

## Small Businesses as Culprits and Clients: A Comparison of Brownfield Redevelopment in Los Angeles and Kuala Lumpur

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This study compares brownfield (contaminated property) redevelopment in two cities, Los Angeles and Kuala Lumpur, Malaysia, and it identifies why brownfields are understood differently by small-scale manufacturers.

The manufacturing industry in the U.S. is dominated by small businesses—98.5 percent of manufacturing firms are small businesses. In the U.S. most brownfield policies have been driven by a top-down regulatory approach where legal liability is assigned and the resulting antagonistic relationship between government and business makes small businesses feel like “culprits.” This is compared to the stakeholder perspective of small firms in Kuala Lumpur.

The main purpose of this report is to examine how small businesses can participate as “clients” in reusing former brownfields, especially in communities that depend on the success of small businesses to survive. In other words, the report looks at brownfields as a solution to job retention and community renewal. It examines the perspective of small business owners from a variety of manufacturing sectors and their perceptions of brownfield policies.

### Overall Findings

Small manufacturing firms in both the U.S. and Kuala Lumpur are unaware of brownfield policies. Small firms in the U.S. feel antagonized as “culprits” by their local and national governments, while small

firms in Malaysia are treated as “clients.” Both cities perpetuate their problems by keeping small firms disengaged from the brownfield solution. The study discovered that the “culprit-vs.-client” paradox of small and medium enterprises exists in both cities, but that Malaysia might be more successful with their cleanup, since small businesses there are treated as stakeholders in economic development and encouraged to innovate toward international environmental standards in order to remain competitive globally.

### Highlights

- Although many brownfield cleanup funding and technical assistance programs exist and are intended to facilitate public-private sector collaboration in redevelopment, most small firms in both cities are unaware of these and are therefore unlikely to take advantage of them.
- The U.S. Environmental Protection Agency is primarily motivated by protecting public health and safety through the enforcement of liability and responsibility for contamination. Meanwhile, the Malaysian solution to the contamination problem is dictated by the national government through its real estate development activities and is motivated by an interest in promoting global industrial competitiveness.
- According to the findings, small businesses in Los Angeles and Kuala Lumpur proved difficult to engage for various reasons, but primarily because of

the time constraints imposed on them in their regular business operations. Malaysian firms were difficult to engage because they tended to be unfamiliar with brownfields redevelopment.

- Based on the survey, firms in Los Angeles revealed that there is definitely a “culprit” sentiment present. Firms indicated that they were overwhelmed by the environmental compliance requirements placed upon them regarding air emissions, water quality, and solid waste disposal, and have a fear of liability regarding brownfields.
- These two very different cases have ultimately shown how small firms may be isolated from communities—and concomitantly from responsibility for pollution management—by physical relocation in the case of Kuala Lumpur and by isolation in the Los Angeles case.

### **Scope and Methodology**

The researcher conducted telephone interviews, used secondary research, and hosted a survey on the Internet. Approximately 110 telephone calls were made to firms selected from the 2002 Directory of Business for Southern California, where they were identified as businesses in the City of Los Angeles. Manufacturing firms were identified by their Standard Industrial Classification (SIC) codes. In addition, the researcher obtained email addresses of firms from U.S. Small Business Administration’s Pro-Net database to transmit the survey. In Kuala Lumpur, Malaysia, firms were identified from the Federation of Malaysian Manufacturers Association, Selangor branch, which included Kuala Lumpur City.

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