

# Introduction to Corporate Social Responsibility for Small & Medium-Sized Enterprises



An initiative of the European Commission  
Directorate-General for Enterprise

*This guide has been produced as part of the pan-European awareness-raising campaign on CSR, an initiative of the European Commission, Directorate-General for Enterprise*



As a busy entrepreneur, how do you ensure the long-term competitive advantage and continuity of your business? By servicing customers and nurturing new ones, by developing new products and services, and – above all – by being profitable. Corporate Social Responsibility (CSR) – or responsible entrepreneurship as we will call it here – can help you to achieve all of these goals.

The term ‘responsible entrepreneurship’ refers to ensuring the economic success of a business by the inclusion of social and environmental considerations into a company’s operations. In other words, it means satisfying your customers’ demands, whilst also managing the expectations of other people, such as employees, suppliers and the community around you. It means contributing positively to society and managing your enterprise’s environmental impacts. And it can bring direct benefits to your business and secure its long-term competitiveness.

## 1. Why should you be a responsible entrepreneur?

Responsible entrepreneurship is essentially about maintaining economic success and achieving commercial advantage by building reputation and gaining the trust of people that work with or live around your company. Your customers want a reliable supplier with a good reputation for quality products and services. Your suppliers want to sell to a customer that will return for repeat purchases and will make payments in a timely manner. The community around you wants to be confident that your business operates in a socially and environmentally responsible way. And lastly, your employees want to work for a company of which they are proud, and that they know values their contribution.

Responsible entrepreneurship is not new; most enterprises, particularly smaller ones, have always been close to their communities and have sought to be good corporate citizens since the dawn of human commerce. Indeed, many entrepreneurs instinctively know that 'doing the right thing' – servicing customers, looking after staff morale,

nurturing suppliers, being a good neighbour and protecting the environment – can make good business sense. In recent years, however, other drivers for responsible entrepreneurship have appeared, such as pressure from customers, local communities, regulators, banks, lenders and insurers.

To remain competitive, companies need to be able to adapt to these new demands from the market and the society in which they operate. The flexible and personal nature of many small and medium-sized enterprises (SMEs) often allows them to respond quickly to these changes, because they can more easily spot and take advantage of market opportunities than many larger companies. There are a number of case studies – real examples of small companies that have successful responsible entrepreneurship policies – in this guide. Have a look at the example of Lippemeier, a German industrial cleaning company that has developed new services and products to respond to the growing demand for more environmentally friendly cleaning.

## 2. What does responsible entrepreneurship mean in practice?

Responsible entrepreneurship involves taking action to integrate social and environmental issues into business operations. If you are tackling these issues for the first time, it may be best to start small, focussing on something that is immediately relevant to your business and that you know you can achieve. And don't forget to tell people what you are doing (see Communication Guide)!

For example, your company could invest in its employees by offering training that will benefit workers as well as the business. Or you could make better provisions for employee welfare, as the Slovenian bed manufacturer Meblo Jogi has done (see case study). The company realised that success can come from letting staff know how important their job is and by listening to their needs. Meblo Jogi's efforts have helped to improve staff retention, and the company has been honoured with a special award for being a woman-friendly business.

Your enterprise could also support a good cause and encourage employees to volunteer for community activities. The UK-based Hanley Economical Building Society's commitment to sponsor and partner community projects in its local area is a vital complement to its business objectives (see case study). There may be lessons for others in the clear connection that Hanley sees between company profitability and the well-being of the local community.

In addition to business relationships, your enterprise could consider how it manages its relationships with neighbours, local community groups, and public authorities. Smaller companies are often able to manage these relationships skilfully, as their businesses are an integral, visible part of the community that they serve. The power of community engagement and relationship-building is illustrated in the case study of Koffie Kàn, a coffee roasting house in Belgium with a staff of three. Koffie Kàn is committed to being a good neighbour and part of village life, a fact that has certainly played a major role in the company's economic success.

Your enterprise could take action to help preserve the environment. Energy efficiency, pollution prevention, waste minimisation and recycling can deliver cost-savings and so contribute to the viability of the enterprise. Such measures may also help to improve relations with the community, regulators and other authorities. They can also open the door to new business opportunities with customers looking for 'green' suppliers. Telvill KFT in Hungary, another of the featured case studies, recognises this fact, and its certification to the ISO 14001 environmental management system standard has delivered the tangible business benefits of greater customer loyalty and satisfaction.

It is not necessary to address all these issues at once. Prioritising actions and concentrating your efforts on those most relevant to your enterprise's goals and objectives will likely achieve better results. You can always add new actions once you see the benefits of the first ones you tried.

You may be interested in working together with other organisations or companies to promote responsible business practices. For example you might be able to participate in a scheme run by the government or local

authorities, or join a business association with a particular interest in responsible entrepreneurship. Or you might want to join forces on specific CSR projects with other companies, such as your suppliers. Many of these types of relationships are available at little or no cost to the enterprise. Where costs are incurred, careful targeting and management can ensure significant return on your investment in terms of good publicity, enhanced employee morale, improved company reputation and access to new markets.

### 3. Responsible Entrepreneurship: Case Studies

In the next section, you will find ten case studies of SMEs from across Europe that have successfully integrated CSR into their daily operations. The case studies help to illustrate the many ways in which businesses can engage in and benefit from responsible entrepreneurship.

## 4. Sources of information

Here are some useful sources of further information on CSR and responsible entrepreneurship.

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

e-mail:

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

Web site on 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)

### **EUROCHAMBRES**

E-mail:

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

Web site on CSR:

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

### **UEAPME**

e-mail:

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

Web site on CSR:

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