

INTERNATIONAL SME CSR-READY

IMPACT FRAMEWORK



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Section 1

LITERATURE REVIEW



1. LITERATURE REVIEW

1.1. SMEs and CSR

SMEs play a key role in the European economy, they are a source of economic growth, innovation and employment. SMEs account for approximately 99% of the European business fabric ¹, and are therefore the true protagonists of business activity.

Today, all economies are pursuing sustainable growth, setting specific targets for the achievement of sustainability. In 2015, the UN approved the 2030 Agenda for Sustainable Development², "an opportunity for countries and their societies to embark on a new path to improve the lives of all, leaving no one behind". Corporate Social Responsibility is a tool through which business can make a very positive contribution to sustainable growth.

Corporate Social Responsibility is a broad aspect, a concept that is sometimes blurred and for which there are multiple definitions.

Below are some definitions of CSR:

- Definition of CSR in the Netherlands. In consultation with the business communities, civil society organisations and the Dutch government, in 2000 the Social and Economic Council of the Netherlands (SER) attempted to define CSR specifically within the socio-economic, cultural and geographical context of the Netherlands. Together, business communities, civil society organisations and the Dutch government reached a consensus on the concept and definition of CSR. According to the SER, CSR is shaped by:
 - Consciously focus business activities on the creation of value in three dimensions (people, planet, profit), thus contributing to the long-term prosperity of society;

¹ Similar percentage in the countries participating in this project Germany, Denmark, Ireland, the Netherlands and Spain.

² <https://www.un.org/sustainabledevelopment/es/development-agenda/>

- Maintain relations with the various stakeholders on the basis of transparency and dialogue, in order to respond to the reasonable questions of society as a whole.
- In Ireland, "corporate social responsibility (CSR) is about businesses being responsible and sustainable, and having a positive impact on employees, customers, the local community, shareholders and other stakeholders" (ThinkBusiness.ie).
 - CSR in Ireland is also understood to "go beyond compliance with legislative requirements. It is a voluntary, business-led concept. It is a process that maximises the creation of shared value through collaboration with all stakeholders and ensures that the interests of business and the interests of society at large.

This analysis is based on the European Commission's definition, "the voluntary integration by enterprises of social and environmental concerns in their business operations and in their relations with their stakeholders" (EC, 2001).



The size of the companies, can condition the implementation of CSR measures. In large companies, the implementation of CSR is very high; these companies have incorporated

CSR as a new form of management. SMEs have not incorporated CSR to the same extent; however, in recent years a trend has developed that seeks to make companies aware of the importance of carrying out socially responsible policies that seek, on the one hand, to care for the environment and, on the other, social recognition.

The literature on CSR has traditionally focused on large companies. Little is known, empirically, about the type and extent of social responsibility in small firms (Vyakarnam et al., 1997; Schaper and Savery, 2004; Perrini et al., 2006; Spence et al., 2000).

In general, there are not many studies on CSR in SMEs, although, in recent years, some studies have been carried out on the implementation of CSR-related actions according to business size (Rubio, Ramos and Gutiérrez; 2016). In this sense, the studies are not conclusive on the relationship between CSR and business size.

In Germany, despite the high proportion of SMEs in the business fabric, research on Corporate Social Responsibility (CSR) focuses on large companies, so that there are also few scientific studies examining the implementation of CSR in SMEs. This is reflected, for example, in the Bertelsmann Foundation's Corporate Responsibility Index 2013.

Corporate social responsibility (CSR) in Ireland has gained momentum in recent years (Crawford and Scaletta, 2005) and is considered to be at an all-time high (Williams, 2005). Not only has it received academic attention, but also it has risen rapidly up the business agenda (Knox et al., 2005; Ogrizek, 2002). Research on SMEs has also been rather scarce (Friedman and Miles, 2001; Jenkins, 2004). This research provides new insights by analysing how CSR is understood and implemented in the Irish context, both from the perspective of large companies and SMEs.

A 2017 study conducted by Sustainalize for the Netherlands Environmental Assessment Agency (PBL) mapped the CSR monitoring landscape and listed 34 relevant initiatives and benchmarks that Dutch companies regularly use to monitor CSR. Their analysis concluded that, despite the amount of monitoring that takes place, it is difficult to generate a good picture of the state of CSR in the Netherlands based on these initiatives. This is because it is mainly listed companies and sustainability frontrunners that participate in these benchmarks.

Contrary to the traditional view, large companies are better at implementing CSR because of their greater availability of resources than SMEs. On the other hand, do not have the means to implement CSR actions, in recent years, there is a growing body of

opinion that smaller companies are more CSR-friendly, because they are more flexible in their hierarchy and that CSR requires flexibility. There is no empirical evidence that business size is a determining factor in CSR in companies. In other words, the fact that a company is large does not imply that it has a greater implementation of CSR-related aspects and, on the contrary, smaller companies are no worse or better at implementing CSR (Lepoutre and Heene, 2006).

As noted above, it has been assumed that larger companies have more resources and therefore implement CSR to a greater extent. However, some studies point to other determinants of CSR in companies, such as communication rather than company size. It is not a question of whether large companies implement CSR activities to a greater extent or whether social responsibility is a core aspect of company management, but in many cases, it is a question of the communication policy of the companies. Both internal and external communication. SMEs, in general, do not have a communication policy, they carry out many actions related to CSR, with their customers, suppliers, workers, in general, in their day-to-day activity and even social responsibility is part of the company's management, but they do not publicise and do not communicate the activities related to CSR. This fact is highlighted by Jenkins, 2009, who points out that the performance of SMEs in implementing CSR is not less advanced, nor that multinationals are at the forefront of CSR, but that there are differences in external communication and in the small number of CSR reports of smaller companies.

Often, SMEs are not even aware that they are already carrying out CSR activities. In fact, CSR as part of business strategy tends to encounter a lack of understanding, as the terminology seems too heavy and the concept superfluous. However, family businesses, for example, are characterised by loyalty, commitment and initiative compared to large companies.

The motivation for implementing CSR in companies does differ according to company size (Gómez, Ramos and Gutierrez, 2016). Thus, while for SMEs the values of the owner-manager are a priority, for large companies the environment is much more decisive when it comes to implementing CSR measures, mainly stakeholders and markets. Several authors have studied the reasons that lead companies to implement CSR according to their size, e.g. Jenkins, 2006; Murillo and Lozano, 2006; Preuss, 2005.

On the other hand, another aspect related to the scarcity of CSR implementation in SMEs

is that 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. In fact, SMEs consider CSR as an abstract term that they do not integrate into their internal or management policies. Sometimes, even 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, there is no empirical evidence that business size is a determining factor in CSR in companies. Although it is true that it has been shown that the motivations for implementing CSR are different depending on the size of the company, as well as 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 focused strategy on CSR.

1.2. Benefits and challenges of implementing CSR in 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 improving competitiveness. Furthermore, this study shows that CSR has a positive impact on the strategy and long-term business activity; it is not a circumstantial element that only affects financial results on a one-off basis, but is more long-term. Similar results to those of Mahon and Griffin, 1999, which show that the contribution of CSR in SMEs is not limited to the financial sphere, but is a permanent and more long-term resource that generates competitive success.

CSR has a positive relationship on cost structure, human resources, customers, innovation, risk management and reputation and financial performance, as highlighted in the European Commission's working paper³, which concludes that CSR can have a positive impact on the six factors mentioned above, depending on the depth and extent of the actions implemented.

³ Working document accompanying the Commission's Communication on Competitiveness in Europe (2008).

Improving competitiveness, one of the main drivers of CSR is the impact it can have as a lever to improve competitiveness and resilience, reduce costs and create new value in a responsible way. Most companies seek to be profitable, and this is achieved by managing their social, economic and environmental responsibilities in an ethical manner that benefits them, their employees and their local communities at large.

The implementation of CSR improves company performance and generates a positive social impact. Through various sources, it has become clear that customers, employees and suppliers are beginning to value corporate social responsibility initiatives more highly, and companies have turned to CSR as a means to strengthen the company while contributing to society.

Happier staff and good publicity, it has been shown that companies that implement CSR tend to increase productivity and staff motivation levels, improve customer satisfaction and loyalty, strengthen the company's reputation and can lead to good publicity. CSR policies and strategies are increasingly important in public tenders.



Therefore, a strategic approach to CSR as adopted in Ireland, for example, has led to potential benefits and the creation of growth opportunities at the SME level. These benefits are being realised in tangible ways by many companies, positively influencing

the competitiveness of enterprises and can bring real benefits in terms of:

- Improving company reputation by setting a standard, building trust and transparency. As a result, retaining existing and winning new business and increasing customer retention and relationships. Consumers are paying increasing attention to the environmental and social credentials of the products and services they buy and to the activities of companies in the sourcing and production of the goods they sell.
- Building strong relationships. Developing and improving relationships with suppliers and networks.
- Risk management: as a means to anticipate and reduce potential sources of risk and as a means to enhance reputation.
- Cost savings: especially in the area of environment and resource efficiency.
- Becoming an employer of choice: attracting, retaining and maintaining a happy workforce through its effect on employee relations and its positive impact on staff motivation and productivity.
- Improving innovativeness: Engagement with customers enables companies to stay close to emerging market trends and can lead to the development of new business models or products.
- Investment: Investors are increasingly looking at the ethics and practices of the companies in which they are involved.
- Accessing new funding and strengthening implementation: CSR is a big brand in funding applications, particularly those related to governance and philanthropy.
- Ensures competitiveness by driving sustainability and boosting long-term profitability.
- Foster social cohesion in the communities in which they reside, giving back and protecting the environment.

In today's business environment, consumers want to deal with companies that have ethical principles, investors want to work with organisations that act responsibly throughout their supply chain and all stakeholders want to interact with a company that shares their values. With greater emphasis on global challenges and issues, customers are more aware than ever of companies' ethical records of accomplishment, how they

source their products and the contributions they make to the local community. To increase levels of trust, Irish people expect companies to be active in CSR practices. Even when it seems clear that the size of an organisation influences how CSR is integrated and the outcomes of this implementation, contemporary literature shows arguments both for and against a business case for CSR practices in a given organisation. Regardless of the size of a company, the following categorisation of the business case argumentation versus the impact/contribution to the company's performance has been developed (Carroll & Shabana, 2010 ; Kurucz et al., 2008, pp. 85-92 ; Simon Zadek).

Business Case Argument	Impact of embedding CSR measures
<i>Cost and risk reduction</i>	<ul style="list-style-type: none"> - Increase of long term shareholders value; - Lower staff turnover; - Increase of efficiency; - Decrease of operational costs
<i>Competitive advantage</i>	<ul style="list-style-type: none"> - Benefit by the recruitment of personnel; - Stronger relationship with customers - Benefit by attraction of investors; - Increase of competitive advantage by combining of market (external) and competences (internal); - Alignment of philanthropic activities with capacities and core competences through orientation competences.
<i>Legitimacy and Reputation</i>	<ul style="list-style-type: none"> - Benefit by cause marketing; - Proof that the business is part of the society; - Consistency and compliance with social norms shown through CSR reports.
<i>Creating win-win situations for businesses and society</i>	<ul style="list-style-type: none"> - Connection with stakeholders interests; - Creation of pluralistic definitions of value for multiple stakeholders simultaneously. Turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs and into wealth.

Source: Wevers, H. T., & Voinea, C. L. (2021)

Cost and risk reduction

Carroll and Shabana, as found in the recent publication Corporate Social Responsibility as Core Competence for the Business Model of Social Start-Ups in the Netherlands,

argue that, for the cost and risk reduction case, a business can reduce costs and risks by offering equal opportunities to its employees and by generating commitment around a responsible environmental policy, which will cause an increase of the shareholder value in the long term. Furthermore, in a world where environmental laws are tightening and proliferating, Carroll and Shabana state that a proactive attitude towards the environment can result in lower costs to meet current and future regulations in the area.

Competitive advantage

The case for competitive advantage made by Carroll and Shabana⁴ is based on the assertion that a company can gain a competitive advantage by differentiation through CSR. This could lead to a strategy of cost leadership and the acquisition of a unique value proposition for the company through a carefully crafted CSR strategy. This would subsequently have a positive impact on attracting more talented employees, more loyal customers and investors (Carroll & Shabana, 2010).

Legitimacy and reputation

In terms of legitimacy and reputation, Wevers and Voinea⁵ distinguish between legitimacy, understood as laws/regulations and CSR reporting, all falling within the scope of legal responsibilities, and reputation, which encompasses social awareness and the importance attached to norms and values, all falling within the scope of ethical responsibilities.

Thus, Carroll and Shabana define legitimacy as the general perception or assumption that a firm's actions are desired, appropriate or adequate within the social system of norms, values, beliefs and definitions. This refers to labour, finance, taxation, environment and all surrounding regulations in a given country or geographic area.

⁴ Carroll, Archie & Shabana, Kareem. (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*. 12. 10.1111/j.1468-2370.2009.00275.x.

⁵ Wevers, Herman & Voinea, Cosmina. (2021). Corporate Social Responsibility as Core Competence for the Business Model of Social Start-Ups in the Netherlands. *European Journal of Sustainable Development*. 10. 23-41. 10.14207/ejsd.2021.v10n1p23.

Consequently, not applying these standards can have a negative impact on the company's reputation or the way it is perceived from a social perspective.

This is why some companies publish CSR reports. By doing so, companies can highlight that their operations are consistent with social norms and expectations and that the company is therefore legitimate, which gives them a reputation⁵.

1.2.1. Drivers of CSR in SMEs

- Strong SME owner leadership
- Social capital

A recent study⁶ by Magrizos et al. investigating SMEs actively engaging in CSR activities in a South Eastern European country (e.g. Greece) during the Eurozone economic crisis indicates that for those SMEs that are already adept at stakeholder management (choosing the most prominent and closest stakeholders), CSR strategies offer an important lifeline for SME survival.

Their results lend credibility to the argument that CSR actions lead to better financial performance of SMEs during the crisis, pointing out that CSR actions with stakeholders should be part of a well-informed strategy.

Finally, the results of research conducted by Jah and Cox (2015) reveal that firms in a region with high social capital show higher CSR. Their result suggests that shareholder or managerial self-interest does not explain all of a company's CSR, but that the altruistic inclination of the region might also play a role.

- Sensitivity to local stakeholders and reputation

SMEs often see their relationship with the local community as reciprocal (Massoud, 2010).

A 2013 survey⁷ of more than 250 SMEs in Saxony-Anhalt (Germany) shows that the engagement of SMEs is mainly concentrated at the local level. Thus, 85.5 % of the companies surveyed claim to be socially active mainly in their municipality and

⁶ Magrizos, S., Apospori, E., Carrigan, M., & Jones, R. (2020). Is CSR the panacea for SMEs? A study of socially responsible SMEs during economic crisis. *European Management Journal*.

⁷ Mittelstädt et al., 2013, p. 19.

community 21.5 % say that they are mainly involved in Saxony-Anhalt. Only 7.4 % say they are involved throughout Germany and only 3.5 % say they are involved internationally. Therefore, SMEs are mainly active at local and, to some extent, regional level.

- Geographical extent (risk)

Although limited to larger SMEs, Laudal's research paper suggests that CSR momentum is higher when SMEs expand their operations abroad. This expansion increases the number of external stakeholders and thus the number of risks and requires CSR investments to mitigate these risks. The constant movement of production capital to lower cost regions can be seen as the remedy to rising unit costs. The gains from global outsourcing dwarf the costs of implementing CSR measures to avoid public criticism and meet consumer expectations.

Other factors that drive companies to implement CSR, as highlighted in the abundant literature (Jenkins, 2006; Murillo and Lozano, 2006 and 2006; Murillo and Dinarès, 2007), are the improvement of the working environment, opportunities for productive improvement, employee retention and motivation, innovation, and differentiation from the competition.



In the incorporation of CSR in SMEs, the role of large companies is relevant. Smaller companies are under pressure to incorporate quality standards, ethical behaviour, transparency, gender equality, as well as environmental and sustainability actions, due

to the demands of large companies, if they want to be suppliers of multinationals and large companies, they must meet certain requirements, which are aligned with the implementation of CSR. Large companies would act as a catalyst for the implementation of CSR in SMEs.

In summary, it is important to highlight the advantages and/or benefits that companies that integrate CSR into business activity and management achieve.

The main advantages that SMEs can obtain from the implementation and maintenance of CSR actions can be analysed from an internal and external point of view. With regard to internal advantages, some of them have already been mentioned above: improvement of the working environment, motivation, improvement in productivity, greater internal cohesion, greater control and risk management, attraction and retention of talent and greater profitability. From the point of view of external advantages, customer loyalty, improved commercial relations with large companies and multinationals, favouring investment, improved stakeholder perception, and differentiation from the competition stand out.

Finally, the widespread implementation of CSR in SMEs helps to consolidate corporate culture and ethical behaviour, improving the image and reputation of the business fabric and contributing to sustainable development.

The relationship between CSR and business success is because CSR generates positive effects among all internal and external stakeholders, where the main protagonist is the consumer.

All stakeholders, especially consumers, are increasingly aware of the activities carried out by companies in all areas and, in particular, in the corporate sphere. Consumers are increasingly concerned about the responsible behaviour of companies and about compliance with minimum ethical, transparency, quality and sustainability standards.

1.2.2 Obstacles to CSR implementation

Kum Fai and Jun Ming established a categorisation system based on measurement items to operationalise the barriers identified in the implementation of CSR. They do this by means of an extensive analysis of various research papers on the subject that are geographically or sector-specific in scope, but which allow for the extraction of general

ideas common to all of them.

According to Kum Fai and Jun Ming, there are five categories of barriers to CSR implementation, each of which encompasses a number of specific barriers identified in the literature.

Groups	Barriers
Firm-specific barriers	
<i>Lack of resources</i>	<ul style="list-style-type: none"> - Insufficient financial resources for CSR implementation - Not enough knowledge about CSR implementation - Lack of relevant expertise - Lack of training - CSR implementation being too time-consuming
<i>Lack of strategic vision</i>	<ul style="list-style-type: none"> - Inexistent support from top management - Benefits for the company not identified - Association of CSR with unavoidable expenses - Other priorities - CSR is out of the mission/vision statement
<i>Lack of measurement systems</i>	<ul style="list-style-type: none"> - Absence of metrics to quantify the benefits - Inexistent internal controls to monitor and enforce CSR - Lack of benchmarking standards to compare CSR performance - Inexistent monitoring capacity on the market environment
Industry-specific barriers	
<i>Low willingness to pay for CSR</i>	Not applicable out of a given sector
<i>High regulation standards</i>	Not applicable out of a given sector

Source: Own creation using data from Kum Fai et al., 2016

Kum Fai and Jun Ming's categorisation is based on the recognition of two main groups of barriers: company-specific barriers, which are more heterogeneous and subject to the influence and control of change management or leadership, and industry-specific barriers, which are homogeneous and common to all companies in a given industry.

Resource constraints. Carlisle and Faulkner (2004) argue that SMEs are likely to experience a wide range of barriers, including the perception that CSR is not SME-related and resource constraints, such as financial, human and time constraints. According to Sarbutts (2003) and Vives (2006), SMEs, by their very nature, may face specific barriers to CSR. It has been argued that SMEs are constrained by time and financial resources. Focusing on the short term may mean that long-term CSR investment projects are not of immediate interest (Thompson and Smith, 1991; Carlisle

and Faulkner, 2004; Spence, 1999). On the other hand, it has been argued that, being smaller and flatter, SMEs may be better placed than larger companies to take advantage of changing societal needs (Sarbutts, 2003; Pérez-Sánchez, 2003).

1.3. Cases of good practice

Based on a series of interviews with SMEs and organisations whose aim is to promote CSR in companies, what has been said above is generally confirmed by the literature with regard to the implementation of CSR in SMEs.

A noteworthy aspect of the results of the interviews is that all interviewees agree that CSR in SMEs is not very widespread in Spain. The main reason, unanimously stated by all 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...

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 that cover 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 then 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 require them to do so.

Best practice cases of individual companies located in the project partner countries can be found in Annex 1.

1.4. Conclusions and recommendations for the promotion of CSR in SMEs

The study of CSR in SMEs shows that there are differences in the implementation of CSR in smaller companies compared to large companies, although there are no conclusive results on whether company size is a determining factor in terms of the implementation of CSR measures by companies.

The literature is scarce in studies related to CSR and SMEs, there are studies on CSR in companies, but there is not much literature on the specific case of SMEs, more research is needed in this respect, research focused on SMEs. While it is true that there is some research (Jenkins, 2009) that indicates that SMEs are implementing CSR but that they have a communication problem, which does not make their actions in this area visible. SMEs should improve their internal and external communication in order to make their socially responsible actions visible. What is different in companies depending on their size is the motivation that leads them to implement CSR actions (Gómez, Ramos and Gutierrez, 2016). Thus, while for SMEs the values of the owner-manager are a priority, for large companies the environment is much more decisive when it comes to implementing CSR measures, mainly stakeholders and markets.

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.



Stakeholders, especially consumers, have a more comprehensive understanding of and an increasing interest in the CSR activities of companies. Consumers are increasingly basing their consumption decisions on the responsible behaviour of companies and on compliance with minimum ethical, transparency, quality and sustainability standards, etc.

The main advantages that SMEs can obtain from the implementation and maintenance of CSR actions can be analysed from an internal and external point of view. In the internal sphere, the retention of talent and the improvement of economic results due to a better working environment and improved productivity stand out. On the external side, there is a better relationship with customers, as well as more global aspects such as sustainability and environmental improvement.

Larger companies exert a tractor effect on smaller companies in the implementation of CSR. Many smaller companies have to be suppliers to large companies that require them to take certain CSR actions in order to work with them.

The reduced implementation of CSR in SMEs is 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 tend to have a lack of communication, both internally and externally, of the actions carried out within the framework of CSR.

Finally, it should be noted that those interviewed in this project highlight the lack of knowledge and training as the main obstacle to the poor implementation of CSR in SMEs, and in some cases, the lack of financial and/or human resources.

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 outside their sphere of action.

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Annex 1. Good practice cases



SCHEPLAST (GERMANY)

Background

Scheplast specialises in the injection moulding of plastic. In 2018, Scheplast employed 52 people and had an annual balance sheet total of about 2.1 million euros. In 2006, the parents handed over the management of the company to their sons, who later parted company. For one of the two brothers, Jens Schenk, it was important to develop a sustainable corporate strategy that would fit in with his personal attitude to life and to dealing with the environment. In order to develop a vision and strategy that would set Scheplast apart from the now 5,000 competitors, Schenk and his management team looked at his company from four angles: Company orientation, employees, products and the processes. Sustainability was to play a central role, because through sustainability resources were not to be used wastefully and to be able to operate economically on the market. Schenk describes how he first had to become aware of who he is and what he wants. Because the values of the entrepreneur or the managing director are also reflected in the orientation of the company, this applies to SMEs as well as large companies. Based on these results, the corporate vision and strategic goals were formulated.

Strategy and activities undertaken

Scheplast stands for a life with plastics in harmony with nature. Scheplast ensures that plastic benefits people but does not harm the earth. Customers should be creatively supported in their problems. The aim is to achieve a fair price for high-quality products in an honest, ecological and socially responsible manner. Scheplast has committed itself to various success factors, which are of ecological, social and economic dimension. Particularly noteworthy is the mention of a comprehensive employee development concept and the innovative capacity in the use of renewable plastics. However, the greatest potential for sustainability lies in the products. The product orientation consists of two components. One is the use of sustainable raw materials and the other is the saving of mass, i.e. material. In this context, the sustainability of products does not necessarily have to go hand in hand with a higher price, as is often assumed. The materials developed by Scheplast for spring elements for bed systems can save hundreds of tonnes of CO₂. Low-priced sustainable products result in a win-win situation between Scheplast, the customers and the environment and society. In addition, the sustainability approach must also be integrated into the company's processes. Scheplast considers any energy that is put too much into a system as waste. Waste is identified by determining actual states compared to target states.

Outcomes and conclusions

Setting goals plays a particularly important role here. Employees are the most important part of a company. Employees must be able to identify with the company's vision and philosophy without exception. Here Scheplast relies on two components. On the one hand, sustainability is demonstrated even in small things in the company, and on the other hand, managers live sustainability. In this way, employees can be motivated and brought on board

SPEICK Naturkosmetik (GERMANY)

Background

In 2014, SPEICK Naturkosmetik was awarded the CSR Prize of the Federal Government in the category "Companies with 1-49 employees". In 2019, the company employed 26 people and re-ported an annual balance sheet total of around 10.4 million euros. SPEICK Naturkosmetik is thus an SME according to the EU Commission's definition. The

company makes its products from the Speick plant.

Strategy and activities undertaken

At the end of the 1980s, there was a change in the extraction of raw materials, i.e. the mining of the plant. Since then, the company has harvested the plant directly from nature, i.e. the Alps, instead of cultivating the plant artificially in large fields. The managing director of SPEICK Naturkosmetik, Wikhart Teuffel, emphasises that sustainability is lived in all facets and is the focus of the company's everyday activities. The company's employees are also particularly important, as they drive sustainable development. The employees thus played a significant role in the introduction of organic packaging made of renewable materials for many products.

AfB social & green IT (GERMANY)

Background

In its annual financial statements for 2019, AfB reported total assets of around 14.5 million euros and employed an annual average of around 250 people.

Strategy and activities undertaken

AfB distinguishes itself as a socially responsible company in two respects. On the one hand, AfB refurbishes electronic devices that others would throw away and then sells them. This represents an enormous saving of resources. Secondly, AfB promotes inclusion in the workplace. Around 40% of AfB's employees have a disability. AfB is therefore addressing two important social issues at once: Environmental protection and resource savings and the inclusion of people with disabilities. The company does not export electronic waste to the global south and refurbishes the IT equipment in Germany. On the one hand, costs can be saved through the saved transport routes, but on the other hand, a lot of CO₂ can also be saved. In addition, jobs are created regionally; here it can be ensured that the work takes place under good standards and with fair pay. For AfB, the identification of the employees with the company values is of central importance, which is why so-called Social & Green IT Dialogues are held regularly. The aim here is to enable stakeholders to exchange views on sustainable IT solutions. Furthermore, the company supports numerous initiatives and projects at home and abroad with a digital focus. For example, AfB helps socially disadvantaged young people

find jobs, equips refugees with mobile devices and strengthens digital education in schools.

Tony's Chocolonely (NETHERLANDS)

Tony's Chocolonely is a Dutch chocolate producer that is strongly committed to counter extremely low wages in the cocoa industry and child labour. Through their three-pillar strategy, they aim to showcase that it is possible to be successful, diverting from the conventional way of doing business and having an impact on Cocoa farmers.

Background

According to Tony's Chocolonely website, "in Ghana and Ivory Coast, about 2.5 million cocoa farming families produce more than 60% of the world's cocoa. Cocoa farmers receive USD 1.37 per kg of beans in Ivory Coast and USD 1.52 in Ghana. These excessively low prices lead to a farmer income of only approximately USD 0.78 per day (Cocoa Barometer 2018), which is way below the extreme poverty line of USD 1.90 per day (World Bank standard). Furthermore, forced labour continues to be a severe problem in the cocoa industry. A study conducted in 2018 confirms that at least 30,000 people are victims of modern slavery in the cocoa industry in Ghana and Ivory Coast (Global Slavery Index, p.49). "Adults and children are forced to work on cocoa farms without pay". To counter this phenomenon, Tony's Chocolonely was founded in the Netherlands. Differently from others, the company pays "a Living Income Reference Price per kg beans of USD 2.20 in Ivory Coast and USD 2.10 in Ghana. This enables cocoa farmers to earn a living income, which is set at USD 2.16 per person per day in Ghana and \$ 2.49 in Ivory Coast (Living Income Community of Practice, 2018)".

Strategy and activities undertaken

Tony's Chocolonely (TC) strategy is based on three pillars: first, creating awareness. The company is doing so through its awareness-raising sessions where everyone is made aware of what the problems are and what role they have to play in them; secondly, leading by example. By showing that making chocolate can be done differently, TC is proving to all other chocolate companies, by showcasing their success in sales, that it is possible to be successful while maintaining traceability, paying a higher price, investing

in long term partnerships, GPS mapping all farms and achieving carbon neutrality; thirdly, inspiring to act. The Dutch company finally has the goal to inspire other companies to follow its lead. As of today, TC remains one of the leading companies in the fight against child and modern slavery in the cocoa industry.

Outcomes and conclusions

As TC grows, so does the impact on cocoa plantations and farmers in Ivory Coast and Ghana. According to the company, in 2020 only TC sold more than 46 million bars. More sales are due to the increased visibility of the company and its attention to CSR practices and minors forced labour. The company is now a pioneer in the Western world in terms of traceability. In 2020 only, TC bought 5.337 metric tons of cocoa beans. All TC's cocoa beans are traceable back to their producers and ensure fair labour practices. TC is unique in this respect, almost all the chocolate brands that are sold in supermarkets today have no relationship with the cocoa farmers and producers and therefore they lack accountability. Furthermore, TC claims that it has an impact on the wages of farmers in Ivory Coast and Ghana. Indeed, in 2020 the number of farmers that they paid according to Living Income Reference Price and/or above amounted to 8.475. Lastly, TC in 2020 only paid over EUR 4 million in premiums for the farmers, increasing their wealth, but also enabling them to make the necessary investments to increase productivity and innovate.

AgroFair (NETHERLANDS)

AgroFair is a fair-trade company established in the Netherlands and operating globally. It is strongly committed to enhancing working conditions, health and salaries for people working in the tropical fruit industry, whilst making sure that environmental standards are fulfilled. Furthermore, it has the goal to redistribute the added-value of its fruits and vegetable throughout the entire chain value, guaranteeing more profit for the producers.

Background

AgroFair is a medium-sized company that was founded in 1996 in the Netherlands, specialising in the fair trade of fruits and vegetables from tropical countries to Europe.

AgroFair owns the fruit and vegetable brands Oké and EkoOké and differently from other trade companies, it commits to trade that fully respects the planet and its people. More specifically, the company is constantly seeking new and better ideas to improve sustainability and the environmental impact of its products, as well as the health, safety, and fair wages of its partners. A proof of its environmental commitment comes from the British sustainability ranking, in which the company gained the first place.

Strategy and activities undertaken

AgroFair strategy is based on the three P's pillars: People, Planet and Profit.

When it comes to people, AgroFair is particularly invested in guaranteeing a safe and healthy environment for everyone working in their industry, as well as adequate salaries for local producers. Indeed, AgroFair's producers are co-owners of the company and therefore the added value that derives from the export and sale of fruits and vegetables in Europe is equally divided throughout the value chain. The Company's website claims that local producers own roughly around 30% of AgroFair shares and they have a real say in the company's management. The company's goal is to connect its customers directly to the small farmers and farmworkers on the plantations.

When it comes to the environment (planet), AgroFair has the ambition to keep the impact of operations on the environment as low as possible and actively seek ways to reduce it further and to keep input, waste and discharge in check. To do so, the company invests in the research and development of new ideas to measure and quantify the sustainability of its products. AgroFair, however, does not do that by focussing only on the end-products, but throughout the entire value chain. The company pays particular attention to environmental issues such as water usage and sources of energy.

Finally, in terms of profits, AgroFair has the goal to maintain and improve its productivity and efficiency in all parts of the chain and to increase the profitability of its products, through sustainable growth.

Outcomes and conclusions

Through its business model, AgroFair is the market leader in the market of fair and sustainable tropical fruit/vegetable trade. Through its three P's pillars, AgroFair was able to boost labour and living conditions for local fruit and vegetable producers, whilst maintaining profitability and competitiveness of their products and respect for the environment. Furthermore, most relevantly, the company, due to the participation of

local producers in the company's shares, has been able to redistribute wealth and profit throughout the entire value chain.

Van Werven (NETHERLANDS)

Van Werven is a Dutch plastic producer that is committed to the transition from linear to circular economy of plastics. Throughout the years, the company made high-quality recycled plastics raw materials its selling point, being able to have an impact on the plastic industry both in the Netherlands and other European countries. Van Werven operates in line with the climate targets set out by the European Commission through its Green Deal, in which it envisions the EU being the first climate-neutral continent by 2050.

Background

Van Werven is a medium-sized, raw plastic producer company that was originally founded in 1945 in the Netherlands and it is now expanding in other EU countries, such as Germany, Ireland and Sweden. It counts roughly 120+ employees and as of 2005, it made high quality and raw materials from post-consumer rigid plastics that are collected from waste, its greatest selling point. Van Werven has the goal to structurally reduce the dependency on raw material, specialising in plastics, by bringing the recycling process into play and closing the economic cycle. Throughout the years, they have been increasingly investing in the re-use of raw materials and in the circular economy, claiming that these are the “key conditions to keep our earth livable for future generations” and that by closing the chain they are taking important steps towards joint sustainable development.

Strategy and activities undertaken

Van Werven's strategy is built on the idea that building a circular economy is an effort that must involve different stakeholders, such as waste disposers and the industry. To do so, the company is continuously investing in innovative processes that can help broaden the market for its products, whilst ensuring the highest quality. Also, the production of their recycled raw materials is tailored to the consumers' needs and coordinated from their laboratories, which produce the raw materials in high volumes. Furthermore, their raw plastics production is based on five core pillars that define their operations. First, enterprising. The company claims to be driven by its ambition of

always striving for better solutions that are in full respect of its core principles. Second, effectiveness. Their collective desire - in all layers of the organisation - to be successful and expand their scope. Third, reliability. The company, born as a service provider company, connects the interests of their customers, employees and society, responding with real solutions. Fourth, concern. As a family business they give a great value to humanity, appreciation and respect of nature; and fifth, pureness, meaning that they are driven by common sense and love for the environment and its people.

Outcomes and conclusions

The company is positively contributing to the effort of closing the loop of the economy, helping the industry to transition to circular economic models, and reducing its dependency on raw materials. This has been possible thanks to the introduction of new technologies and the solid investments that the company carried out in research and development. Van Werven claims that, as a result of their efforts, joint with the ones of other companies operating in the same sector, Europe is making significant steps towards its Green Deal climate targets, becoming a circular Hotspot that generates jobs. Additionally, Van Werven claims that the use of recycled products is increasingly supported, both in the Netherlands and across the borders, by the business world.

Marino Software (IRELAND)

Background

Independent mobile software consultancy - delivering digital products across a range of mobile devices. No. Employees: 38. Location: Old Finglas Road, Glasnevin, Dublin. <http://www.marinosoftware.com>

Strategy and activities undertaken

Helping people In need, Big Life Fix - Marino helped Motor Neuron Disease sufferer, Róisín, to communicate with her loved ones using a digitised version of her own voice. They used a combination of recordings and AI-generated sentences for Róisín's digital voice. The aim of this was to be as close as possible to her own voice. Using an MVP approach, they built a solution she could start using on her tablet straight away.

Advantages

- Gained promotion through RTE 1 show "Big Life Fix" - their CSR work featured on TV in spring 2020.
- Featured in Chambers 2020 Awards Brochure - Pg 62-63

- The promotion also came from online articles - <https://www.techcentral.ie/software-developed-to-record-voice-of-woman-with-motor-neurons-disease/>.
- <https://imnda.ie/big-life-fix-features-young-mum-with-mnd/>

Barriers and Challenges Implementing CSR

- For this specific CSR activity, time was a key challenge. The health of Roisin meant Marino had to work to get the most value for her in a short space of time. They worked in a Hackathon format, so it was quite intense.
- Another challenge centered around getting the right technology available to accurately match Roisins voice.

Facilitators, supports, awards, investments, funding

- Shortlisted for Chambers CSR Awards 2020 in the "Excellence in CSR by an SME" category.

Outcomes and conclusions

- Nature of the Big Life Fix initiative was a one of a kind CSR action. Creating a smart soundboard app and easy to use audio/video recorder that can automatically update based on her speech.
- Actively promote their Charity donations on social media - Twitter

3fe Coffee (IRELAND)

Background

Coffee Roasters and wholesalers of coffee products (machines, presses, grinders, merchandise). Provide classes and coffee brew guides. No. Employees: 18 (on the website) or 50 (on case study). Location: 5 shops, Grand Canal Street, Sussex Terrace, Harold's Cross, Daniel St, Pearse Street. All Dublin. <https://3fe.com/>

Strategy and activities undertaken

3fe have a company-wide project engaging in the circular economy, through inventive solutions to food waste at their cafes and finding new uses for industrial waste at their roastery.

Advantages of CSR

- Reduced their food waste from 8kg per day to 2-3kg per day at their flagship location. Almost 2 tonnes of waste from their roastery can be diverted to other businesses that can use it.
- Saved money on bin charges due and made additional profit margins from re-used food waste.
- It has contributed to changing the broader culture within the company towards sustainability.
- Short and long term marketing benefits, through broader increases of awareness of the 3fe brand as a sustainability-driven company.

Barriers and Challenges Implementing CSR

- For this specific CSR activity, time was a key challenge. The health of Roisin meant Marino had to work to get the most value for her in a short space of time. They worked in a Hackathon format, so it was quite intense.
- Another challenge centred around getting the right technology available to accurately match Roisins voice.

Facilitators, supports, awards, investments, funding

Promotion and partnership with CSRHub Ireland - promoted on social media Twitter

Outcomes and conclusions

- 3fe have linked their CSR activities to the 'Towards Responsible Business' - Irelands National Plan on CSR 2017-2020.
- 3fe Identified which particular Sustainable Development Goals are linked to their CSR initiatives.
- 3fe have established a 'sustainability team' made up of people from different business sections to exchange ideas and make changes happen across the board.
- Conclusions and recommendations for the promotion of CSR in SMEs
- 3fe have a well thought out and successful CSR campaign that has already achieved results company-wide. There is ample opportunity to engage their customers in their CSR activities as well as most are based around internal business operations (reducing waste) or partnerships with other groups.

- Many coffee shops do 'suspended coffees' where the customer buys an extra cup that is paid for but only used when someone in need requires it. 3fe also offers paid coffee classes, which can easily be offered for free to teenagers or disadvantaged people looking for skill.

Himalaya Yoga Valley (IRELAND)

Background

Online Yoga Studio, offering online yoga teacher training and programmes for workplaces. No. Employees: 14 (Linkedin). Cork City and Ballincollig, Cork.

<https://yogacorkireland.com>

Strategy and activities undertaken

- Community initiative donation based outdoor yoga class each year. Every Saturday morning from June-September the classes are run in a public park. Raised over €76,000 for local charities such as the Simon community and Pieta House between 2013 and 2019.
- Supported world mental health day by hosting an event called "Yoga for a Healthy Mind" in 2018. Aimed to promote mental health and emotional wellbeing in aid of Pieta House. Yoga classes designed specifically to guide participants through the benefits that Yoga can have for improving mental health. This was a global initiative in collaboration with Himalaya Yoga Valley's teachers and students in the UK, USA, Canada, Ireland Germany, Abu Dhabi and Australia.
- Chai, chat and meditation classes run online with proceeds going to Simon community and Goa outreach.

Advantages of CSR

- Reputation among charity leaders in Cork is very high due to the donations and awareness raised of mental health issues and homelessness. By providing free classes the image of HYV has spread around the wider community.

Barriers and Challenges Implementing CSR

- Main CSR events relied on bringing people together in large groups for yoga, so restrictions and public health and safety measures have hindered their ability to raise as much money. Online yoga and the meditation chats seem to be mitigating this however.

Facilitators, supports, awards, investments, funding

- Shortlisted for Chambers Ireland Corporate Social Responsibility Awards in the SME Category for Yoga in the Park Cork.
- Winners of 2020 Online Business Transformation award at the Network Cork Business woman of the year awards (Eveanna De Barra Kumar) for demonstrating resilience and focus in pivoting to online business.

Outcomes and conclusions

- Himalaya Yoga Valley effectively brought community engagement into their CSR strategy by providing a resource and service for the local community through yoga. The inclusion of the community was paramount to the success of the charity fundraising initiatives.
- There is an opportunity for HYV to increase their CSR efforts with corporate clients as many companies run remote working now or are looking for ways to add work/life balance benefits for their staff.

Easy Trip (IRELAND)

Background

Easy Trip is a leading service provider in Irish transport. They provide a toll tag solution for free-flow express motorway travel, parking, car wash, breakdown assistance and puncture cover. Based in Dublin, they have over 225,000 customers and have recently entered the general insurance market. LinkedIn: 24 employees. Address: EA House, Damastown Industrial Estate, Mulhuddart, Dublin 15 Dublin 15 XWR3. <https://www.easytrip.ie/>

Strategy and activities undertaken

- Easy Trip has supported Blood Bikes in Ireland since April 2017. They supply toll tags free of charge and cover toll charges for each of the charity's vehicles.
- Blood Bikes is a not-for-profit Irish charity that provides a free emergency medical transport service and operates between hospitals across Ireland. Their fleet is tasked with the urgent transportation of donated blood, human tissue, stem cells, organs, chemotherapy medication, breast milk and most recently Covid tests to hospitals and medical centres all year round.
- The initiative has supported the charity financially and most importantly saves valuable time in sometimes critical situations...

Advantages of CSR

- Creating a positive social impact – supporting a lifesaving service.
- Blood Bikes get an easier trip - (50to70.com)
- Reputation and brand building <https://www.easytrip.ie/easytrip-awarded-excellence-in-csr-by-an-sme/>
- CSR Awards 2019 shortlist (winners in bold) | Business Post
- PR opportunities: secured Excellence in CSR by an SME 2019
- Chambers Ireland Website
- Good Synergy – an opportunity to partner with a charity linked to transportation.

Barriers and Challenges Implementing CSR

- Time taken to identify opportunities, understand aims and build relationships.
- Cost to implement: EasyTrip supply toll tags free of charge and cover toll charges for each of the charity's vehicles.
- Not maximising opportunities for PR: renewing the relationship, commitment each year or celebrating success.

Facilitators, supports, awards, investments, funding

- (The Chambers Ireland Corporate Social Responsibility Awards, AIM Awards, CSR Hub Awards, Enterprise Ireland Funding....)
- The Chambers Ireland Corporate Social Responsibility Awards Chambers Ireland Website

- Industry/ peer recognition - Easytrip awarded Excellence in CSR by an SME - Fleet Transport
- Encourage additional charity support with industry partners. Biker group transporting Covid-19 tests will be given free fuel from Maxol (easytrip.ie)

Outcomes and conclusions

- Implemented a CSR policy with measurable goals and KPIs to show powerful results.
- Since introducing the toll tags for the Blood Bike group, journey times decreased by 40 minutes on average per trip.
- Chambers Ireland CSR Awards 2019 (InBUSINESS) by Ashville Media Group - issue p43
- Synergy with a partner that complements business model and creates impact with reduced cost to SME.

Acorn Regulatory Consultancy Services (IRELAND)

Background

Acorn Regulatory Consultancy Services is a regulatory affairs team providing services and advice to healthcare companies of all sizes in the pharmaceutical and medical device sectors. LinkedIn: 11-50 employees. Address: Suite 6, Powerstown House, Gurnafleur Business Park, Clonmel, Co. Tipperary, Ireland. Regulatory Affairs Services - What We Do - Acorn Regulatory

Strategy and activities undertaken

The Acorn Regulatory 'Empower Initiative' was born out of a frustration that saw too many excellent and experienced women leaving work to take on caring duties. The initiative was developed to enable Acorn Regulatory's employees to lead fulfilled working lives while remaining active participants in the workforce. Acorn Regulatory believed that the expertise of the staff that were being lost to them was too vital to let go and so they developed an initiative that allows all members of staff, irrespective of gender, to create a working life that best suits their individual needs. In doing so the company has been able to more than double its workforce and to grow its company.

Advantages of CSR

- Promotion of gender equality and stemming brain drain experienced women leaving work to take on caring duties.
- Attracting talent and building an experienced workforce: more than doubled its workforce.
- Promoting work flexibility: Work Flexibility for Reg Professionals - Acorn Regulatory
- PR opportunities: Tipperary life science company shortlisted for two awards - Tipperary Live
- Peer recognition: Acorn Regulatory joined companies in sector as a finalist in the 2019 CSR Awards: Amgen, GSK, Johnson & Johnson Acorn Regulatory Shortlisted in 2019 CSR Awards - Acorn Regulatory
- Acorn Regulatory fortunate to have dedicated Chief Marketing Officer, Brian Cleary to work on CSR and promote it.

Barriers and Challenges Implementing CSR

- Time taken to identify opportunities, understand aims and build relationships.
- Cost to implement: EasyTrip supply toll tags free of charge and cover toll charges for each of the charity's vehicles.
- Not maximising opportunities for PR: renewing the relationship, commitment each year or celebrating success.

Facilitators, supports, awards, investments, funding

Acorn Regulatory plays an active role in local, national, and international organisations such as The Organisation for Professionals in Regulatory Affairs (TOPRA), Irish Medtech and County Tipperary Chamber. Members of County Tipperary Skillnet and interact with The Entrepreneurs Organisation, Enterprise Ireland, IBEC, RQA. Acorn Regulatory have been shortlisted and won many awards in recent years. Including being shortlisted for The Irish CSR Awards, Best CSR for a SME in 2019.

Outcomes and conclusions

- Created a culture from flexible working; in doing so the company has more than doubled its workforce to grow its company. Attracted and retained talent.

- Their team of 9 permanent staff are supplemented by a team of approximately 40 contractors who work with them on an ongoing basis. Meet The Acorn Regulatory Team - Acorn Regulatory
- Using advantage to grow their business. Acorn Regulatory are now assisting other healthcare companies now in identifying and recruiting senior regulatory specialists. They can place specialists on a temporary basis on site or remotely.
- Acorn Regulatory have been successful in solving their own recruitment problem. They have taken it a step further and shared their learning and expertise widely with other companies and adding a recruitment service as part of their offering.
- Become a member of CSR Hub. Membership is free and open to all businesses and organisations that are active in CSR and can provide a CSR case study for the csrhub.ie

Earth's Edge (IRELAND)

Background

Earth's Edge – Hiking Company specialises in adventurous and challenging expeditions in some of the most remote and beautiful destinations throughout the world. They aim to have positive impacts on both the environment and our communities travelling abroad or closer to home, through sustainable business practices and environmental awareness. Employees: 16 approx. – LinkedIn. Address: 97c Morehampton Road, Donnybrook, Dublin 4, Ireland, D04 PH94. <https://earths-edge.com/about-us/>

Strategy and activities undertaken

Extremely active in this area to promote responsible and sustainable tourism. Strategy is based across 3 areas:

1. Minimising impact on environment & promoting conservation awareness.
2. Compensate staff fairly and provide a safe working environment.
3. Work closely with communities to promote understanding and education.

Specific Projects

- Kilimanjaro Porters assistance programme. Earths' Edge provided vital equipment for the porters on Kilimanjaro with an American NGO. They ran a campaign in Ireland to collect second-hand outdoor equipment and shipped it to Tanzania.
- Staff volunteering programme: Earth's Edge office team brought inner-city kids from Dublin to the Wicklow mountains to be in nature and participate in outdoor learning.
- 2019 Earth's Edge launched a Porter scholarship programme.
- Tree planting programme
- Guide Exchange programme
- Our Story - Earth's Edge - Explore, Experience, Evolve (earths-edge.com)
- Our Projects - Earth's Edge (earths-edge.com)

Advantages of CSR

PR recognition through award-winning:

- 2018 Earth's Edge won a Chambers Ireland Corporate Social Responsibility Award for their staff volunteering programme.
- 2017 Earth's Edge won a Chambers Ireland Corporate Social Responsibility Award for providing vital equipment for the porters on Kilimanjaro.
- In BUSINESS CSR Awards 2017 by Ashville Media Group - Issuu p47
- Having a unique selling point: In January 2021 Earth's Edge became the highest scoring certified B Corp in Ireland: 90.8 balancing purpose with profit and putting environmental and social responsibilities as one of the main pillars from which they operate.
- Being able to communicate their work through multiple channels to a wider audience.
- Earth's Edge Podcast - Mountaineering, Trekking and Adventure Travel (earths-edge.com)
- Recognition from other industry bodies e.g., SFA, ITAA

Barriers and Challenges Implementing CSR

- Investment in resources to educate people about their goals.
- Relying on public participation to achieve the goal.

- Finding international partners to work with – American NGO for Kilimanjaro project.

Facilitators, supports, awards, investments, funding

- Awards secured with Chambers Ireland and SFA
- Attracted partnerships with NGOs.
- Scoring highest certified B Corp in Ireland: 90.8
- Established discounts with recognised businesses: Great Outdoors.

Outcomes and conclusions

- Achieved goal of becoming a B Corp within 3 years. Means certification and recognition in Ireland and beyond.
- Earth's Edge want to share their expertise on this with other businesses.
- They are goal oriented and want to drive change further. They have undertaken these future goals: Becoming 100% carbon neutral, Becoming a more transparent business, Partnering with other B Corps to increase awareness around businesses responsibility to the community and the environment, Growing and increasing our social development projects
- Knowledge sharing on sustainable business practices and sustainable tourism.
- Collaborating with other B Corp organisations for growth opportunities.
- Using new channels for communication and connection with existing and potential customers e.g., Podcast especially relevant during Covid-19

Section 2

INTERVIEWS RESULTS

2. INTERVIEWS RESULTS

This section presents the main results of the interviews conducted with SMEs, organisations and CSR experts. A total of 32 interviews were conducted (18 with SMEs and 14 with organisations and experts). The main results detailed below coincide largely with the conclusions of the literature review. Before presenting the results, it is important to note that this is not a survey but a series of interviews and therefore the results may indicate trends, but cannot be generalised to all SMEs, i.e. they are not significant results. Moreover, despite the common questionnaire, the responses are very heterogeneous, which makes it difficult to draw conclusions.

The analysis of the responses obtained in the interviews shows similar results to those found in the literature review in terms of the advantages identified by the SMEs in the implementation of CSR, as well as the obstacles and facilitators or drivers of CSR.

In general, it is perceived from the interviews that SMEs have little knowledge about CSR, consider it to be a very ambiguous and diffuse term and, in many cases, consider it as something theoretical that they do not know how to translate into their business activity. It is mentioned that, in smaller companies, the implementation of CSR depends largely on the motivation and/or interest of the owner or director of the company. In smaller companies, the importance of the pull effect of large companies in the implementation of CSR is also pointed out; there are SMEs that survive thanks to being suppliers of large companies and these increasingly demand that a series of requirements aligned with CSR are met.

In terms of the advantages, identified by the interviewees, the main advantage is that those companies that implement CSR have a competitive advantage over those that do not implement measures aligned with CSR. It is also pointed out that talent is retained, a good working environment is created, which means that workers and talent remain in the company to a greater extent and, not only that, but they are also more committed to their work and, in general, to the company.

Other advantages include:

- Greater resilience in financial crises, this fact is highlighted in the current situation of health and financial crisis caused by covid, interviewees point out

the greater ability to overcome or resist this type of crisis if SMEs have implemented CSR measures, for example, with flexible working hours, reconciliation between work and family life, teleworking measures, have been key these months.

- Customer loyalty: in recent years, consumers have become increasingly demanding in terms of the production conditions of companies with regard to sustainability and the environment, and these aspects are weighing more and more heavily in the purchasing decision, which means that consumers are loyal to those brands that respond to their interests.
- Market demand (large companies and governments). SMEs sometimes implement measures related to CSR due to market demands; larger companies, as mentioned above, require small companies to implement certain aspects related to CSR as a condition.

On the other hand, different governments sometimes approve regulations that require companies to implement certain measures, some of them related to CSR.

In terms of obstacles, the main obstacle identified by the interviewees (SMEs, organisations and experts) is the lack of awareness of CSR and its benefits. This obstacle is directly related to the lack of knowledge that SMEs have about general aspects of CSR, both about the concept of CSR and the activities it comprises and how to translate it into concrete measures and business activity. These are therefore important aspects to work on and to train SMEs on.

Another of the recurrent obstacles in the interviews was the lack of resources, of course financial, but also lack of human resources and lack of time. The day-to-day life of smaller companies, where human resources are sometimes scarce, means that they do not have the time to develop activities that are not part of the main activity of the company and that will bring them benefits in the medium or long term and not in the short term.

Lastly, with regard to the facilitators or drivers of CSR in SMEs, the interviewees stated that one of the greatest facilitators was the structure or organisation of the company, i.e. if there is a CSR manager in the company or its management believes in the need for and importance of CSR, this is the greatest impetus for its implementation. If there is no

such conviction in the upper hierarchy of the company, the implementation of CSR in the SME is at most residual, in a very specific activity.

Other facilitators or drivers mentioned by the majority of respondents were:

- The importance of networks, the fact that SMEs belong to networks facilitates and motivates CSR.
- Speaking the same language as SMEs", the measures and actions implemented to encourage, promote and help smaller companies in CSR aspects must be adapted to their characteristics and needs.
- Flexibility of SMEs is one of the arguments most frequently mentioned in the interviews that facilitate CSR. Smaller SMEs are more flexible and adapt better and more quickly to possible changes than larger companies.
- Finally, the interviewees pointed out that the existence of tax or financial incentives would increase the number of SMEs implementing CSR actions.

Section 3

COMPETENCE FRAMEWORK

3. COMPETENCE FRAMEWORK



The main objective of this activity is to identify the skills and knowledge necessary for SMEs to analyse their CSR manuals, i.e. how and how much they have implemented CSR in their activity. Additionally, this section seeks to identify the training needs of human resources in SMEs related to CSR. This identification of skills and knowledge will serve as inputs for the elaboration of the IO2.

The identification of skills and knowledge is based on information from the literature review carried out by the project partners in their respective countries and the results of interviews with SMEs, organisations, CSR experts and consultants.

The literature review does not identify specific training needs, 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 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.

In addition to the literature review, interviews were conducted with SMEs, organisations and CSR experts. In total 32 interviews were conducted (18 with SMEs and 14 with organisations and CSR experts).

One aspect that stands out from the interviews is that the interviewees agree that CSR in SMEs is not very widespread, 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 actions that fall within the framework of CSR, but they are not aware that these activities are part of CSR.

Moreover, interviewees pointed out that one of the main obstacles to the implementation of CSR in SMEs is the lack of awareness and the importance of CSR in business activity.

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.

The following are the main ideas expressed by the interviewees regarding CSR training needs:

- Most of the interviewees are not clear about what CSR is.
- CSR is a very broad and unclear concept, which makes it difficult to implement actions in this field.

- The complexity of the term CSR means that in practice everyone has their own definition.
- The need to delimit the term CSR has been pointed out.
- The term CSR is often perceived differently, as many equate CSR with donations.
- Need for professionalization and training to further implement CSR in smaller companies.
- Lack of awareness of CSR among SMEs is the reason for the low presence of CSR in SMEs.
- Some experts believe that there is no need for specific technical training, but rather a question of commitment.
- About half of the companies interviewed consider that specific training or skills are necessary for SMEs to implement CSR.

The training needs identified in the interviews are as follows:

- Generic CSR training (concept)
- Practical training on concrete and specific measures for the implementation of CSR, how to incorporate CSR measures in the business activity.

Regarding the necessary competences, 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 SMEs. In any case, they indicate that there are competences that facilitate or encourage CSR such as:

- Empathy
- Sensitivity towards sustainability and environmental issues
- Networking skills
- Communication skills
- Conflict resolution skills

Section 4

IMPACT SCORECARD FRAMEWORK



4. IMPACT SCORECARD FRAMEWORK



This section aims to define the core or main impact areas of CSR in SMEs. The core component of the scoring framework is, based on the identified impact areas, to formulate a set of indicative or guiding questions (approximately 50 in total), which serve as a basis for the development of the interactive self-assessment and the targeted solutions approach in IO3 based on it.

The literature review and the analysis of the interview responses indicate that the areas of an SME that can be most affected by CSR are:

- Human resources (increased commitment to the company). A large part of CSR actions affects companies' human resources. Moreover, in companies where there is no CSR manager, usually the human resources department is responsible for directing and implementing CSR.
- Economic and financial area (relationship with suppliers, business results, increased competitiveness, etc.).
- In the development of the business activity, this department is the driving force of the SME and, in many cases; it is the driving force for the implementation of

CSR in the SME due to demands from suppliers, to achieve better economic results.

The contents that a self-diagnosis or self-assessment of CSR in an SME should include, from two dimensions or approaches, internal and external:

INTERNAL DIMENSION

A. Human resources management

- Recruitment policy: discrimination, integration of minorities and recourse to public employment services or private recruitment agencies.
- Family policy: reconciliation of family and social life with work, family support services (nurseries, etc...) and extra-occupational activities.
- Health policy: protection systems, medical care and follow-up of workers on sick leave.
- Wage/contract policy: types of contract, levels of precariousness, wage remuneration and gender equality.
- Training policies: efforts in continuous training, maintaining employability and staff rotations.

B. Organisation and administration of the company and its economic resources

- Social dialogue: trade union representation and formulas for labour negotiation and conflict resolution.
- Transparency: Information and consultation of workers on the company's situation, objectives, organisation and results.
- Internal democracy: decision-making procedures with worker participation and access to legal ownership of the company.
- Profit-sharing by employees.

C. Prevention of occupational and environmental risks

- Occupational risks: analysis, evaluation and management of risks in the company's general project; prior audits, occupational accidents and evaluation of accident rates; existence of civil liability insurance.

- Environmental risks: adherence to the Community environmental management and audit system, policy of impact analysis throughout the production process and product life cycle, tendency to reduce the consumption of natural resources and to reduce the emission of waste, residues and polluting emissions, and reduction of noise pollution inside and outside the company.

D. Adaptability to change

- Innovations: training processes in new production techniques, strategies, procedures, and regular retraining of management.
- Recourse to complementary sources of funding in the form of grants and subsidies.
- Previous reports and/or audits in relation to social responsibility.

EXTERNAL DIMENSION



A. Links with the local environment

- Participation in the social cohesion of the territory: actions in favour of local employment and the social integration of minorities, participation in associations in the territory, promotion of social, sporting or cultural projects, donations or sponsorships and extension of training programmes to members of the local community.

- Corporate image: good perception of the company in the local area, concern for an image of social responsibility.

B. Relationship with the commercial and productive environment

- Suppliers: refusal to buy supplies from black economy companies or companies that violate certain ethical clauses.
- Business partners: stability and duration over time of relations with large companies, administrations and associations; ethical codes of commercial activity.
- Consumers: responsible and transparent presentation of the product to the consumer, compensation formulas for damages.

C. Links with the international environment

- Defence of human rights: refusal to do business with companies or states that violate human rights, fight against corruption.
- Co-development: existence of a social line in the company, participation in development cooperation programmes, participation in fair trade programmes and dedication of part of the profit to solidarity projects.

2.1 SELF DIAGNOSIS QUESTIONNAIRE

Having identified the areas of greatest impact and the contents that should be included in a CSR self-diagnosis, a battery of possible questions for self-assessment is presented below, which will serve as a basis for the IO3, and which will be aimed mainly at the human resources and economic and financial areas of SMEs.

1. HUMAN RESOURCES MANAGEMENT

1. Does the company use public recruitment services when looking for new employees?
2. Are there any immigrant workers or representatives of ethnic minorities in the workforce?

3. Are women in operational positions in the company and do they constitute a significant percentage of the total workforce?
4. Is the percentage of permanent contracts higher than that of temporary contracts?
5. Are the salaries received by the workers above those stipulated by the Collective Bargaining Agreement of the sector?
6. Does the company make no distinction in the hiring of new workers based on age, race or gender?
7. Does the average working day in my company not exceed the length of the working day of the Collective Bargaining Agreement?
8. Does the company have systems of aid and compensation for workers with children (nurseries, etc.)?
9. Does the company have a programme of extra-work activities for workers (sports, leisure, etc.)?
10. Does the company provide its workers with medical insurance?
11. Do workers on sick leave due to illness or accident at work benefit from a medical follow-up service provided by the company?
12. Does the company offer training courses for new employees?
13. Does the company have training programmes aimed at maintaining the future employability of long-serving workers?
14. Is my company's workforce stable and, apart from new hires, does it not undergo many changes?

2. ORGANISATION AND ADMINISTRATION OF THE COMPANY AND ITS RESOURCES

15. Is there trade union representation in the company?
16. Are collective bargaining formulae very common in the company?
17. Does the company resort or has it resorted to independent agencies (consultancy firms, auditing firms, etc.) in order to resolve labour disputes?
18. Do the workers usually receive information on the lines to be followed in terms of production objectives and strategies?

19. Do the company's workers actively participate in the decision-making processes, either in assemblies or through their representatives?
20. Does the company have formulas so that workers can become partners in the company or participate in its legal ownership?
21. Do the workers participate in the non reinvested profits of the company?

3. PREVENTION OF OCCUPATIONAL AND ENVIRONMENTAL RISKS

22. Does the company have a specific chapter dedicated to the analysis and evaluation of occupational risks?
23. Does the company carry out periodical audits of occupational risk analysis?
24. Does the company provide employees and managers with training courses on occupational risk prevention?
25. In relation to the rest of the sector, is the number of occupational accidents significantly lower?
26. Has the number of occupational accidents in the company been decreasing steadily over the last five years?
27. Does the company have liability insurance in case of accidents at work?
28. Does the company have a specific section dedicated to the analysis and evaluation of environmental risks?
29. Has the company adhered to any of the EU environmental audit and management systems (ISO 14.001, EMAS, etc.)?
30. Does the company develop analysis and diagnosis plans throughout the production process, marketing and useful life of the product, in order to coordinate with other agents measures to reduce the overall environmental impact?
31. Is the company committed to the progressive reduction of the consumption of natural resources?
32. Does the company develop hazardous waste management and treatment plans in accordance with current legislation?
33. Is the company willing to reduce noise pollution both inside and outside the work facilities?

4. CAPACITY TO ADAPT TO CHANGE

- 34. Does the company routinely offer training courses to employees on new production techniques, strategies and procedures?
- 35. Does the company offer refresher-training courses for managers and middle management?
- 36. Is the company used to participating in aid and subsidy programmes of local, autonomous, national or community public bodies?
- 37. Has the company previously carried out reports or audits on its degree of social responsibility?

5. RELATIONSHIP WITH THE COMMERCIAL AND PRODUCTIVE ENVIRONMENT

- 38. In the company's supplier policy, is it allowed to obtain supplies from companies in the black economy?
- 39. Are relations with other companies in the sector, with the associations that represent them and with public or private institutions linked to economic activity very stable and long-lasting?
- 40. Does the company have a code of ethics that prevents the signing of commercial agreements with those companies that do not comply with or that violate a series of minimum ethical behaviours?
- 41. When products are presented to customers, are they accompanied by all the necessary information about their components and characteristics?
- 42. Does the company have compensation formulas for customers when they are not satisfied with our products or when they are defective?

6. LINKS WITH THE LOCAL ENVIRONMENT

- 43. Does the company first go to the employment exchanges in the area where it is located when looking for new workers?
- 44. Does the company actively participate in any employment insertion programme with disadvantaged groups?

- 45. Does the company have a formal link with any association or organisation in the locality where it is located?
- 46. Has the company participated in the sponsorship or support of any type of cultural, social or sports project in the area where it is located?
- 47. Has the company implemented a training programme for members of the local community where it is located without them being employees of the company?
- 48. Does the company enjoy a good image in the local environment where it is located?
- 49. Is the company concerned about having an image of social and environmental responsibility?

7. LINKS WITH THE INTERNATIONAL ENVIRONMENT

- 50. Does the company operate with companies or States that do not respect human rights in its trade policy?
- 51. Does the company have a specific line of "Social Work" or "Social Action"?
- 52. Does the company officially allocate part of the profits not reinvested to cooperation and development projects?
- 53. Has the company participated in international cooperation projects for the development of disadvantaged countries?



CONTACT US

Corporate Management - Research Department

Chamber of Commerce of Spain

estudios.cce@camara.es

www.CSR-ready.eu