

## **The Impact of SMEs on the Environment Legislation and Best Practice**

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**Abstract:** *The sustainable development has economic, ecological and social dimensions and it is a general objective of the European Union.*

*Even if the small and medium enterprises are companies with less than 250 employees, they are a very important part of the Europe’s economy and may have a significant environmental impact.*

*Frequently analyzed during the last years, the subject of this study has as general objective to identify the instruments for stopping the negative effects of the SME’s activity on the environment, and supporting them in order to comply with the legislative request regarding the environment. In this respect, we used as research methods the logical analysis, behaviour and causal, of impact, as well as the comparative analysis.*

*According to the results of some recent research performed at regional and national level, the small number of SMEs to understand the influence of their activity on the environment, and to understand the compliance with the law regarding the environmental protection, is due to the fact that, in most of the cases, they do not have enough knowledge of the relevant legislation, or to the fact that there are excessive administrative and financial constraints implied by specific law enforcement or to the fact that there is the idea according to which environment’s protection is expensive, or they simply prove to be incapable to manage their own impact on the environment.*

*We appreciate that, in basis of all the support measures at european and national level, the SMEs will be able to develop specific instruments through which will reduce the impact of their activities on the environment.*

**Keywords:** *environment, the European Union, environmental technologies, legislation, sustainable development.*

The environment is an essential element of the human existence. This is the reason why, its quality (as a whole, and of each component) is a major interest problem for the social evolution.

By the Title VII of the Unique European Act, entitled “The environment”, the environmental policy became a component of the Community policies. This policy regards the coordination of conservation, environmental protection and environment’s quality improvement, human health protection, rational use of the natural resources (Marinache, 2007, pp.32-34).

The experience of Western countries shows that the success of an environmental protection policy needs the explicit engagement of the whole government, its cooperation with the independent sectors and an opened approach of the choosing and priority settlement process. In 2006, the European Council adopted a Reviewed Strategy of Sustainable Development through which is reaffirmed the need for world solidarity, having as purpose to identify and to develop the actions leading to a continuous improvement of life’s quality, both for the present generations and for the future ones, by creating sustainable communities capable to manage and use their resources efficiently, as well as to “build the innovative social and ecologic potential of the economy, ensure the prosperity, protect the environment and social cohesion”.

Taking into consideration the European evolutions as they are presented in the European Strategy of Sustainable Development – reviewed in 2006, in Romania through the Government’s Decision no. 1460/2008 adopted the National Strategy for Sustainable Development – Horizons 2013 – 2020 - 2030. The National Strategy for Sustainable Development – Horizons 2013 - 2020 – 2030 proposes concrete ways to get to a new model of development oriented towards the continuous improvement of human life’s quality and of relationship between them, in harmony with the environment.

The concept of sustainable development appeared in a moment when the problems concerning the environment were the main point of the political debates. But then, the concept of sustainable development was more a phrase suitable for attracting support, than an incentive for the propulsion of changes in the environmental field. By straightening the idea that the environment and the economic development are potentially compatible or that they are complementary objectives, the sustainable development offered a long waited replacement of the conflict model which characterized the debates on the growth limits in the 1970’s.

According to the Brundtland Report, entitled “Our common future”, which put the basis to the sustainable development, “the world economy needs to accelerate the economic development in the context of compliance with environmental restrictions on the environment”, by ensuring an adequate control of the technology and social organization.

The main argument of the report is that the economic prosperity and the environment’s conservation sustain each other. Meeting one of the two requirements entail the second meeting.

In this context, the European Union assumed the firm engagement to ensure the sustainable development of the environment in general, and to promote the objectives regarding the increase of job number. In this respect, an environmental tax reform, for example, which transfers the pressure of the negative effect on the quality of life taxes (for the employees) on the ones with positive impact (such as the taxation of the activities environmentally damaging

like: using resources or pollution) may be a solution to approach the environmental problems, and for the problems regarding the employment. At the same time, a fiscal reorientation on long term will need stable income coming from the environmental taxes.

Reducing taxes on labor or the contribution to the social insurance which tend to favor low income families, may compensate the negative effects caused by the environmental taxes. Also, because of aging and population decrease, which increases the pressure upon the public expenditure, and because of globalization, which makes the taxation of the capital and labor less viable, the transfer of the fiscal pressure from the direct taxation towards the consumption and, especially towards the consumption environmentally damaging, can be benefic even from fiscal perspective. In parallel with the discouragement of the environmentally damaging behavior by taxation, the member states can use tax incentives, such as subsidies, in order to encourage the environment's protection, to favor innovation, research and development. This kind of approach is adequate to the context of the objectives included in the EU's program regarding the climate and the energy: reducing greenhouse effect gas with at least 20% until 2020, bringing to the level of 20% of the share of the energy produced from renewable resources and to 10% of the share of the biofuels.

On the other hand, the development and consolidation of the enterprises essentially depends on the acquisition of new equipment, technologies, know-how which will allow them to adapt the production to the requirements of the European Union's Internal Market. Taking into consideration the competition on the European Union's market, and the high level of consumer's demands, the Romanian enterprises have to improve the quality of the offered products and services, complying with all the environmental protection normatives. Also, the enterprises will have to find new ways to get to other markets.

The implementation of the European standards, products certification by the enterprises is an example of good practice, which proved to be efficient on the developed markets, having as result an increase of the commercial exchanges. At the same time, the introduction of the quality and environment management systems is an investment leading to facilitating the access to Romanian products and services on the European Union's market.

Also, the existence in Romania of some adequate certification normatives is an essential condition for the process of certification and implementation of quality and environment management systems by the enterprises.

In the same sense, there are the provisions of the Europe Strategy 2020, strategic document of the European Union, concerning the economic and social field, in the context of the European model of market social economy. The document establishes the fundamental directions of economic and social development of the European Union in perspective. This strategic approach of the European Union has as basis a series of document from the European Commission, European Council, and working formations of the European Union's Council. The Europe Strategy 2020 contains fundamental objectives which the European Union desires to accomplish, in the economic and social field, inside 2011-2020, at the entire Union's level. The Europe Strategy 2020 is the continuation of the Lisbon Agenda 2010, which functioned, with the same purpose for the period 2000-2010.

The conclusions of the Study regarding the evaluation of the impact of SBA, SEC (2008) 2101, showed that significant efforts are needed in order to unlock the economic potential of SMEs in EU, in order to improve the competitive performances. (Irimieș, Marușca, 2010, pp. 71-92).

In the actual context, the potential of the European enterprises to develop ecological innovation is underestimated. Data show that a clear, coherent legislation in environmental field can encourage the enterprises to introduce new ecological products and technologies friendly for the environment, these facts leading to a decrease of costs for the enterprises. In the specific literature is underlined that it is difficult to establish the real level of pollution caused by the SMEs in every member state, because very often there aren't relevant information. Still, many studies outline the environmental specific problems generated by the SME's activity in various countries. This way, according to a report performed by the British, for example, it is estimated that the SMEs produce 60% of the total emission of carbon dioxide produced by the enterprises in the United Kingdom, the conclusion drawn is that there are major possibilities to improve the energetic efficiency and to reduce the emission produced by the SMEs.

Most of the environmental national legislation which makes the reason for adopting an European program for supporting the SMEs, could also aim the coordination of the national initiatives to comply with the environmental legislation, making more efficient the existing strategic measures applicable to the SMEs, the increase of the financial assistance with the purpose to realize the sustainable production made by the SMEs, but also to increase computerization inside the SMEs regarding the modern means and technologies for the environment's protection.

This way, such a program will lead to promoting the environmental sustainable development, in parallel with the economic growth and not creating privileges to some SMEs.

According to the provisions of art. 4 from the Emergency Ordinance no 195/2005, regarding the protection of the environment, the ways of implementing the principles and strategic elements are: the prevention and integrated control of the pollution by using the best available techniques for the activities with significant impact on the environment, adopting the development programs, complying with the programs which have a significant impact on the environment, the evaluation of the impact on the environment in the initial phase of projects with significant impact on the environment, introducing and using the economic stimulating means and instruments and coercive measures, recognizing the products with lower impact on the environment, by giving the ecologic label, promoting the fundamental and applicative research in the field of environmental protection, education and making the public aware, as well as its participation to the process of taking and implementing decisions regarding the environment, etc.

From the preamble of the emergency ordinance no.195/2005 results that the remembered above principles "govern the entire activity of environmental protection", "draws the regulatory directions of the economic activities in order to accomplish the objectives of the sustainable development" and "aims the public interest".

### **Conclusions**

In conclusion, we appreciate that, in basis of the support measures at European and national level, the SMEs will be able to develop specific instruments through which to minimize the impact of their activity on the environment. Acting this way, the Romanian small and medium enterprises will be able to maintain, from financial and qualitative point of view on the national and European market.

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