

CSR-Ready

Project Newsletter

- Issue 2 – September 2021

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ABOUT THE PROJECT

Nowadays, Small and Medium-sized Enterprises (SMEs) constitute more than half of the businesses of the European Union (EU). Although their environmental footprint is relatively limited, SMEs aggregate environmental impact accounts for roughly 70% of the total EU environmental footprint (Quintás et al. 2018). Nonetheless, SMEs struggle to get a business approach to Corporate Social Responsibility (CSR). They mistakenly believe that CSR is an area reserved only for large businesses, that dispose of grater human and economic capital, and they are generally unaware of the direct economic benefits of CSR.

Our Erasmus+ funded Interactive Corporate Social Responsibility SME Readiness Project (CSR-Ready) has been created with a clear goal: to enhance implementation of CSR strategies in SMEs, by showing SME decision-makers the specific effects and benefits. The CSR-Ready Project will equip SME owners/managers with the knowledge and tools to understand the impact and importance of CSR, to develop CSR strategies and to increase comparative advantages deriving from CSR transition. Additionally, The CSR-Ready Project aims to create a lifelong environmental impact, by disseminating scientific knowledge amongst HEIs and VET. In this way, HEI students and (future) entrepreneurs will be more aware of the environmental and economic benefits of CSR. At the same time, future Entrepreneurs and StartUps are trained to implement CSR Strategies directly from the start – helping them to avoid future transition costs and allowing them to directly create CSR based competitive advantages.

In doing so, this project is in line with the goals of the European Green Deal and will have an impact on the achievement of its objectives by increasing the implementation rate of CSR in SMEs and thus improving the social, ecologic and economic footprint of the SME sector in Europe.



Featured Image retrieved from Pexels.

THE CONSORTIUM

The CSR-Ready project unites 5 partners from universities, businesses, start-ups, and networks from 5 EU Member States, whose experience and expertise provide an ideal foundation to achieve the project's objectives.



The Vision Works GmbH – Project Coordinator
Haale (Saale), Germany



European E-learning Institute
Copenhagen, Denmark



Chamber of Commerce, Industry, Services
and Shipping of Spain
Madrid, Spain



University Industry Innovation Network
Amsterdam, The Netherlands



Momentum Marketing Services Limited
Leitrim, Ireland

WELCOME TO OUR NEWSLETTER

The global challenges of the 21st century are manifold. Neither politics, business nor civil society will be able to solve climate change, poverty reduction or human rights protection on their own.

As companies or organisations, we do not act in a vacuum - through our actions we influence the living conditions of a large number of people in a direct or indirect way and on many levels. This applies to international corporations as well as to small and medium-sized companies. Those have, due to their resources, capacities and competences, but also due to their political and social influence on regional level, a great potential, but also a great responsibility to contribute effectively to society.

Even though a large number of small and medium-sized companies is aware of this responsibility, too few currently implement it professionally and comprehensively within the framework of holistic corporate social responsibility (CSR) strategies. As a result, not only is potential lost for society - the companies also give away potential competitive advantages. Small companies in particular can, for example, make their production more efficient, gain reputation among customers and employees or increase their innovative strength.

With the CSR-READY project, we want to make a contribution so that more and more small and medium-sized companies understand social responsibility as part of their corporate strategy and develop and implement comprehensive CSR strategies - thereby gaining innovative strength and competitiveness and at the same time making an important contribution to solving the current challenges.

We hope you enjoying reading the second issue of the CSR-Ready newsletter!





News from the Project

Picture by Karolina Grabowska on Pexels

IO1: CSR-Ready Impact Framework Enters Last Stage of Development

Projects such as CSR-Ready, which aim to encourage SMEs to implement CSR, are very positive because they make smaller companies aware of the possibilities and advantages of implementing CSR and help them to approach an area that they sometimes consider to be beyond their reach.

The starting point of the CSR-Ready project is the international analysis of CSR in SMEs through literature review and interviews with SMEs and experts, identifying the training needs and skills required SMEs to implement CSR. The literature is scarce in studies related to CSR and SMEs, there are studies on CSR in companies, but there is not much literature regarding the specific case of SMEs, more research is needed, research focused on SMEs.

Corporate Social Responsibility is an aspect that has a positive impact on the competitiveness of companies. Several studies have demonstrated this direct and positive relationship between CSR and competitiveness. The work of Marín and Rubio provides empirical evidence that CSR contributes to the improvement of competitiveness, similar results to those of Mahon and Griffin, 1999, which show that the contribution of CSR in SMEs goes beyond the financial sphere; it is a permanent and more long-term resource that generates competitive success.

In SMEs, the implementation of CSR is reduced, mainly due to the lack of training and knowledge that smaller companies have about all aspects related to CSR, the content and implementation are aspects that are unknown to them and that are an obstacle to the development of actions related to CSR. The lack of knowledge about CSR among SMEs means that in many cases they are carrying out CSR-related actions because they are required to do so by clients, for example, and the companies are not aware that they are part of CSR. In addition, SMEs often lack communication, both internally and externally, of the actions carried out within the framework of CSR.

Those interviewed in this project also highlight, as the main obstacle, the scarce implementation of CSR in SMEs, the lack of knowledge and training, and in some cases, the lack of financial and/or human resources. The literature review does not identify specific training needs, nor specific skills or knowledge that are necessary for SMEs to implement CSR. The literature review does point out the ambiguity of the concept of CSR and the multitude of existing definitions. In fact, SMEs consider CSR as an abstract term that they do not

integrate into their internal or management policies.

SMEs do not yet have a clear vision of CSR, its content and its true dimension. There is little awareness of the implementation of CSR policies among these companies. Sometimes, small companies carry out specific actions in the field of CSR, but they are not part of any strategy or are not aware of it. In summary, it has been shown that the motivations for implementing CSR are different depending on the size of the company, the lack of communication, the lack of awareness or knowledge of SMEs about CSR, hinders the adoption of measures that allow SMEs to adopt a more CSR-focused strategy.

One aspect that stands out from the results of the interviews is that the interviewees agree that CSR is not very widespread in SMEs, and that most companies do not have a CSR manager. The main reason, according to the interviewees, is the lack of knowledge and training that SMEs have in all aspects related to CSR. Many SMEs are carrying out CSR activities, but they are not aware that these activities are part of CSR.

Regarding the competences needed, most of the interviewees indicated that no specific competences are necessary for the implementation of CSR actions in SMEs, but that the fact that SMEs implement CSR is more related to the motivation of the owners and/or managers of the SMEs. In any case, they indicate that there are competences that facilitate or foster CSR such as: empathy, sensitivity towards sustainability and environmental issues, networking skills, communication skills and conflict resolution skills.

Therefore, it is necessary to train SMEs in CSR, to show smaller companies the importance and advantages of CSR for the development of business activity, to train on the content of CSR and on how to transfer CSR to business activity, in short, it is necessary to "professionalise" CSR in SMEs.

1. Mahon, J. F. y Griffin, J. J. (1999): «Painting a Portrait», Business and Society

Expert/SMEs Interviews: The Spanish Context – Chamber of Commerce of Spain



Photo by Anna Shvets from Pexels

From the interviews conducted with SMEs and organisations that aim to promote CSR in Spanish companies, it is generally confirmed what the literature points out regarding the implementation of CSR in SMEs.

A noteworthy aspect of the results of the interviews is that all interviewees from the Spanish Chamber of Commerce agree that CSR in SMEs is not widespread in Spain. The main reason, unanimously stated by the interviewees, is the lack of knowledge and training that SMEs have in all aspects related to CSR. Many SMEs are carrying out actions that fall within the framework of CSR, but they are not aware that these activities are part of CSR. Therefore, it is necessary to train SMEs in CSR, to show smaller companies the importance of CSR for the development of business activity, to train on the content of CSR, in short, it is necessary to "professionalise" CSR in SMEs.

The fact that there is a person or team dedicated exclusively to CSR activities within the company makes its implementation much easier. Involving the management team is also very important. The profile of the CSR manager is a generic profile that does not require a special technical qualification, but what is very important is that he/she has a series of qualities and/or skills such as empathy, negotiation skills, communication, etc.

Another aspect mentioned in the interviews is communication, the importance of which for CSR in SMEs is fundamental. Communication should become a complementary tool to training to inform companies of the importance of CSR and thus encourage its implementation.

In this sense, the Corporate Social Responsibility Programme of the Chamber of Commerce of Cantabria stands out. Since 2015, they have been giving free workshops ranging from the most essential to the most complex. This programme seeks to greatly enhance internal CSR (external CSR is more visible) so that when it is analysed, it is seen that they are socially responsible. According to the head of the programme, "It is not logical for an entity to sponsor an event and, at the same time, its workers have precarious employment". The programme's actions are aimed at promoting good business practices, beyond the strictly legal or contractual. Initially, almost all the large companies in Cantabria joined, because CSR was something that was imposed on them, but they did not have the time to implement it. There are currently 140 active companies from various sectors (mainly in industry), with more than 300 companies that have participated since the start of the programme. It is true that some companies feel obliged to do so, as they are suppliers of big brands that demand it.

Expert/SMEs Interviews: Riding the Waves of Change - TVW

Those who do not move with times will be removed over time - What investors have known for a long time has not yet arrived in many small and medium-sized enterprises (SMEs). Why is that?

As part of the CSR-Ready project, tww GmbH interviewed three consultancies, two experts, and two SMEs. We want to investigate what role Corporate Social Responsibility (CSR) plays in small and medium-sized enterprises, to find needs, and identify difficulties. We are also interested in the advantages for companies to implement CSR strategies and what is needed to do so successfully.

The interviewed SMEs, one an award-winning manufacturer of sustainable organic beverages, the other a sustainable fashion company for ecological and socially fair fashion, are known in Germany for successfully implementing CSR strategies and could be seen as best practice examples. Both companies anchor, among other things, environmental impact, sustainability, transparency, human rights, and ethical behaviour in their corporate principles. They act out of an intrinsic need to make the world a better place. To do this so successfully, they both state that it requires financial resources in addition to time and labour. They also see it as a challenge to identify the individual building blocks and steps leading to a successful CSR strategy. But don't underestimate the benefits for the company and the stakeholders. Besides the environmental, ethical, and social benefits, the shared vision increases the motivation and efficiency of all employees and improves the company's image. Furthermore, it attracts new employees and consumers, which has a positive economic impact. Both companies confirm that in times of skills shortages, climate crisis, and corona crisis, it is timely to question one's actions in the world and to set a good example.

This view is also shared by our expert, who researches in the field of entrepreneurial decision making at a German university, as well as the interviewed consultants, who specialise in ensuring the long-term survival of their clients in the market. If companies reflect on themselves and their environment, this can also prevent crises in case of doubt: By avoiding palm oil, not only emissions but also risks occurring from critical consumers can be curbed.



Photo by Brett Jordan on Unsplash

If one subjects its supply chain to an audit, one may optimise processes. Adapting the vision, the strategy, and the business model to current requirements can ensure survival and is in line with the spirit of the times. But why is this awareness not yet common practice? The consultants see a lack of information as one reason: If SMEs were informed and offered help with the implementation, many things would be easier. But CSR can only work in the long run if it is not a purely strategic issue but rather intrinsically motivated.

One of our interviewed experts points out that this intrinsic motivation serves as an essential factor for Corporate Social Responsibility. The holder of a chair in business ethics at a German university explains that many SMEs do implement responsible measures, even if not in a comprehensive strategy. That is not even necessary, but 2-3 key points can be picked out and analysed to see how one can achieve the greatest possible impact with little (financial) effort.

That is where our CSR-Ready project comes in, helping small and medium-sized enterprises to analyse the impact of corporate social responsibility on their business and to implement concrete CSR measures - even if they are only a few.

Expert Interviews: Findings at the International Level - UIIN

Since the start of 2021 the whole consortium has contributed actively to the research that needed to be done as part of the Intellectual Output 1: International SME CSR-Ready Impact Framework. One important part of that research has been conducting interviews among SME owners and CSR experts to acquire a better understanding of the reasons why SMEs decide to implement CSR into their operations, or not.

Thus, from UIIN, making use of our large network of international contacts, we have conducted a total of six interviews, mainly with experts on the topic and CSR consultants. The profile of the interviewees varied from researchers on the topic, consultants from both public and private institutions, as well as the CSR Manager of an SME.

Even though the different backgrounds of the interviewees made them put the emphasis on slightly different aspects and benefits of CSR implementation, all of them seemed to agree that benefits that derive from Corporate Social Responsibility are more numerous and powerful than the disadvantages.

Thanks to these interviews we have gained extremely useful insights that have helped us to understand differences between small and large companies when it comes to CSR implementation. For example, one of the most important findings has been the fact that in the case of SMEs, CSR implementation is strongly related to the internal culture of the company, its DNA, and therefore to the core beliefs of the entrepreneur. Since SMEs don't have many employees, the creation of a specific department for CSR is, by far, out of their reach, which leaves the decision of whether integrating CSR in its operations solely to the owner.

Another factor that could evolve from obstacle to driver would be, according to most of the interviewees, adopting a bottom-up approach from the public and policy perspective. Politicians, policymakers and other public agents need to, if they are interested in increasing CSR implementation, start speaking the language of the SMEs, understanding them and proposing measures that SMEs can easily interpret and integrate. In short, governments and policymakers need to foster an

environment where clarity about risks, benefit and disadvantages is present.

In terms of the advantages of implementing CSR, these are usually perceived as only a few that include a better reputation among customers, who also become more loyal, as well as contributing to the environment and the society. However, there is much more that's often overlooked. Companies can benefit from CSR in many other ways, such as gaining a competitive advantage in the market, benefiting from tax exemptions, becoming eligible for certain



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It is clear that there are some barriers that hinder CSR implementation, specially among SMEs, otherwise implementation rates would be considerably higher. CSR requires a certain number of resources that not all SMEs have available (time, personnel, money, knowledge, etc.). Nonetheless, those challenges could be tackled by educating SME owners in the idea that CSR is much more than recycling plastic or unplugging electronic devices when they're not being used. SMEs need to understand that CSR can be adapted to the particular structure, shape and specificities of each company, that they could do more and that doing so would bring them tangible benefits. That's why we are a part of this consortium, because we believe we can do something about it, and we can contribute to society by means of this project.

The Context of CSR in Irish SMEs

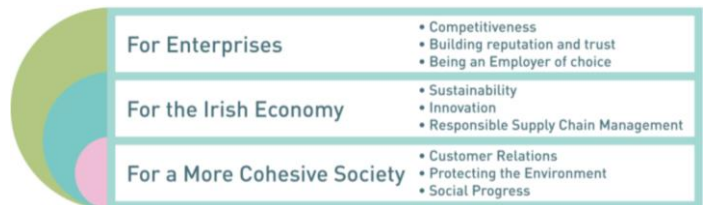
Corporate Social Responsibility covers a range of activities undertaken by organisations, networks and SMEs across Ireland and the world. Many businesses and organisations have adopted similar language, such as *'responsible business practices'*, *'corporate sustainability'* or *'sustainable business'*. After conducting this research it has become evident that Ireland has a long tradition of corporate social responsibility and has invested heavily in SMEs and CSR development. SMEs make up the fabric of our economy and employment sectors. Irish businesses and particularly Irish SMEs are stakeholders in their communities and often share common local concerns. They are ideally positioned to enhance their local business environment by investing time and energy into community projects.

Almost 14 years later CSR in Ireland has essentially become about *'running a business responsibly and sustainably, and contributing to the local community'*. ([ISME](#)). The CSR Forum's 2017 CSR baseline survey of businesses in Ireland (over 1,300 respondents) found that the majority (80%) viewed CSR as either "very important" or "moderately important". Encouragingly, the Forum's survey results indicate a readiness among Irish businesses to engage in CSR. ([enterprise.gov.ie](#))

Enterprise Gov Today Irish SMEs practice the Four Dimensions of Corporate Social Responsibility ([enterprise.gov.ie](#))

1. The **Workplace** how to support and engage employees.
2. The **Environment** and how to reduce, reuse or recycle resources to minimise negative environmental impacts.
3. The **Community** and how to interact with local community partners and organisations.
4. The **Marketplace** and companies can make responsible commercial decisions in dealing with suppliers and customers.

There is a lot of good practice amongst SMEs using these core dimensions including:



Community social responsibilities go beyond simply operating as ethically as possible and involve actively bettering society. This type of corporate social responsibility is frequently associated with donating money to charities, with many businesses supporting particular charities that are relevant to their business in some way. In Ireland, this also includes investing in the community or participating in local projects. The main intention is to support a community in some way that goes beyond just hiring. For these companies, business isn't just about profit. Common activities included working free of charge for charities, making charitable donations, match fundraising and recycling initiatives.

Little Milk Co - ['CSR at the Little Milk Co – Building Healthy and sustainable Communities'](#) was highlighted in CSR Check 2019. The Little Milk Company is Waterford based and their case study highlights their link to their community through mental health workshops and community groups. The Little Milk Company are members of the CSR Stakeholder Forum

Marino Software - [CSR at Marino Software is an independent mobile software consultancy](#) - delivering digital products across a range of mobile devices. Through their expertise they have developed the Big Life Fix Program changing peoples lives. Through AI Generated technology they helped Motor Neuron Disease sufferer, Róisín, to communicate with her loved ones using a digitised version of her own voice.



External Article

Photo by James Wheeler from Pexels

BanQu – Blockchain Digital Identity Providing Dignity!



Image Retrieved from the Ashish Gadnis' LinkedIn profile.

As part of the BEGIN project, UIIN has interviewed Ashish Gadnis, a serial entrepreneur, and CEO & founder of BanQu, a for-profit for-purpose company based in Dallas, United States. BanQu is an SME, founded in 2015 that operates in the supply chain. The company has the goal to give dignity to the poorest people in rural areas, who are generally invisible to the final consumers and financial institutions, by providing them with a digital identity and a digital record of their work and by guaranteeing an equal remuneration of their work.

To achieve this goal, BanQu uses an Enterprise Ethereum Blockchain software as a service platform to connect the 'first to the last mile' of the supply chain. Every bank, entity, or farmer is linked to a node of the blockchain. Being the platform integrated with local currencies and using mobile banking solutions, it enables the service users, and especially the most fragile stakeholders of the supply chain, to be fairly remunerated for their work and to gain a track record of their economic transactions. Having proof of financial records enables the 'first mile' of the supply chain to open

bank accounts, ask for loans, being able to prove their economic identity. Besides paving the way for a greater implementation of the technology, the company sets an outstanding example of Corporate and Social Responsibility.

In the interview, UIIN focussed on the challenges and key success factors that Ashish encountered in his every day-to-day business, as well as in the implementation of the technology in his business model. Ashish pointed out that there is general misinformation about what blockchain is, and that the technology is often misunderstood with cryptocurrencies. Furthermore, the technology received several pushbacks from large companies that feared being fully transparent.

Blockchain enables full transparency. Certain companies fear to be fully transparent as they are aware of issues, such as child labour, in their supply chain, but they do not act against it. One last barrier that Ashish pointed out consisted in biases and distrust of investors of having the interest of less fortunate people at heart.

During the interview, Ashish also pointed out factors that were key to his success. This included the ability to take a 'no' and move on to the next investor. During his entrepreneurial journey, he met with over 150 investors for his company, and most of them thought that his company was an unprofitable idea.

Finally, Ashish mentioned that it is important not to try to make everything perfect. It is a matter of having an idea, prototyping, scaling, and improving your idea upon feedback, and finally, having a clear mission, problem-statement, and business model and being supported by an experienced team.

Article retrieved from the Blockchain Enabling Growth in New Enterprises (BEGIN) project.

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CSR Ready

green, fair & competitive businesses



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