

### Corporate Social Responsibility for Small and Medium Sized Enterprises (SMEs)

The current debate on corporate responsibility in Ireland seems to focus exclusively on large companies whose impact on stakeholders might be more evident. Yet, more than 90% of registered companies in Ireland are SMEs that employ almost 60% of our workforce. This large sector of the Irish economy which is essential for the competitiveness of our economy should address their social, ethical and environmental responsibilities through a comprehensive and systematic approach.

A survey published in 2002 by the European Commission as part of a study in the context of the Observatory of European SMEs found that around half of European SMEs are engaged in some form of socially responsible activity in favour of their local community. These activities range from support for sports and cultural activities in the form of donations or sponsorships, to employee volunteering in local schools or partnerships with not-for-profit organisations.

Many of these activities would probably not be considered 'CSR activities' according to the modern understanding of the concept. They fall more into the category of sponsoring or traditional philanthropy, i.e. making donations for charitable causes. They are not carried out in a strategic way and often have no relation with the company's core business. In many cases they are not communicated. The challenge is to develop solutions for SMEs on corporate responsibility from an SME perspective, demonstrating the link between responsible business practice and business benefit.

The SME section of the Business in the Community Ireland website offers relevant information and support for SMEs and SME representative organisations interested in developing their corporate responsibility agenda. This resource centre provides the business case for corporate responsibility in SMEs, the toolkits for measuring and reporting corporate responsibility performance in SMEs, best practice case studies in corporate responsibility in Ireland and Europe and links to other organisations dealing with corporate responsibility in SMEs.

We hope you find this section useful and look forward to your feedback, comments and suggestions. For further information you may contact Tomás Sercovich, Corporate Responsibility Executive at [tsercovich@bitc.ie](mailto:tsercovich@bitc.ie) or 01 874 7232.

### What are SMEs?

The European Commission defines SMEs as any entity engaged in an economic activity, regardless of its legal form which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million and/or and annual balance sheet total not exceeding EUR 43 million.

Within the SME category, a **small enterprise** is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet does not exceed EUR 10 million.

Within the SME category, a **micro enterprise** is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or balance sheet does not exceed EUR 10 million.

Commission Recommendation C (2003)1422, May 2003.

## Why is corporate responsibility relevant to SMEs?

The business case for corporate responsibility in SMEs: the benefits and the main issues.

Related article: The Business case for social responsibility in small and medium-sized enterprises. CSR Europe, 2002. *Article available upon request*

Related article: Corporate Responsibility for SMEs – The time has come to get started! Running your Business, March 2004 *Article available upon request*

## Measuring and Reporting on CSR for SMEs

CSR Europe's SME Key: Online tool to support companies undergo the process of measurement of corporate responsibility performance in the areas of workplace, marketplace, community and environment. [www.smekey.org](http://www.smekey.org)

GRI High 5!: Support handbook for SMEs on the use of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, launched in November 2004. Further information in the GRI website: [www.globalreporting.org](http://www.globalreporting.org)

## Case Studies: Ireland and Europe

Engaging with Stakeholders: Qualitative research on corporate responsibility practices in large and multi-national as well as SMEs in Ireland, published by BITCI in March 2003. *Available upon request*

Responsible Entrepreneurship – A collection of good practice cases among small and medium-sized enterprises among Europe. This report, published by the European Commission's DG Enterprise in 2003, presents a very clear framework on the issues around CSR for SMEs and 25 best practice case studies in 17 European countries, including Ireland. Click here:

[http://ec.europa.eu/enterprise/entrepreneurship/support\\_measures/responsible\\_entrepreneurship/doc/resp\\_entrep\\_en.pdf](http://ec.europa.eu/enterprise/entrepreneurship/support_measures/responsible_entrepreneurship/doc/resp_entrep_en.pdf)

## Links for further information

Responsible Entrepreneurship for SMEs: Link to the European Commission's DG Enterprise website section on CSR for SMEs. Click here:

[http://www.europa.eu.int/comm/enterprise/entrepreneurship/support\\_measures/responsible\\_entrepreneurship/index.htm](http://www.europa.eu.int/comm/enterprise/entrepreneurship/support_measures/responsible_entrepreneurship/index.htm)

Corporate Social Responsibility for SMEs: This is the official website of an EU initiative to raise awareness on corporate responsibility among SMEs. The website offers interesting information on the campaign as well as background material on the subject and a toolkit on measuring and communicating on CSR: [http://www.europa.eu.int/comm/enterprise/csr/campaign/index\\_en.htm](http://www.europa.eu.int/comm/enterprise/csr/campaign/index_en.htm)

Small Business Journey: UK based website with Information on responsible business practice for SMEs. The website features a roadmap for the integration of CSR in SMEs as well as case studies and reference material as well as an online forum: [www.smallbusinessjourney.com](http://www.smallbusinessjourney.com)