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CSR in SMEs? A European Perspective

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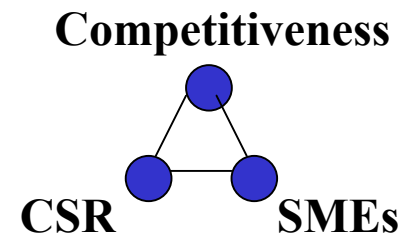


The question:

How may we in the EU provide SMEs with guidance and tools to enable them to implement and report on their Corporate Social Responsibility policies, processes and performance in an effective manner?

The answer:

To guide CSR in SMEs in Europe we need to understand better the relations between:





Prior research on CSR in SMEs:

- National experiences
- Dominated by UK, Italy and Germany
- Focus on SMEs-national government initiatives
(f.x. labor-market initiatives, social integration, reporting)



To guide CSR in SMEs in Europe we need to understand better the relations between Competitiveness, SMEs and CSR:

- The particular SME-challenges
- At EU cross-national level
- At a company level: motivations, practices and results
- Competitive advantage? Competitive **dis**advantage?

Responsibility in our supply chain



Besides environmental issues, the assessment covers:

The vast majority of our suppliers have responded very positively to the initiative and delivered satisfactory information on the management of their environmental impact and their performance on labour and human rights.

We will engage in continued dialogue with each of our suppliers to promote human rights and sound environmental management.



Management Differences Between Large and Small Organizations

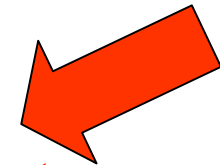
Corporate (<i>seeking to achieve</i>)	Small Business (<i>often characterised as</i>)
Order	Untidy
Formal	Informal
Accountability	Trusting
Information	Personal observation
Clear demarcation	Overlapping
Planning	Intuitive
Corporate strategy	'tactically strategic'
Control measures	'I do it my way'
Formal standards	Personally monitoring
Transparency	Ambiguous
Functional expertise	Holistic
Systems	'Freely'
Positional authority	Owner-managed
Formal performance appraisal	Customer/network exposed

(Adapted from Gibb, 2000, p. 17)



Some findings from Gallup survey on CSR in SMEs in Denmark:
(database with data from 1.071 SMEs):

26 % of the companies have developed CSR-oriented products or services



75% of Danish SMEs have CSR activities with a particular focus on employees and environment

36 % of the companies think that CSR activities have a positive economic effect

The companies' motivation to engage in CSR activities are found in ethical/moral as well as business motives

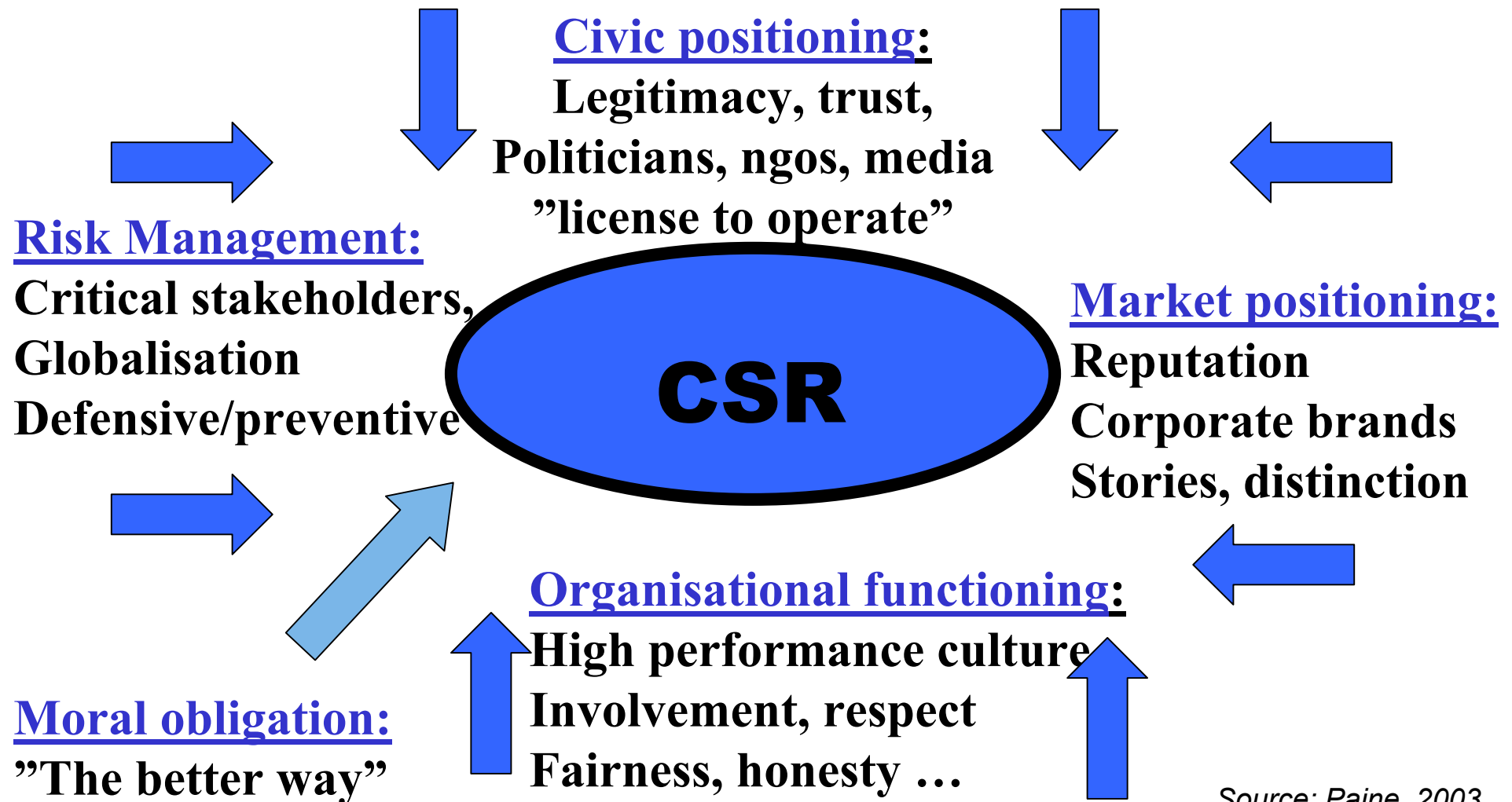


SMEs economic and social importance:

Source: Luetkenhorst, 2004)

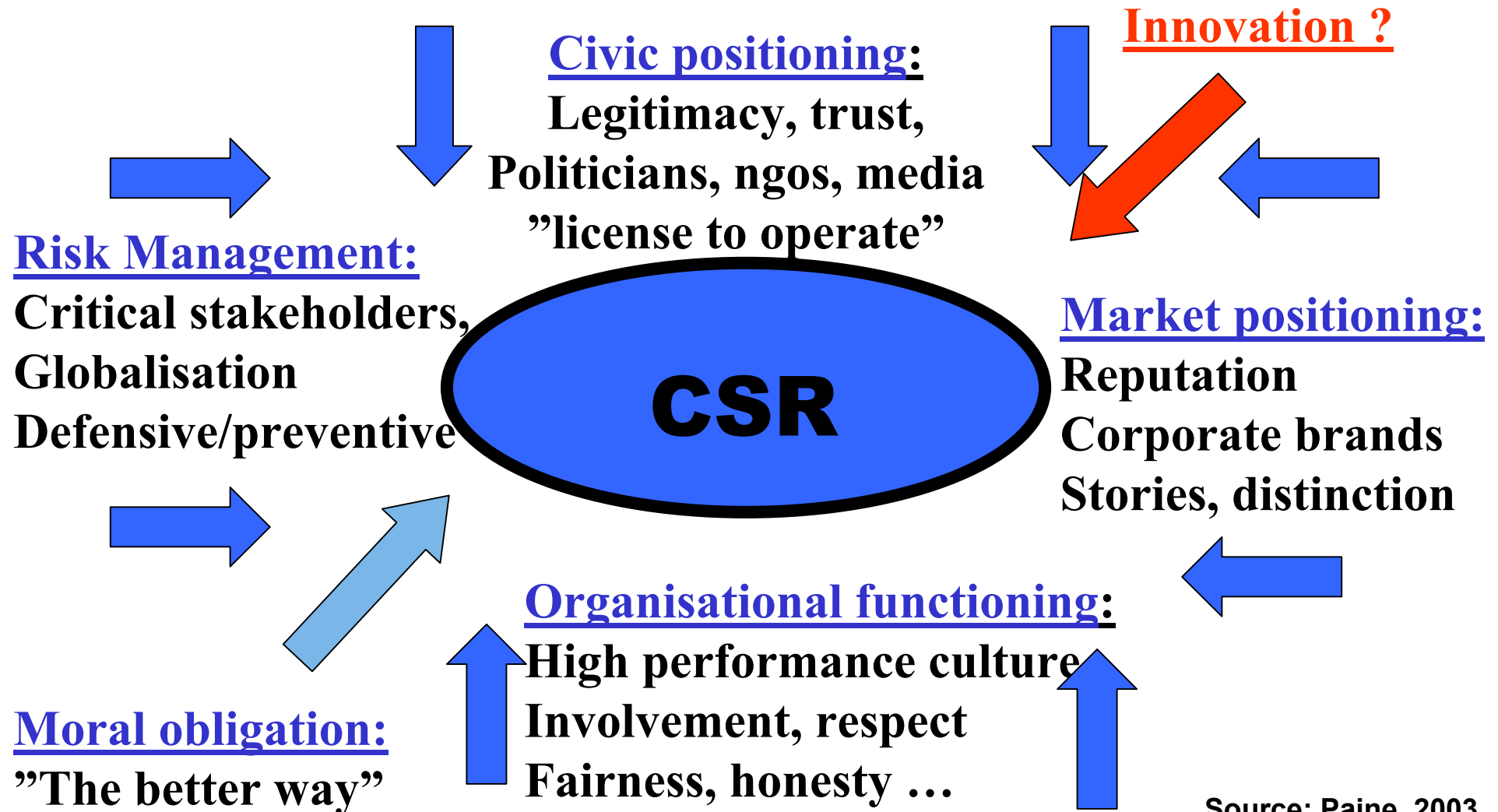
1. SMEs have a tendency to occupy more labour-intensive production processes than larger companies.
2. SMEs have great influence on the labour market. Countries with a high percentage of SMEs have simultaneously a relatively equal distribution of income - also regionally – and promotes high social stability.
3. SMEs are a significant resource for innovation in niche-markets that demand high flexibility and customized products.
4. SMEs serve as "growth labs for innovation and risk-oriented product development. SMEs are a foundation for long-term growth dynamics and for development of larger companies.

Drivers of corporate social responsibility



Source: Paine, 2003

Drivers of corporate social responsibility

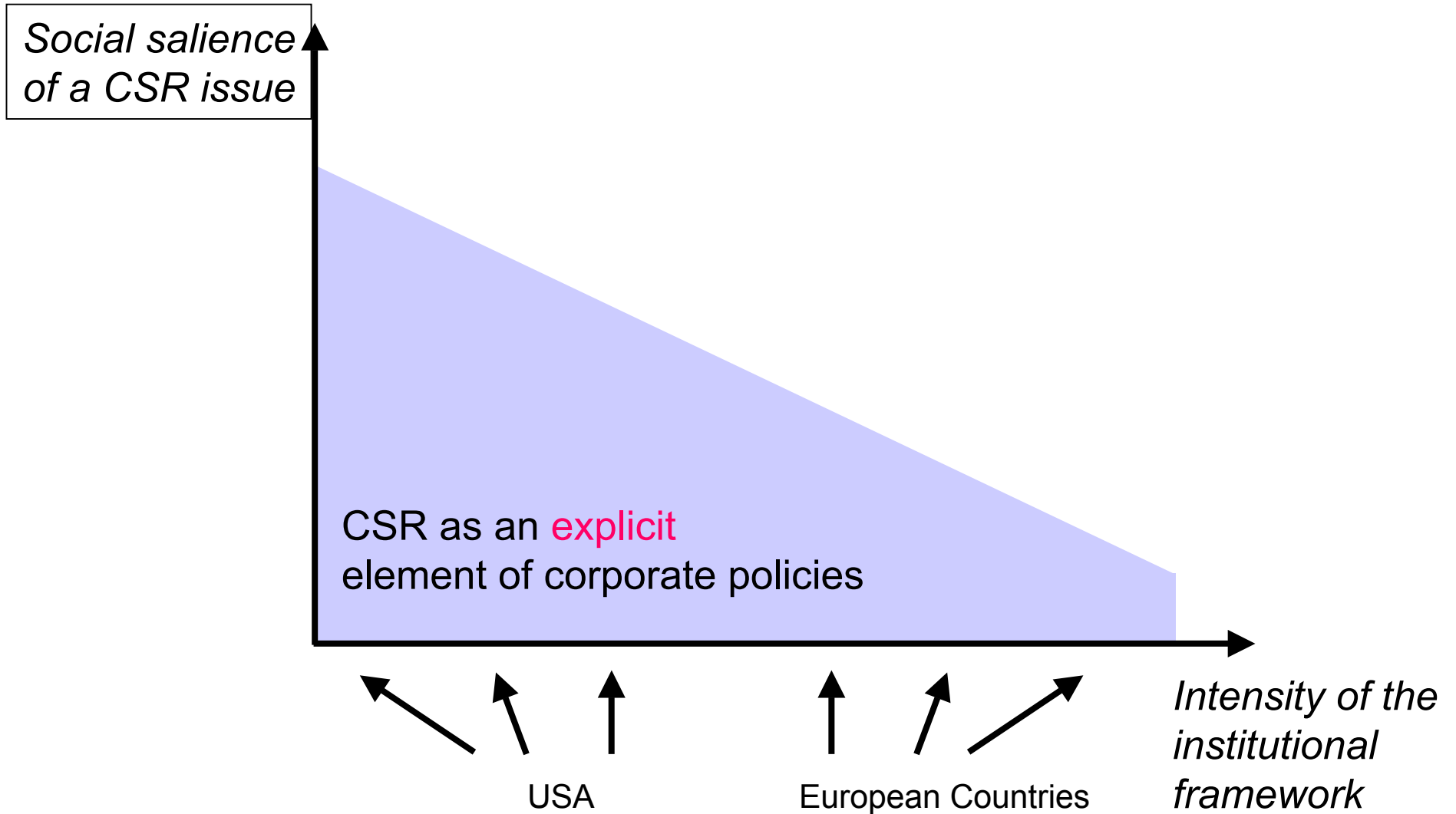


Source: Paine, 2003



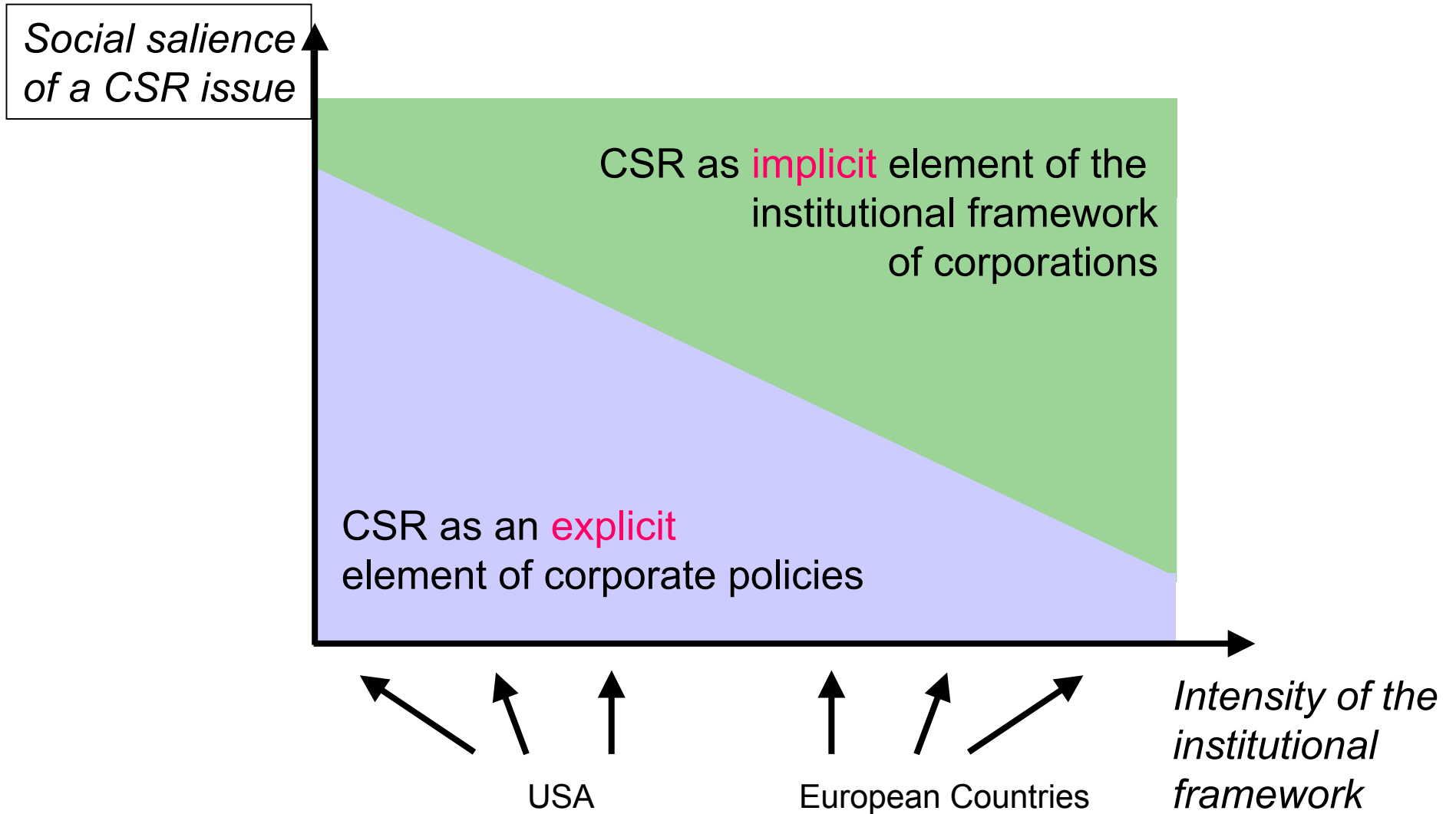
CSR in SMEs – a competitive advantage?

- Establish European Knowledge Network on CSR on SMEs
- Include academic and SME managerial perspectives
- Develop understanding of CSR in SMEs (vs. in MNCs)
- Ensure relevance: avoid the "SME homogenization trap"
- Focus on company perspective: competitive advantage / innovation
- Ensure multi-disciplinary perspectives
- Develop tools and guidelines
- Ensure multi-national participation and dissemination
- Reflecting a European perspective (vs. US)



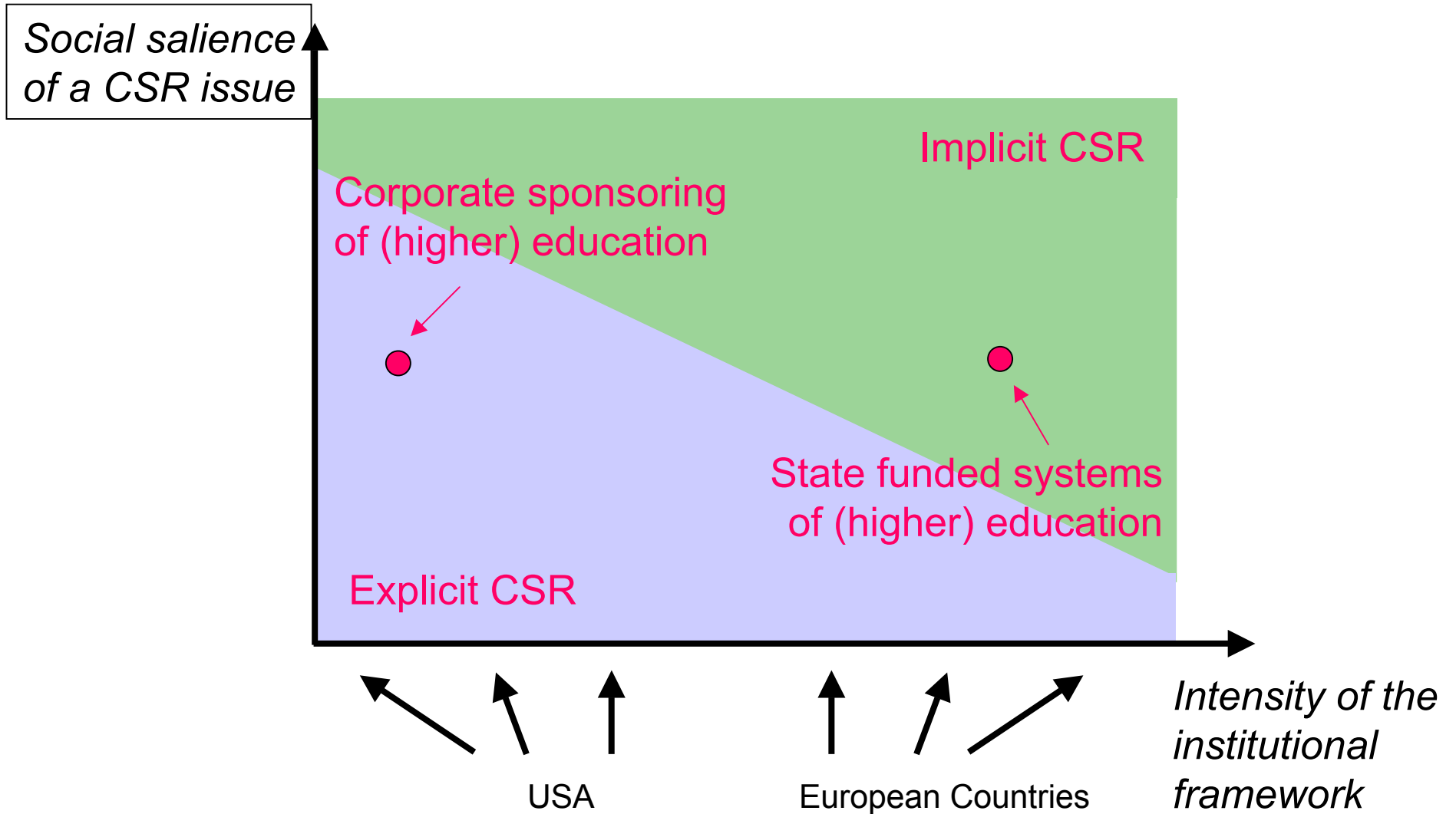


CSR as aggregate of implicit and explicit elements





Implicit and explicit CSR: the example of education





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International conference on CSR i SMVer - 26. oktober 2006 at Copenhagen Business School

Conference for researchers, practitioners and policy-makers

Call for papers – september 15, 2006

Invited key note speakers:

Thomas Dodd, DG Enterprise and Industry, European Commission

Peter Lacy, The European Academy of Business in Society (EABIS)

David Vogel, Berkeley University

Francesco Perrini, Bocconi University

Geoff Moore, Durham Business School

David Grayson, Director CSO

For more information: www.cbs.dk/cvr



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