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European Woman of Achievement for Entrepreneurship 2006  
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## **CORPORATE SOCIAL RESPONSIBILITY AND THE SME**

'CSR is it not about philanthropy, but about fundamental business practices'

*Guy Ryder, General Secretary of the International Confederation of Free Trade Unions, speaking at the United Nations Global Compact Summit, Shanghai, China, 2006*

If we were to ask a random sample of business owners the motivating factor as to why they went into business, there would be a wide variety of answers, including the drive to make money. However, I believe one of the prime motivators is that of legacy. We all like to think that whether it's in business or within our own families we are making a positive impact and are creating environments in which we can be proud.

So ask yourself a few key questions:

1. why did you create your business?
2. what does it say about you as an individual?
3. what are you contributing?

Once you've asked yourself these three questions then ask yourself what is your understanding of 'wealth'? What does it mean to you? Is it just about the money or has it a deeper meaning?

We often hear the term 'Corporate Social Responsibility' or 'CSR' used, particularly with regards to the larger corporations. Whenever I discuss CSR with SMEs the general response I get is that they haven't got the time to do it, it is costly to implement and what they would get for their invested time is difficult to value. They also point out that larger organisations usually have whole departments given over to the implementation and promotion of CSR. The question therefore is not about how SMEs should compete with the multi-nationals in the arena of CSR, but how they make CSR fit within the SME framework.

As a Director of an SME who is committed to the implementation of CSR this article seeks to share with you how you can implement CSR within your company no matter what the size (in fact you potentially already are, but are

unaware of it), what it will mean to people around you, and the added value you will get from taking this approach.

Forensic Pathways is an SME based in Tamworth, Staffordshire, designing and supplying forensic equipment, training and knowledge management services to a range of clients internationally. In setting up the company we had a clear vision of the ethos we wanted to develop. Yes, it was about making money, but making money for a particular reason: increasing wealth so that we could build and grow a business that added real value. It was about bringing a depth to the company, understanding how our own growth could bring value to the wider community. We actively focussed on our notion of contribution. How we were to engage with the wider community, how we were going to support our staff so that they could be the best they could be, how we would build CSR into our supplier portfolio, and how, no matter how small, we would try to reduce any negative impact on the environment as a result of our business. To me this addressed the fundamental principles of who we were and what we were striving to be. As to cost, I believe it is cost negative. CSR is about 'mindset'. It is about the fundamental principles of how you want to work and engage with others and the environment as a whole.

If your business already has structures in place with regards to employee policies, employee contracts, health and safety, training and development, appraisal systems etc. then you are already on the CSR path. If you have an environmental policy or follow an ethical purchasing format then again you are already on the CSR path. If your company takes in work experience students or makes a donation to a charity you are on the CSR path. My point is that many SMEs are unaware that they are already implementing some if not all of the principles of CSR and that also that there is very little to add to what a legally compliant company should be doing anyway.

One of the barriers to businesses taking a positive stance towards CSR is that its impact is difficult to measure. However, if we look at an employee's perspective of choosing a company which implements CSR, as opposed to one which doesn't, the company following a CSR framework will doubtless have the edge. In the world in which we now operate new employees are as likely to ask about the companies CSR policy as they are to ask about how much remuneration they will receive. CSR helps in the recruitment and retention of staff and existing staff feel motivated, particularly if they feel they are contributing to local or international activities.

CSR also aids brand differentiation, allowing you to actively demonstrate that you follow ethical guidelines and have a reputation for best practice. This also impacts on the notion of risk. If you are seen to be ethically trading, this reinforces your reputation as a business which is sound and prepared to 'do the right thing'.

So what are the key principles of CSR, where can you go for help and with whom can you engage?

## United Nations Global Compact



In 2005 Forensic Pathways signed up to the United Nations Global Compact. An initiative stated by former UN Secretary-General Kofi Annan which aimed to promote responsible business citizenship. The Compact is basically a network of businesses, both multi-national and SME, along with NGOs who are committed to working within the ten fundamental principles of CSR as outlined by the Compact. These principles focus on four main areas: human rights, labour, the environment and anti-corruption.

Having become a member of the Compact we continually work within the principles as outlined and continue to develop our approach to CSR. As stated previously, this is no hardship as the principles are no more than a reflection of who we are and what we stand for. Taking this approach has brought a real depth to the company and has meant that the connections we make along the way are more sustainable and are more considered. We act in a way that is ethical and in-line with a modern 21<sup>st</sup> century, socially aware and responsible organisation. It also means that we have a focus and this focus is applied to every contact we make, whether it is engaging new staff or new suppliers. Think of it as a peer group. You are engaging with people who have a clear focus on contribution and wealth creation in its widest sense and this brings significant added value.

As a company we're not perfect. We still have a significant contribution to make and need to develop our processes still further to ensure that we continually develop our business in a socially responsible way. Our hearts are there, now we need to develop our strategies and policies and most importantly implement them in order to ensure that CSR isn't something we just say it is something we actively do.

As a member of the Global Compact we have now joined the local network ie the **UK United Nations Global Compact**. One of the roles of the network is to enable participants to share and exchange practice and experience. Perhaps you are a company which is exporting for the first time or you are entering a new market. Ethical challenges you will face will doubtless include labour issues in relation to supply chain, the issue of 'gifts' and simply how to engage with your shareholders to promote your wish to implement CSR? These are just some of the areas in which support is available to you. Obviously the implementation of such a policy is different for every company and naturally so between an SME and a large multi-national, however, the fundamental principles remain the same. Within the UK Global Compact Network it is acknowledged that the support for SMEs needs to be tailored to

that community. The UK Network has therefore been proactive in developing an **SME Working Group** which focuses purely on the issues faced by SMEs in the implementation of CSR and also works hard to promote the value of CSR to the small business community.

Within the next few weeks additional material will be available on the UK Global Compact website specifically focussing on the SME community this is in addition to the work which is already ongoing to develop an Operational Guide for SMEs.

As a whole, the Global Compact is urging more SMEs to engage. The SME community is vibrant, ever growing and innovative. I believe it's only real flaw is that it undersells itself, failing to realise the power it has to really impact on behaviours within the global business community. We may be SMEs now, but so once were the other large corporations.

It is essential that in building our businesses we do so in a way that reflects vibrant leadership with a commitment to building business communities that are supportive of its employees, the wider community and the environment, committing to the view that wealth goes beyond monetary value.

Should you require any further information re implementing CSR or to discuss the issues faced by SMEs generally you may contact the following:

<http://www.ungc-uk.net>  
<http://www.unglobalcompact.org>  
[www.csr.gov.uk](http://www.csr.gov.uk)  
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