

# **Introduction to Corporate Social Responsibility For Small and Medium-sized Enterprises /SMEs/**



**European Commission**

***Directorate-General for Enterprise and Industry (DG ENTR)***

This guide was created as part of a pan-European campaign to raise awareness of Corporate social responsibility, an initiative of the European Commission, ***Directorate-General for Enterprise and Industry***



As a busy entrepreneur, how do you ensure long-term competitive advantage of your business? Through customer service and winning new customers by developing new products and services, and - most of all - to be profitable. Corporate Social Responsibility - or responsible entrepreneurship, as we call it here - can help you achieve all these goals.

The term "responsible entrepreneurship" means to ensure the economic success of a business by including social measures and measures for environmental protection in a company's operations. This means to be satisfied your customers, while meeting the expectations of other people, staff, suppliers and the public in the region. This means a positive contribution to society and management of the impact your company has on the environment. It can also bring direct benefits to your business and ensure long-term competitiveness.



# 1. Why you should be a responsible entrepreneur?

Responsible entrepreneurship mainly concerns the achievement of economic success and obtaining a commercial advantage by building a reputation and winning trust of the people who work or live around your company. Your customers want a reliable supplier with a good reputation for high quality products and services. Your suppliers want to sell to a customer who will return for repeat purchases and pay regularly. Community around you wants to be sure that your business operates responsibly towards society and the environment. Finally, your employees want to work for a company they can be proud of. They want to know that their contribution is appreciated. Responsible entrepreneurship is not new. Most companies, especially the smallest ones, have always been close to their communities and strive to be good corporate citizens since the emergence of the trade among people.

In fact, many entrepreneurs instinctively know that "to do what you should" - customer service, concern about the high employee morale, good relations with suppliers, to be a good neighbor and to protect

the environment - there is a good business sense. Over the last few years, however other drivers of responsible entrepreneurship appeared such as pressure from customers, local communities, regulators, banks, creditors and insurers. In order to remain competitive, companies must be able to adapt to these new requirements of the market and society.

Flexibility and individuality of many small and medium enterprises /SME/ often allows them to respond quickly to these changes because they easily can spot and take advantage of new market opportunities, unlike most large companies. This guide includes a number of case studies /case studies from practice/ - real examples of small businesses with successful policies for responsible entrepreneurship. There is an example with "Lippemeier", a German cleaning company that developed new services and products to respond to the growing demand of greener products and services.



## 2. What is "responsible entrepreneurship" in practice?

Responsible entrepreneurship includes taking action to integrate social issues and issues related to the environment in business operations. If you encounter these issues for the first time, the best thing to do is something small, focusing on something that directly relates to your business, something you know you can achieve. And do not forget to tell people what you do /see Handbook for communications/!

For example, your company may invest in their employees, which will be beneficial for both workers and business. Or you can do more for employee benefits, like the Slovenian manufacturer of beds "Meblo Jogi" /see the case study /. The company realized that success can come from informing employees how important their work and by taking into account their needs. Efforts of "Meblo Jogi" helped to keep the staff and the company was awarded a special prize for his good attitude to women.

Your company can also support a worthwhile cause and encourage their staff to participate as volunteers in community activities.

Commitment of the UK-based "Hanley Economical Building Society" to partner and sponsor deterioration of community projects in the area is a vital complement to their business objectives. /see the case study/. There may be lessons for others in the clear connection that Hanley sees between the company's profits and the welfare of the local community.

In addition to business relationships, your company might consider how to manage the relationships with the neighbors, the local community groups and the public authorities. Smaller companies can often skillfully manage these relationships because their business is integral, visible part of the community they serve. Degree of commitment to the community and building relationships is illustrated in the case of Koffie Kan, a coffee roasting enterprise in Belgium, with only three workers. Koffie Kan are dedicated to the idea of being a good neighbor and a part of the village's life, a fact that certainly played a significant role in the economic success of the company.



Your company can take action to improve the environment. Energy efficiency, pollution prevention, waste reduction and recycling can lead to lower costs and they also can contribute for increasing the viability of the enterprise. These measures could help to improve the relationships with the community, regulatory authorities and other authorities. Also, they can open doors to new business opportunities with customers seeking "green" suppliers. Telvill KTF, other a case study, understands this fact and their certificate of an environmental management system won them tangible business opportunities due to the loyalty and satisfaction of their customers.

It is not necessary to deal with all these issues simultaneously. Prioritization of actions and concentration of your efforts on those issues that are most important for the goals and objectives of the company is more likely to lead to

better results. You can always start a new action when you see the positive results of your past actions.

You may be interested in collaborating with other organizations or companies on the promotion of responsible business practices. For example, you may be able to participate in a scheme or a program of the government or the local authorities, or to join a business association with a particular interest in the field of responsible entrepreneurship. Or you can focus some efforts in specific CSR projects with other companies, such as your suppliers. Many of these activities are available for your company with very low cost or even free. Careful targeting of expenditure and their management can provide a significant return on your investment in terms of positive publicity, increased employee morale, improved company reputation and access to new markets.

### **3. Responsible entrepreneurship - case studies**

In the next section you will find 10 case studies of SMEs in Europe, successfully integrated CSR into their daily operations. Case studies help to illustrate the ways in which business organizations can be able to benefit from the responsible entrepreneurship.



## 4.Information sources

Here you will find useful sources of further information on CSR and Responsible entrepreneurship.

### **Directorate-General *for* Enterprise and Industry, European Commission**

[Entr-csr@cec.eu.int](mailto:Entr-csr@cec.eu.int)

Internet page CSR:

<http://www.europa.eu.int/comm/enterprise/csr/index.htm>

Responsible entrepreneurship for SMEs:

[http://www.europa.eu.int/comm/enterprise/entrepreneurship/support\\_measures/responsible\\_entrepreneurship/index.htm](http://www.europa.eu.int/comm/enterprise/entrepreneurship/support_measures/responsible_entrepreneurship/index.htm)

### **Euro chambers**

[eurochambers@eurochambers.be](mailto:eurochambers@eurochambers.be)

Internet page for SCR:

<http://www.eurochambers.be/activities/csr.shtml>

### **EUAPME**

[csr@euapme.com](mailto:csr@euapme.com)

Internet page for CSR:

[http://www.ueapme.com/EN/policy\\_enterprise\\_csr.shtml](http://www.ueapme.com/EN/policy_enterprise_csr.shtml)

