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The Importance of Corporate Social Responsibility (CSR) for Small and Medium Enterprises (SMEs) in Serbia

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UNIDO – Who we are

- UN specialized agency promoting sustainable industrial development
- Core SME expertise on:
 - business development
 - investment and technology promotion
 - cleaner production
 - quality management
 - energy-efficiency for
- Network of:
 - field offices
 - investment promotion services
 - global technology centers
 - national cleaner production centers
- 172 Member States



SMEs in Industrial Development

SMEs account for:

- 90-95%, or more, of industrial enterprises
- 70-75% of industrial employment
- 50-60% of industrial output



The Rise of CSR

- Globalization
- Increased size and influence of companies
- Rise in brand reputation > Access to trade
- Repositioning of government and its roles
- Growth of global civil society activism
- EC CSR Year 2005
- Ethical Trade Initiatives / “FTSE For Good”



What is CSR (macro-level)



Strategic alignment towards CSR, community involvement, stakeholder dialogue, multi-sector partnerships, social investment, institution building, CSR-oriented advocacy.

Social and environmental auditing and reporting, voluntary standards, codes of conduct, multi-sector partnerships, stakeholder dialogue, eco-efficiency measures.

Legislation, inspection, criminal and civil prosecution, foreign direct liability (for overseas subsidiaries), industry standards.



The Evolution of CSR

from
profit focus

a company
exists only for
short term
share holder
profit

to
philanthropy

passive
donations to
charities
when
requested

to
**community
affairs**

strategic
giving linked
to business
interests
(includes
cause-
related
marketing)

to
**corporate
community
investment**

strategic
partnerships
initiated by
company

to
**Sustainable
Business**

integrated
into business
functions,
goals,
strategy



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CSR vs. Philanthropy



CSR - Micro-level

- A business and management concept
- Beyond profit
- Monitoring systematically the environmental and social impact
- Improving the company's performance in all 3 areas



Market Access for SMEs

- Increased outsourcing of production processes
- Precondition for doing business with TNCs
- TNC supply chain standards
- Most visible aspect of CSR for SMEs
- Support for SME development can be important part of CSR commitment of TNCs



The Business Case for CSR

- CSR becomes part of the core business strategy
- Link social and environmental responsibility with financial success
- Three key dimensions of the business case:
 - (a) Reputation protection
 - (b) Cost benefit
 - (c) Strategic



The Triple Bottom Line (TBL) Approach

- Productivity Issues
- Environmental Responsibility
- Social Domain

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The Triple Bottom Line (TBL) Approach

Productivity:

- organization and visual management of the workplace

Environmental Responsibility:

- more rational use of resources
- reduction of waste and emissions at the source

Social Domain:

- enhancement of labor standards
- working conditions
- health and safety
- freedom of association
- employees' involvement in decision-making



CSR and UNIDO

- The current state and future directions of CSR globally
- The implications of CSR for SME development
- Strategies to support SMEs in responding to the demands of CSR
- CSR approaches that support the role of small businesses in development
- UN Global Compact



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THANK YOU !

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