

Executive Summary

Adapting to climate change: specific challenges for
SMEs

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Adapting to the consequences of climate change – be they physical or transitory – is challenging for entrepreneurs. At the same time, the necessary adaptation to the changing framework conditions can open new market opportunities and potential innovation. However, adaptation requires that entrepreneurs recognise the need for action. This study examines how entrepreneurs of small and medium-sized enterprises (SMEs) perceive and deal with climate risks.

Both experiences and expectations have an impact on how climate risks are dealt with

The perception of and dealing with climate risks depends less on the size of the enterprise than on previous experience with and expectations of future exposure. Following this, we identified three attitude types: 44 % of the enterprises belong to the experienced type. One in three enterprises belongs to the concerned type, with no experience to date but expecting future impacts of climate change on their business activities. Every fifth enterprise belongs to the unaffected attitude type, which has not made any experience so far and does not expect any effects in the future.

Attention focuses on energy transition and bureaucratic burden

Entrepreneurs sometimes differ greatly in assessing the opportunities and risks associated with climate change. SMEs are more pessimistic about opportunities than large enterprises. Among the risks, rising energy prices during the energy transition and an increasing burden of bureaucracy are among the dominant issues.

Regarding physical climate risks, SMEs see themselves as either very little or very much affected, depending on their previous experience. Above all, enterprises worry about the risk of a supply chain disruption resulting from extreme weather events.

Enterprises rely on digitisation to reduce climate risks

Most entrepreneurs have already taken measures to adapt their businesses to the impacts of climate change. However, these primarily address transitory risks. Protection against physical risks, on the other hand, still plays a subordinate role in SMEs. Primarily, various digital solutions are used to facilitate the handling of transitory climate risks (e.g., visualising energy consumption) or to mitigate the consequences of extreme weather events (e.g., securing knowledge through digital backup).

Prioritisation of other business challenges opposes protection against climate risks

Many entrepreneurs do not yet feel sufficiently protected against physical climate risks. The reasons for not taking further adaptation measures are complex. They include a lack of financial resources, prioritising other business challenges, and a lack of perception of being affected by certain risks. Also, the benefits of many adaptation measures seem unclear to entrepreneurs.

The benefits of further awareness-raising measures are questionable

Given that SMEs are already largely aware of climate risks, it is to be expected that further information campaigns will have little effect. Because of the barrier of a lack of financial resources, expanding existing support programmes may seem justified at first glance. The increase in demand resulting thereof, however, could primarily lead to price increases rather than to further adaptation measures if the supply cannot be expanded accordingly. Concerning prioritising other business challenges, the possibilities of government intervention are limited. Since these business challenges include handling bureaucratic obligations, relief in this area could create scope for dealing with other business risks, including climate risks.