



## Large firm CSR strategies can work for SMEs

A key place to find new value is corporate social responsibility (CSR) — initiatives that drive economics as well as social or environmental agendas. But most of the research in this area has focused on large firms. How do small companies identify and leverage CSR opportunities?

Heledd Jenkins (Cardiff University) used case studies of 24 SMEs in the UK who were CSR leaders to show how CSR can create innovative value for smaller firms (25 to 120 employees in this case). This research tailors past work on large firms to fit the characteristics of the smaller enterprise.

Why does CSR need to be adapted to an SME context? Smaller firms tend to have a strong owner/manager influence, reflecting the personal style of the individual at the helm. They may also lack formal management structures. SMEs are typically less responsive to pressures from stakeholders — so, they're less likely to see CSR as affecting brand image or reputation risk. But, since they can adapt quickly and agilely when it suits them, smaller firms may be well-positioned to take advantage of new niche markets for products or services with CSR components.

The case studies suggest that:

- **Walking the walk is more important than talking the talk.** Many companies didn't understand CSR formally, but could readily apply it in their company. They viewed it as overall awareness of business impacts and positively affecting stakeholders. And, while most firms were reluctant to promote their good deeds in public, they were quick to advocate to other firms for wider uptake of CSR practices.
- **Strategic integration of CSR is a process.** Some of the firms viewed as leaders were still using ad hoc approaches, while others had a robust CSR strategy.
- **Values trump dollars.** All companies recognized business benefits of their CSR outcomes like improved reputation, increased business, cost savings and more motivated employees. But, they cited ethical or moral reasons as the key drivers for undertaking environmental and social initiatives.

So how do you know if your company is well-positioned to leverage CSR opportunities? Some key characteristics include values-driven leadership, a vision consistent with CSR, mechanisms for whistle-blowing in the event problems arise, a framework and tools for scoping and prioritizing CSR, top-down decision-making and effective stakeholder management.

The author suggests a series of steps for small companies looking to get the most from CSR:

1. Develop an understanding of CSR and articulate how it fits into your business. Determine how it maps onto your vision and mission.
2. Identify what really matters to your company. Consider targeting your CSR efforts there. This way, you're more likely to identify CSR initiatives that will meet stakeholder needs and will be readily accepted and implemented by employees.
3. Search for opportunities. Some of these may have been identified in previous steps, but also take note of any market-driven opportunities to which you may not yet have solutions.

“All companies recognized business benefits of their CSR outcomes ... but they cited ethical or moral reasons as the key driver for undertaking environmental or social initiatives.”

4. Develop your CSR strategy and integrate it into your corporate strategy. Once you're confident in your direction, use this step to help make CSR “just the way you do things” rather than an add-on to core business activities. Strategies around CSR can even lead to sustained competitive advantage, particularly if they're based on product/service innovation, serving unserved markets or building new business models.
5. Benchmark performance and establish processes to drive a positive feedback loop. Use your own learnings to propel your company forward.

Working successively through the steps can help ensure your small firm succeeds in the marketplace while contributing to the health of its stakeholders and the environment.