

Corporate Social Responsibility in SMEs



Practical examples to foster
SMEs' competitiveness

Brochure based on the study

What is CSR?

CSR and Competitiveness European SMEs' Good Practice

Project Co-ordination:

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**More detailed information on the project may be found at
www.csr-in-smes.eu**

The information contained in this brochure has been elaborated with reasonable care. The project co-ordinator and the research team do not, however, accept responsibility for printing errors and/or other imperfections and potential (consequential) damage resulting thereof.

The examples of CSR practices in European SMEs presented in this brochure only represent a short version and a selection of the case studies analysed in the project. For the detailed description of all case studies please refer to the above-mentioned webpage. As to this regard, the project team would like to express its appreciation and gratitude to the enterprises participating in the study.

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Corporate Social Responsibility (CSR) means that companies integrate social and environmental concerns in their business operations and in their interaction with business relevant groups on a voluntary basis.

In Europe a variety of other **related terms** (e.g. Corporate Responsibility, Corporate Sustainability, Corporate Governance, Corporate Citizenship) exist, and often they are equated to CSR.

In general, CSR is **characterised** by the following aspects:

- Responsible entrepreneurship
- Voluntary initiatives going beyond legislative requirements and contractual obligations
- Activities to benefit the employees, business relevant groups (including the society as such) or the environment
- With a positive contribution to the individual target group while minimising negative effects on others (incl. environment)
- Regular activities rather than one-time-events (i.e. related to business strategy vs. ad hoc)

Why apply CSR in SMEs?

Although CSR is mainly discussed in the context of larger enterprises, it also is a **strategic tool to enhance the competitiveness of SMEs**. The specific impact, however, often cannot be expressed in hard facts and figures and it may take some time until they become manifested.

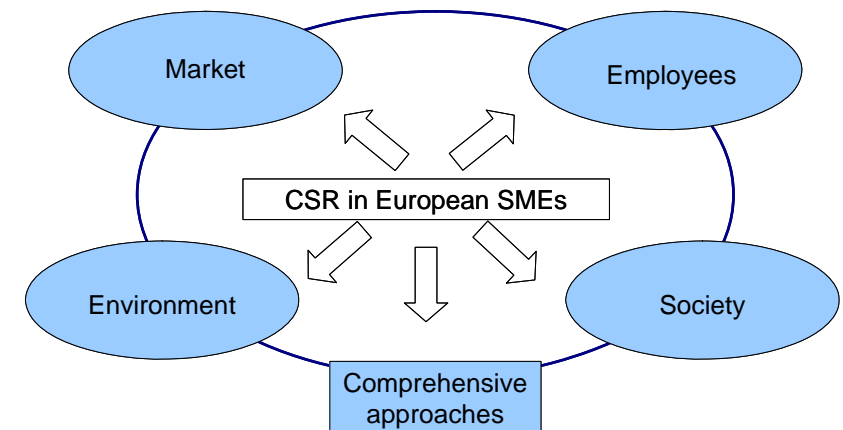
Generally, CSR can **positively influence SMEs' competitiveness** in the following ways:

- Improved products and/or production processes, resulting in a better customer satisfaction and loyalty
- Higher motivation and loyalty of employees, resulting in a higher creativity and innovativeness
- Better publicity due to the award of prizes and/or enhanced word-of-the-mouth
- Better position at the labour market and better networking with business partners and authorities including better access to public funds due to a better company image
- Cost savings and increased profitability due to a more efficient deployment of human and production resources
- Increased turnover/sales due to a competitive advantage derived from the above

CSR Concepts in SMEs

CSR may have manifold practical approaches which **not necessarily need to be very complex or cost-intensive**.

SMEs are particularly active in one or more of the following **fields of CSR**:



Workforce-oriented CSR Activities

A focus on **employees** includes, for example:

- the improvement of working conditions (incl. health and safety at work) and job satisfaction
- work/life balance
- equal opportunities and diversity
- training and staff development (incl. career planning)
- communication/information of employees and participation in company decisions
- responsible and fair remuneration or financial support of employees (e.g. pension systems, interest-free loans)



Examples for Workforce-oriented CSR Activities of European SMEs

The small **Austrian** consulting company “**denkstatt GmbH**” provides its employees with fruits and milk free of charge, and employees cook a healthy meal for all during their working time. Furthermore, the enterprise offers the possibility to hold a “power- nap” (a short recreation sleep of 20 minutes). The working rooms with many plants have a homelike, pleasant atmosphere.

The **German** medium-sized cleaning company “**LR Gebäudereini- gung**”, among others, provides cost-free German classes for its employees with migration background and organises workshops on environmental issues held annually for trainees.

“**Protu AS**“, a micro IT enterprise in **Norway** provides cell phones and broadband internet connection at home to all employees, so everybody has a fully serviceable home office. The company does not count how many days the employees are at home due to illness or children’s illness.

The medium-sized **Polish** construction company “**MELBUD MELBUD Sp. z o.o.**” has an internal social fund to finance cultural, educational or sport activities for employees or Christmas vouchers. Out-standing members of the staff can also expect to get loans that do not have to be fully re-paid. The employees have a feeling of professional stabilisation and identify themselves with the company. This results in a better atmosphere, a higher commitment and engagement.

The **Romanian** research company “**SC Icemenerg SA**” assigns 5 % of its turnover to measures targeting at improving the employees’ working conditions, e.g. by investing into occupational health, training, social events (such as the provision of a recreation centre or a gym hall).

“**Euroquímica de Bufi & Planas S.A.**” being active in the **Spanish** chemical sector offers its employees to become stockholder and, consequently, the right to participate in the enterprise’s general assemblies and meetings and in the enterprise’s profits. It has also elaborated a training plan for employees’ descendants (between 16 and 18 years) interested in carrying out a summer internship.

Society-oriented CSR Activities



CSR activities targeted at the **society/community** may refer to

- social and/or labour market integration at community level
- improvement of the local infrastructure
- cash or in-kind donations to local community institutions (e.g. schools, hospitals, environmental groups, cultural organisations, leisure and sports clubs etc.)
- support of the society in a wider sense (e.g. population of developing countries)

Examples for Society-oriented CSR Activities of European SMEs

The medium-sized **Finnish** jewellery producer “**Kalevala Koru Oy**” donates the profits of a jewellery series “Time of Africa” to a project helping girls to gain basic education in Ghana. The idea for the series came from the goldsmiths of Kalevala Koru who have participated in a cultural exchange programme between the countries.

“**Stormberg AS**”, a small **Norwegian** wholesaler recruits at least 25 % of their employees from persons who are disadvantaged at the labour market. Presently, almost 30 % of the employees are former prisoners, school drop outs and people with a drug abuse problem. The company benefits from very loyal employees, low personnel fluctuation and absenteeism. Only four people have left the company since it was established in 1998.

The small **Polish** PR consultancy “**Toolbox Creative Communications (TCC)**” carries out free of charge PR activities (e.g. media relations, the organisation of a press conference, the creation of a web page or assistance to journalists) for a NGO aiming at fostering the Polish-Jewish dialogue through celebrating cultural diversity and teaching tolerance via education. The company established new co-operations and won new clients. Furthermore, several short notes and articles concerning the CSR activity were published on the branch (PR & Marketing) web-sites.

“**Galfinband S.A.**”, a medium-sized **Romanian** company in the metal industry, among other, equips an IT school laboratory and offers sponsorships for humanitarian purposes (grants for children with outstanding results in school and sponsorship for Pantelimon Parochial House).

The **Spanish** “**Gaurisa Group**”, a medium-sized car dealer that, among other valuable CSR activities, promotes sport activities for local youngsters, especially in the field of cycling. Thus, Gaurisa has been engaged in several local non-professional cycling teams and also provides a professional cycling team with automobiles. It attributes its increase in sales and clients portfolio experienced during the last years to its good reputation and quality differentiation achieved by its comprehensive CSR activities.

Market-oriented CSR Activities



Market-oriented CSR activities target, on the one hand, at the customers and, on the other hand, at business partners and/or suppliers. Respective initiatives include

- activities to improve the quality or safety of products
- provision of voluntary services to the clients
- fair pricing
- ethical advertising
- paying suppliers or business partners without delay
- contracting local partners
- driving standards through the supply chain
- supporting the establishment of local/regional business alliances

Examples for Market-oriented CSR Activities of European SMEs

“**Eko-Expert**” is a small company in **Finland** having developed a unique technology to reuse the building insulations that otherwise would be dumped when buildings are renovated or pulled down. This technology results in an economic advantage for the customers through the savings in insulation expenses. So, for example, by renovating six apartment buildings savings of about €35,000.- for the construction company could be realised, resulting in cheaper prices for the residents in the buildings.

The **Finnish** medium-sized “**Opteam Henkilöstöpalvelut**”, a personnel services franchise chain, among others, pays particular attention to the individual employees’ situations by offering flexible working possibilities to ensure that the mediated jobs match their needs and fluctuation is minimised. Next to occupational orientation, the company offers a special training programme.

The **German** small kitchen producer “**Die Möbelmacher GmbH**” arranges cost free cookery courses for the customers to familiarise them with both, the firms’ kitchens and health-conscious diets. The enterprise initiated and participates in various co-operations. Once a year, regional producers come together for a “Day of the Region” to exchange experiences and inform others about their own sustainable business approach. As a result of these activities, Die Möbelmacher achieved significant increases in turnover during the past years.

“**DEANTE Antczak Sp.J.**“, a medium-sized **Polish** wholesaler in the field of technical equipment, provides its customers with a guarantee for 7 years – i.e. higher than those normally offered at the market. Furthermore, the clients are offered a continuous and efficient, free of charge, technical assistance and guarantee service. The company reached new customers due to a better image of good quality and reliability and limited the problems of migration of employees.

As part of its management policy, the **Spanish** medium-sized manufacturing company “**Ascensores Jordá**” follows an active subcontracting policy with its suppliers, establishing long-term relations with them and developing a number of collaborating activities in several fields such as quality control, risk prevention etc. In fact, the enterprise continues maintaining business relationships with their initial suppliers (the company was founded in 1953).

Environment-oriented CSR Activities

CSR activities in the field of the protection of the **environment** focus on

- designing environmentally friendly products or production processes
- an efficient use of resources
- the reduction of waste and pollution
- applying an “ecologic assessment” on the suppliers concerning their environmental standards
- informing business partners, customers or the society on environmental issues



Examples for Environment-oriented CSR Activities of European SMEs

The small **Norwegian** hairdresser “**Maja’s Salong**” follows a CSR approach in the fields of waste management, sorting and recycling, energy-saving by turning down lights at night as well as not using more water, shampoo and other hair treatment products than necessary. Furthermore, the company is actively engaged in the development of standards for ecologic certification in the hairdressing sector. These activities are not only ecologically valuable but also save money by reducing costs.

“**LUMAG Sp. z o.o.**”, a medium-sized enterprise of the **Polish** motorisation industry tries to manage all wastes produced within its premises and collects, stores and processes its products after they have been removed from the vehicles. The materials received from recycling can be utilised as raw materials of components used for the production of new brake system elements. Moreover, in the production processes asbestos has never been used and the formulas developed in the company’s own laboratory do not contain any heavy metals which could be a threat to the natural environment or vehicle users. The company succeeded in improving the local community’s opinion on the company and is perceived in the region as a decent and well prospering enterprise.

The small **Spanish** construction enterprise “**Javierre S. L.**” runs environmental management systems containing a number of procedures for identifying environmental impacts as well as for successfully managing these impacts beyond the existing minimum legal requirements. Furthermore, Javierre assesses its suppliers’ degree of compliance with the existing social and environmental legislation. For this purpose, the enterprise annually requests documented proofs in order to ensure that the aforementioned aspects are complied with. Javierre has also advised its suppliers on responsible management practices (i.e. in terms of social involvement, waste management or the adoption of transparent practices).

Comprehensive CSR Activities

Many SMEs do not focus on only one domain of CSR but follow a **comprehensive approach** combining various areas.

Examples for Comprehensive CSR Activities of European SMEs

“**Farm-Fill Umweltinnovations- und Vertriebs GmbH**”, a micro **Austrian** retailer distributes toys being made up of natural and renewable resources that grow without fertilisers and pesticides on set-aside agricultural land. Thereby, local suppliers are referred to. At the same time, by playing with this toy children are familiarised with natural products while being encouraged to develop creativity. Furthermore, Farm-Fill is supporting several non-profit organisations.

The medium-sized **German** enterprise “**Paravan**” is specialised in the field of disabled vehicle technology. Among others, it recruited disabled persons, sponsors associations for handicapped persons and self-aid groups and provides schools with training material on disabilities. Furthermore, the company owner is honorary president of a handicapped association and supports an awareness campaign financed by the European Commission, giving advice on how to further the mobility of disabled persons.

The medium-sized **Norwegian** manufacturing company “**AS Marex**” annually donates to various charitable causes, takes care of the environment (e.g. sorting and recycling of waste), guarantees sustainable employment, provides health care and training to its employees and offers jobs to people who need labour market training.

The **Romanian** micro consultancy company “**SC TUV KARPAT SRL**” offers training, improvement of the working environment (e.g. modern computers, flexible working hours, occupational safety) and communication with the employees. Much attention is devoted to customers’ feedback, and the company’s services are adapted according to its self-imposed quality standard. Thirdly, the business partners are involved in the enterprise’s training plans. Fourthly, the company is ISO 14001 certified and organises training courses on environmental issues.

Relevant Information/Links

Supra-national organisations active in the field of CSR

European Commission DG Employment, Social Affairs and Equal Opportunities	http://ec.europa.eu/employment_social/soc-dial/csr/index.htm
European Commission DG Enterprise and Industry	http://ec.europa.eu/enterprise/csr/index_en.htm
European Portal on Sustainable Development	http://ec.europa.eu/sustainable/welcome/index_en.htm
CSR Europe	http://www.csreurope.org/
EUROCHAMBRES	http://www.eurochambres.be/
European Business Ethics Network	http://www.eben-net.org/
European Fair Trade Association (EFTA)	http://www.european-fair-trade-association.org/
European Social Investment Forum	http://www.eurosif.org/
Fairtrade Labelling Organizations International (FLO)	http://www.fairtrade.net/
Global Reporting Initiative	http://www.globalreporting.org
United Nations Global Compact	http://www.unglobalcompact.org/
World Business Council for Sustainable Development (WBCSD)	http://www.wbcsd.ch