and supports available to make it happen, alongside inspiring examples of businesses 'just like them' who have taken the necessary steps and reaped the rewards of more sustainable business operations and practices.

Key Insights

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Key Insights

- **The micro business gap is a key challenge**. Throughout the research there are many instances where micro businesses lag significantly behind. A one size fits all approach is unlikely to reach them effectively. They need simpler messaging, entry-level tools, and peer examples from similarly sized businesses.

- ***Making a positive difference* and *saving money* are tied as top motivators.** Communications should speak to both, purpose and pragmatism together.

- **Regulatory pressure is having an impact.** Compliance jumped 10 points as a motivator. SMEs know regulation is coming but need clear guidance on what's required.

- **The strategy gap is limiting progress.** Only 37% have a written strategy despite 85% saying sustainability matters to their business on a day-to-day basis. Many businesses still need encouragement and guidance to take the first small steps.

- **Only 13% know their carbon footprint.** Without measurement, Irish businesses won't be able to set meaningful targets or meet requirements.

- **The Circular Economy is ready to grow.** Only 35% participate, but 26% of non-participants are interested in doing so.

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