



International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores

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CSR and SMEs – How to get started

March 2014



Context

- Companies – large and small – have taken over responsibility for the society in which they operate since there have been companies. SMEs have always done things that could be called “corporate social responsibility”, even if they do not know or use the term themselves.
- CSR in SMEs is less formal and more intuitive than in larger enterprises, but that does not make it less valuable.
- SMEs are not a homogeneous group. As it is with companies in general – the CSR activities of SMEs depend on their size, their local environment, the business sector they are working in, whether they are part of a supply chain or not,...



- As private sector companies in general – SMEs need to be profitable in order to stay in the market and sustain their activities.
- SMEs do not have the resources as large enterprises for their activities. At the same time, they have often many advantages:
 - they know their local environment very well and have direct connections to their stakeholders to whom they can directly communicate.
 - as they are also often personally owned, decision to engage in certain CSR activities do not need to be justified vis-à-vis shareholders.



- The EU Commission stresses in its CSR Strategy, that “*Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite*” for CSR.
- In fact, especially in highly regulated environments, companies which are fully compliant with national legislation came a long way already with regards to managing their impact on society.
- SMEs do not have to re-invent the wheel, there is already quite an amount of CSR-guidance for SMEs available of which SMEs and their representative organisations should make full use of.



How to get started

- Get the support of the top-management to engage more systematically on CSR. You might want to elaborate on the business case to convince the top-management (repudiation, getting the best staff, requirements in B2B relationships,...)
- Assess what you are already doing. You probably already quite engaged in social responsibility without being necessarily fully aware of it or even calling it CSR. There are several self-assessment tools available. The EU Commission's publication "*Tips and Tricks for Advisors Corporate Social Responsibility for Small and Medium-Sized Enterprises*" lists some of them.
- Develop a vision which identifies priorities and long-term goals. The UN Guiding Principles on business and human rights, moreover, asks you to publicly commit to respect human rights. This human rights commitment might be part of your vision statement.



- Identify your risks of possible adverse impacts. Your stakeholders (customers, employees, local community) are a key source of information in this regard.
- Concerning the issue of human rights, the EU Commission has published a guide which helps you to identify the biggest human rights risks you might face as well as to mitigate and prevent these risks (see: *My business and human rights. A guide to human rights for small and medium-sized enterprises*).
- Involve your employees. The engagement of staff is a key success factor for CSR activities. A recent CSR-best practice compilation by the IOE has shown this very clearly. Depending on the size of your company you might want to set up an internal, cross-functional CSR team.



- Start to engage on the “low-hanging fruits” which can lead to “quick wins” and foster your motivation and engagement as well as that of your employees.
- Once you picked the “low-hanging fruits”, you can set more ambitious targets. Make sure that your CSR measures are in line with the core objectives and competencies your enterprise and is mainstreamed in the day-to-day business culture .
- Find innovative and cost-efficient ways to communicate your engagement – for example through a blackboard for employees, through place cards in your sales room, twitter and Facebook,...
- Make full use of existing networks, as for instance employers’ organisations, which might give you individual advice as well as facilitate the exchange of experience between you and your peers. Learn from other SMEs (in your sector/country) about successful approaches and CSR initiatives.



Concrete proposals to engage on certain issues based on Montenegrin experience

- Social Responsibility towards Employees
 - Conduct interviews/surveys about the level of satisfaction among your employees in the company.
 - Based on conclusions of interviews/survey, define an annual plan of specific activities. Each activity needs to have clearly defined responsibilities, deadlines, indicators and budget for its implementation.
 - Potential activities which could be placed in annual activity plan are: flexible working hours for employees, telework, skills development, etc.
 - Inform all employees about the planned activities.
 - Conduct an impact assessment periodically and inform employees about achieved results.



- Supply Chain Management

- Map all your suppliers and identify potential risks.
- Create a document which defines requirements which need to be met by suppliers.
- Monitor implementation of your requirements by suppliers.
- Provide suppliers with an opportunity to express their views on their cooperation with you.
- Inform suppliers on your socially responsible activities as well as on measures which can be taken in order to improve the level of social responsibility.
- Share knowledge and if possible, invest in education of suppliers with the aim of improving their business practice.



- Consumer Relations

- If possible, monitor and conduct research on the needs of buyers.
- Ensure healthy and safe products.
- Responsible after-sales services: adequate installation of products, guarantees, technical support as well as provisions on conditions for returning, repairing and maintaining.
- Make personal and long-term relation with buyers. Keep internal records. Respect opinion of buyer! Use dissatisfaction of buyers as encouragement to improve products and services and innovations.
- Refer buyers to the website of market inspectorate so that they can obtain data on products withdrawn the market. If applicable, follow the information and timely remove such products from sale.
- Make active cooperation with organisations dealing with consumer protection.
- Use modern technologies for information activities (Facebook, twitter, LinkedIn, Google+ and other social networks).



- Community Engagement
 - Decide in consultation with your employees and stakeholders, where and what to invest into the community – people, money or material assets.
 - Identify sector/target group that you can connect your business with.
 - Contact organisations/institutions that are being active on this issue/in this area and consider collaboration.
 - Define ways in which your contribution can be most effective.
 - Develop an action plan together with your employees and relevant stakeholders.
 - Evaluate the implementation of the action plan and inform your employees and public on results.



- **Social Responsibility towards the Environment**
 - Initiate activities for waste reduction, re-use of materials, recycling, saving of paper, water, electricity and other resources.
 - Use renewable energy resources (energy of watercourses, wind, non-accumulated solar energy, biofuel, biomass, biogas, geo/hydro/aerothermal energy, waves energy, energy of tide...).
 - Orientate towards production and distribution of products that have no or very low negative impact on environment (environment-friendly products).
 - Consider collaborating with the local community, local authorities and NGOs whose activities are related to environment protection.



- Anti-Corruption
 - Estimate risks in your company, check out all procedures, contracts and reports on every business transaction.
 - The owner should be a good example for his/her employees, should inform and educate them.
 - Develop a code of conduct for your company, then follow up and report periodically on its enforcement.
 - Report on corruption through regular legal procedures and cooperate with authorities during investigations at all levels.
 - Work only with those partners who conduct their businesses responsibly, check their supply chains.



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What are your experiences? We want to develop this guidance further!





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**Thank you very much
for your attention!**