

Lewiatan 

CSR in SMEs

Does it have to cost so much?

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Why do SMEs have to be socially responsible?

- Because it will be more and more often expected of SMEs by larger companies – recipients of their products and services (while SMEs may disregard, for the time being, social and political pressure in this field, corporations may not allow themselves to do so)
- Because customers are going to lobby for that in times to come
- Because employees are going to do the same
- **Because it is worth it** – if they are able to look at their development in a longer-time perspective than the nearest sales season

A problem: participation

Study “Working Poles 2006” (SGH, commissioned by Lewiatan)

Employer pays – decidedly yes
93.2%

Pays on time – decidedly yes
86.4%

Leaves – decidedly yes 86.9%

Occupational health and safety –
decidedly yes 76.4%

Working overtime – decidedly yes
64.6%

- Trust superiors – inferiors ->

decidedly yes 14%

- Good employees rewarded ->

decidedly yes 18.1%

- Employers take employees’
opinions into consideration ->

decidedly yes 8.2%

- Taking care about integration of a
team -> **decidedly yes 20.5%**

Does it have to cost ...

- Ongoing information for employees about objectives and intentions of the management
- Organising standing consultations with employees in small companies (up to 49 employees)
- Serious treatment of Employees Councils (in 50+ companies)
- Integration of the team
- Dialogue and negotiations concerning employees' expectations on vocational training and improvement
- Flexible working hours (if possible)

Does it have to cost a lot?

Typical areas of breaching ethical principles in small companies – according to professor J. Cieślik

- Avoiding taxes
- Overstating the costs of economic activity
- Illegal employment or fake self-employment
- Discrimination of women
- Infringing the Labour Code
- Using illegal software
- Gifts, gratification to customer representatives responsible for sales decisions
- Bribing officials

**Does ethical business –
one of the fundamental
CSR principles -**

- have to cost a lot?

Low level of social capital is currently a barrier to economic growth

- Teaching cooperation to people
- Mutual trust of managers and employees
- Promoting team efforts
- Promoting employee volunteering
- Undertaking cooperation with local communities, including NGOs (only within own capabilities)

Does it have to cost a lot?

Environment friendly approach?

- **Saving energy – from the simplest tasks to energy efficient production => cost reduction**
- **Environment friendly education of employees => cost reduction**
- **Internal audit of environmental impact of the company and seeking potential savings => cost reduction**

Are these only CSR requirements, or are they also economic investments?

Does innovation have to be (very) costly for the SMEs?

According to the study by Lewiatan of 2008, 57% of SMEs chose low price of their goods and services as a competitive advantage strategy

If disappearing from the market is to be an alternative to innovation (not only technological, but also processing, organisational and marketing),

can investment in this area be treated as a redundant expense?

Does investment in intellectual capital have to be (very) costly in SMEs?

- Poland does not have its own resources
- Poland does not have any wealth collected through centuries (e.g. through colonisation)
- Therefore, our **only** chance to respond to the challenge of global competitiveness is knowledge-based economy

Is investment in knowledge development of the employees a redundant cost from this perspective, or a price to pay for the opportunities to survive on the market and develop?

Demographic problem

Within the next few decades the population figures for Poland will gradually decrease, and, at the same time, the average age of the society will significantly increase => lack of workforce

At present, professional activity indicator amounts to ca. 60% in Poland, 75% in Denmark.

In 10 years time we will have 2 million more of the pensioners and 2 million less of the employed

Polish companies will be unable to find employees

In such circumstances, is investment in young mothers, women in general and persons aged 50+ a redundant cost?

Investments in Customers

If all companies obtain their right to exist on the market from their Customers...

Are investments in consumer satisfaction greater than the customer satisfaction of competitors a redundant cost?

CSR core subjects

- **organisational governance**
- **human rights**
- **labour relationships**
- **protection of the environment**
- **fair operational practices**
- **consumer relationships**
- **community involvement and development**

ISO 26 000 standard

Conclusion?

By undertaking efforts in all areas of Corporate Social Responsibility...

a SME

**increases its market opportunities, hence
gets more competitive advantage, hence
increases the company's value and its assets**

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Warsaw, 25 October 2011