



Dr. LAURA J. SPENCE:
"Translating CSR to the specific questions of each sector
would be a great contribution for SMEs"

Q: One of the important issues faced by CSR today is its dissemination to SMEs. Not all SMEs are yet committed to CSR. What would be the incentives for SMEs to become engaged to CSR?

A: Wait! You are starting at the wrong point. Implicit in the question is the assumption that SMEs are not 'doing' CSR already. My research and that of many others shows that there is plenty of socially responsible activities in SMEs, but that it looks different compared to larger firms. For example, a large firm is likely to have a mission and values statement, a code of conduct, an ethics officer or CSR Director, maybe a whistleblowing hotline, be signed up to environmental management schemes etc. An SME is unlikely to have any of these in place, but may put employees as their key stakeholder, get involved in the local community and win business on its trustworthy reputation. So in answering the question, the first point is to encourage SMEs to see what they do as 'CSR', and understand that they could publicize their practices as such. SMEs I speak to often assume that their activities are 'un-businesslike', so the first step is to raise awareness of CSR as legitimate business practice. I believe that the best way of doing this is through trade associations. Sector makes a huge difference for SMEs, and translating CSR into sector-specific issues would help enormously. So the incentive is to make CSR 'normal' for SME business practice and for others in the same sector.

Does being socially responsible really bring competitive advantages to SMEs? Can you give us practical examples?

It can do, yes, but I would not pretend that it always does. In a sense, as with responding to environmental challenges which I see as part of CSR, the 'low hanging fruit' are easiest to make sense of: for example, turning off the light switches is both easy to do, environmentally friendly and saves you money. But, for example, switching to using electricity generated by renewable methods may prove more expensive in the short term. In the long term however, there may be an opportunity to attract business because of your CSR credentials. The public attitude to business responsibility has shifted enormously in

recent years, and both employees and customers are voting with their feet for companies with an ethical stance they approve of. So I think there are competitive and employee retention opportunities too. While there is some research on SMEs in Denmark which suggests a positive link between CSR and profit for SMEs, to really make a change we all need to be aware of the bigger picture. In the end we all have a responsibility to our environmental and social context, and business, like everyone else, has a role to play.

Large companies have been encouraging smaller companies to be socially responsible, particularly if they are part of their supply chain. Which approach do you think works best to promote CSR activities in the SMEs: a voluntary or a compliance one?

This is a complex question. On the one hand, SMEs are always struggling against more regulation and red tape. Setting too high demands on suppliers can rule out smaller organizations, resulting in supplier diversity issues for the customer and reduced opportunities for the small supplier. On the other hand, I have had it put to me by SME owner-managers that legislation on some of the CSR issues would actually help them because rather than making themselves uncompetitive by their socially responsible activities, they would at least be on a level playing field. In my view, if large customers are going to insist on certain standards from their suppliers they have to be very, very conscious of the burden they are putting on small suppliers, and adjust (notice I say adjust, not lower) their requirements accordingly. There is also an ethical issue around the extent to which one company has a right to get involved (even meddle) with the internal operations of another – this is a fascinating area which I think needs more attention.

What would you say to SMEs that refuse to commit to CSR considering it "corporate" – made for big companies only – and that their small size will not create a considerable and necessary impact on national economy?

In one sense, I would say that they are right! CSR as it is normally understood IS 'corporate' it's in the name. Once we have got past that I would say three things. First, since most private sector firms are SMEs – upwards of 95% – the cumulative effect of SMEs is important. If everything is left to the big firms, far too little will be achieved. Second, think about your local community, perhaps the local youth football club. If they receive sponsorship or voluntary input from a small local business, it means just as much to them if it is from the small business down the road or a large corporation. There is an argument that it means MORE from a small local business, as there may be multiple connections through relatives and friends, as well as the chance for a meaningful on-going relationship. Third, while SMEs don't have the financial resources to draw on, the kind of work they can do most readily, like maybe giving a talk at a local school, is personal making it much more meaningful giving the opportunity.

How SMEs can commit to CSR if they lack on benefits and resources (money, employees, time and information) to develop a proper social responsibility strategy? How could they change these barriers into opportunities?

SMEs will rarely have a formal strategy at all – especially the small or micro firms of fewer than 50 employees. I don't see this as a problem. SMEs are most likely to be responding to the interests of employees, community and even family members in how they direct their CSR. I don't see a problem in their activities being ad hoc – we should be realistic about what they can achieve – remember proportional to their available resources, it is likely to be a lot compared to a large firm.

CSR is growing worldwide building "global standards". How SMEs should apply them considering some great disparities found in approaches and socio-cultural differences across countries and regions?

As I have indicated already, standards of any kind are a problem for SMEs, global ones all the more so. To be honest I don't think it is the SMEs who need support on this so much as the people writing the global standards. *They* need to be educated in how to make their standards culturally relevant and sensitive to organizational differences including size.