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

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What is CSR (macro-level)



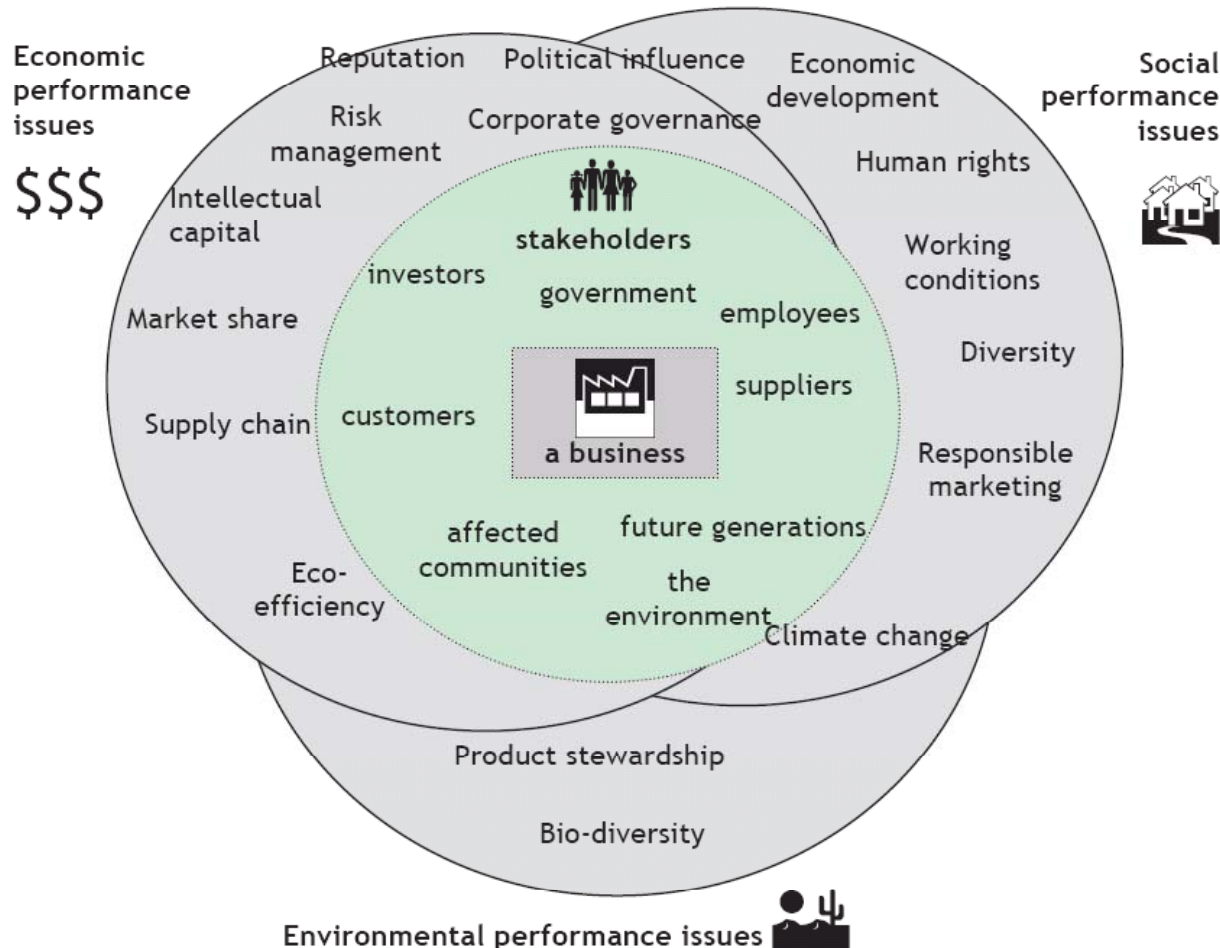
Strategic alignment towards CSR, community involvement, stakeholder dialogue, multi-sector partnerships, social investment, institution building, CSR-oriented advocacy.

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.



Issue and Stakeholders





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”



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



The Business Case for CSR

- CSR becomes part of the core business strategy
- Link social and environmental responsibility with financial success
- Three key levels of the business case:
 - (a) Reputation protection
 - (b) Cost benefit
 - (c) Strategic
- Business activities that promote economic development CAN count as CSR
- Crucial role for policy



Benefits of CSR

Three Stages

- Reputation protection
- Cost benefit
- Strategic

- Operational cost savings
- Enhanced reputation
- Increased ability to recruit, develop and retain staff
- Better relations with government
- Sharper anticipation and management of risk
- Learning and innovation
- Improving productivity and quality
- Partnership opportunities
- Broader social benefits (education, community, etc. development)
- Direct supply chain relationships
- International standardization and certification



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



Emerging Global Standards

- Global Reporting Initiative (GRI)
- SA8000
- Ethical Trading Initiative (ETI) Base Code
- AA1000
- The OECD Guidelines for Multinational Enterprises
- ISO (esp. 14000 & 9000)
- ISO 26000 Social Responsibility Guidance Standard (upcoming)
- UN Global Compact



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.



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THANK YOU !

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