

COGITA PROJECT

The COGITA concept for supporting policy for integrated CSR for SMEs¹

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¹ This paper was prepared as the starting point of the COGITA project in 2012. To this end, it includes information related to the subsequent project phases, which were then further developed during the three years of project operation. In this version, foot notes are included to direct interested readers to subsequent documentation.

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1.0 INTRODUCTION

The objective of the COGITA concept and methodology is to determine what will be the constituent elements of the policies that will be undertaken by regional administrations in order to promote the integrated CSR concept among SMEs.

According to the COGITA application form (COGITA Consortium, 2010) the project focus is on how public policy can contribute to the promotion of the integrated CSR concept to SMEs. The project is based on the concept of CSR which is highlighted in the 2011 EC communication (COM (2011) 681), which emphasises the use of the integrated CSR approach (where all dimensions of CSR are considered and promoted simultaneously) as opposed to the fragmented and /or monothematic view of CSR (where CSR is considered and promoted through disconnected and uncoordinated actions).

The view of the project is that of regional public administrations and in this sense the project will identify good CSR practices introduced by regional administrations and other cooperating organisations, like chambers of commerce, non-governmental organisations, etc., in order to improve public policy leading to the uptake of integrated CSR solutions by SMEs. The target group consists of SMEs participating in B2C (Business-to-Consumer) and B2B (Business-to-Business) supply chain activities. The ultimate objective of the project is to develop regional policy implementation plans leading to the promotion of the integrated CSR concept to regional SMEs.

The rest of this document is divided into seven sections. Section two and three describe the conceptual and theoretical framework underpinning the COGITA concept and methodology. Section four introduces the overall methodological framework proposed to be used for the development and implementation of the project - the COGITA-Matrix. Section five describes how the work of the subgroups will be embedded within the overall concept and the matrix. Section six defines the relationship between the COGITA project activities. Section seven presents and describes the instruments that will be used by the project partners in order to implement the methodology.

2.0 THE ORGANISATION OF THE COGITA RESEARCH ACTIVITIES

The development of the COGITA concept and methodology is the first major milestone of the project. The organisation / flow of the COGITA project research activities is illustrated in Figure 1².

The development of the COGITA concept and methodology is based on:

- 1) the existing state of the art and state of practice relevant to the development and implementation of CSR programs by public agencies (STEP2), and
- 2) on the requirements and needs of the regional stakeholders (STEP1).

The next milestone in the development of the project is the identification, collection, and analysis of good practices introduced by organisations in order to promote the introduction of the integrated CSR concept to SMEs (STEP4). The identified good practices will be described in a harmonised manner, using a common template (see section 5 below), that will allow the comparison and the synthesis of the derived conclusions from each individual good practice. The collection and analysis of good practices will be based on the COGITA concept and methodology and the input that will be provided by the regional stakeholders.³

The results of the collection and analysis of good practices (STEP4) will provide input for the SWOT analysis that will be performed for the identified good practices at each region taking into account the regional context (STEP 5). A common SWOT analysis template is developed and to be used by all partners.⁴

Following, the description of the good practices a synthesis of their conclusions will take place (STEP5). The synthesis of the good practice conclusions will be made on the basis of the COGITA concept and methodology (see STEP 3) and will lead to the formulation of the policy guidelines and recommendations in order to introduce and promote the integrated CSR concept to SMEs.⁵ The synthesis step will be reevaluated with a SWOT analysis and will also receive input from the regional stakeholders.

Using the results of STEP 6, feasibility checks of the analysed good practices will be performed. The feasibility checks (STEP7) will be performed in collaboration with the regional stakeholders and will identify the conditions of applicability and transferability of the identified good practices to various regional administrations.⁶ This step of the project methodology will lead to the

² The process for the development, implementation and assessment of CSR Action Plans by regional authorities on the basis of the COGITA integrated CSR concept has been consolidated in a 10-step roadmap. This roadmap is available as the COGITA project CSR manual at www.cogitaproject.eu

³ The COGITA practice collected good practices from across Europe, covering the integrated CSR concept. These are available for consultation on the project website www.cogitaproject.eu

⁴ All 13 COGITA partners undertook a detailed SWOT analysis as defined here. For more information on the procedure and content contact the COGITA Lead Partner at cogita@ciseonweb.it

⁵ The COGITA project produced recommendations in the form of fact sheets presenting key challenges and possible solutions. The Fact Sheets are available on line at www.cogitaproject.eu

⁶ Feasibility Checks were carried out by all 13 partners. The guidelines to the Feasibility Check and the comparative report are available on the project website at www.cogitaproject.eu

development of the implementation plans for the introduction and use of the integrated CSR concept by the regional administrations.⁷

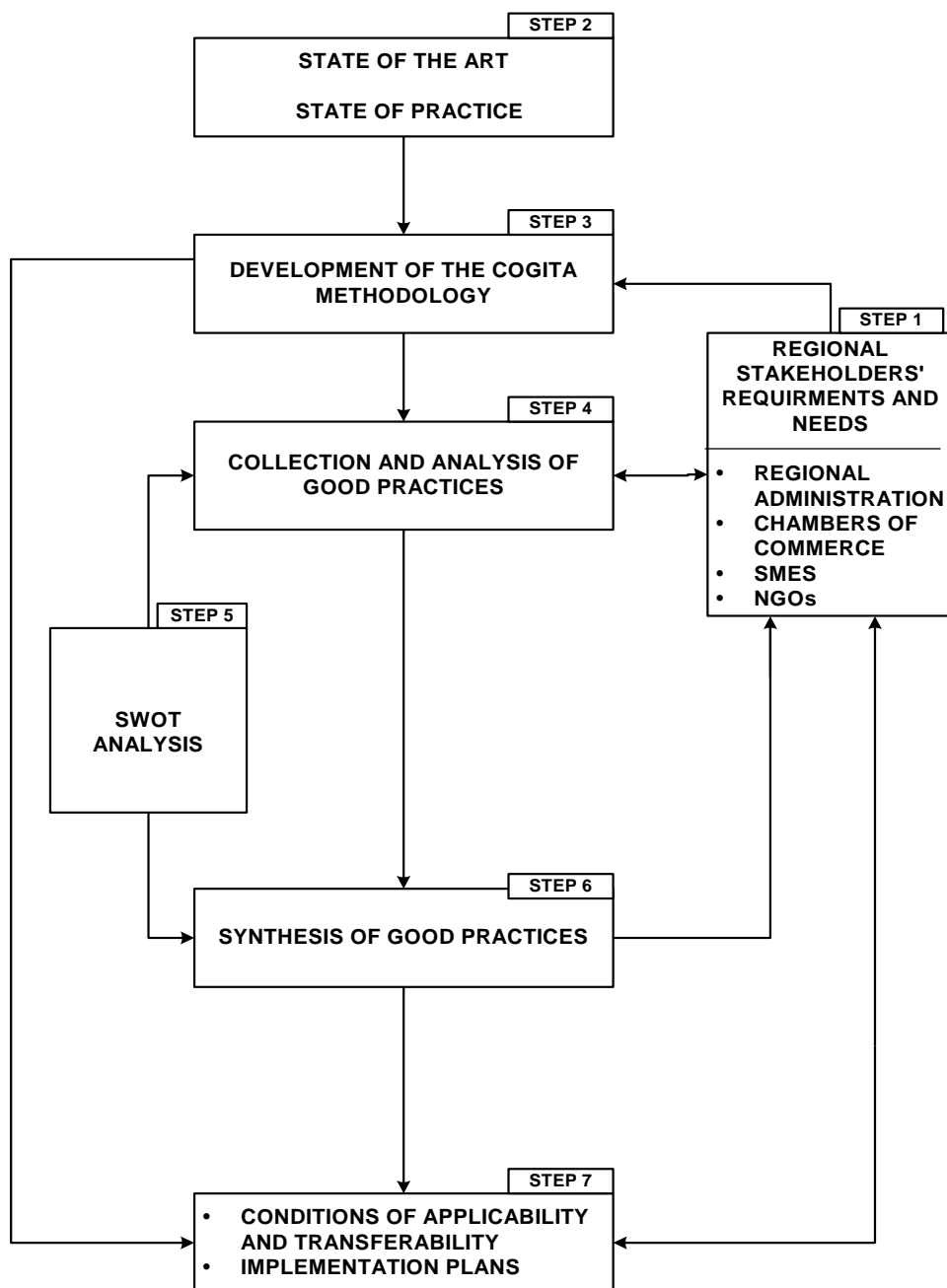


Figure 1: Relationship between COGITA project activities

⁷ All 13 partners produced detailed Implementation Plans. The order of work varied slightly from this original premises as partners first produced a draft Implementation Plan, then undertook a Feasibility Check on the draft and then produced the Final Implementation Plan. For further information, contact the COGITA Lead Partner at cogita@ciseonweb.it

3.0 THE CONCEPTUAL FRAMEWORK FOR THE COGITA PROJECT

It is well established in the literature and in public administration practice that public agencies may play an instrumental role in promoting the uptake of CSR actions by SMEs. (Albareda et.al. 2008; Cici and Ranghieri, 2008; Steurer et.al., 2008; Apospori et.al, 2012). The activities that may be undertaken by public agencies in order to promote CSR may influence:

- 1) the external environment within which SMEs operate,
- 2) the internal SME environment, and the
- 3) inter-firm relations, e.g. supply chains, clusters etc.

Furthermore, the suitability and effectiveness of the various CSR policies undertaken by public agencies may vary according to the regional context. The regional context is defined in terms, of the administrative structure of a given country, i.e. centralised vs. decentralised (Albareda et.al., 2008), the political culture and the development of welfare institutions of a given country, and the economic basis of a given region.

The objective of public agencies in formulating CSR activities is to assist SMEs to increase their sustainable competitiveness, which eventually may have the potential to lead to the promotion of the sustainable competitiveness of the entire region.

Figure 1 illustrates the concept that associates CSR activities undertaken by public agencies with SME CSR actions, and SME and regional competitiveness.

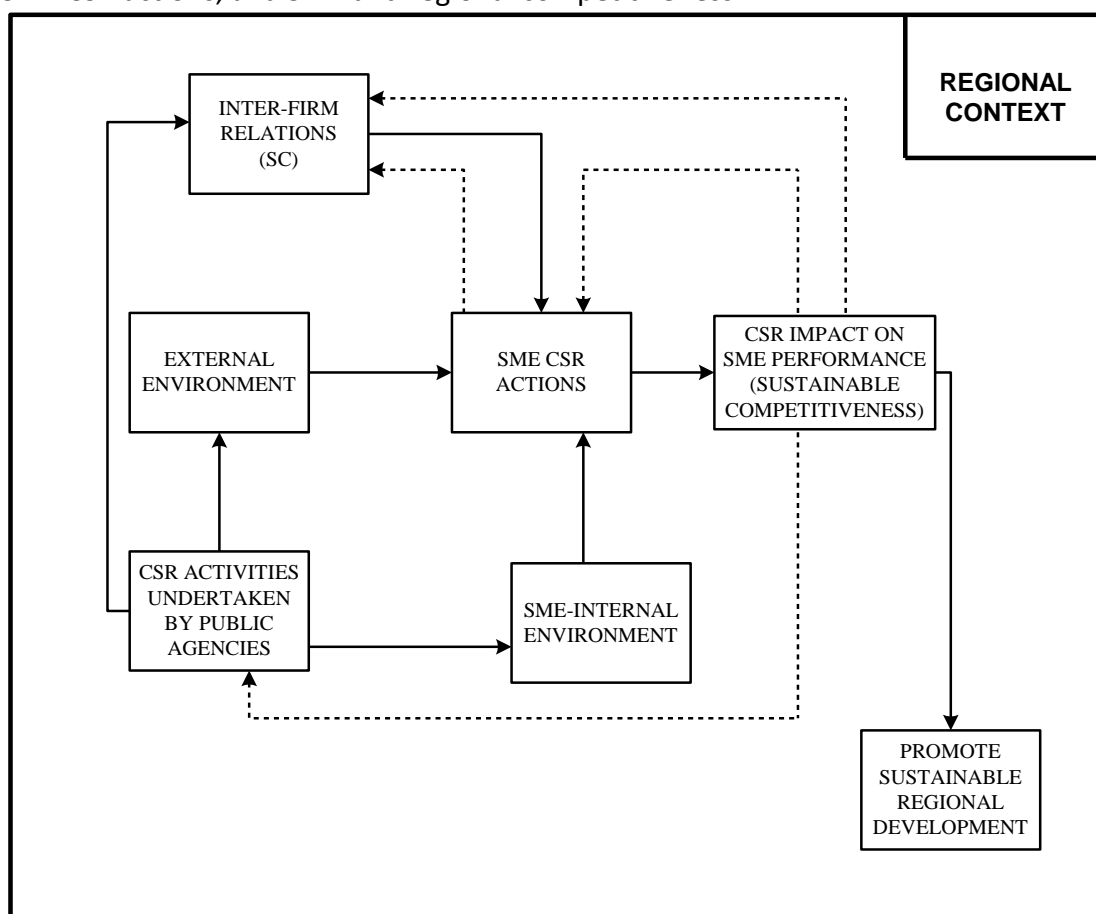


Figure 2: The conceptual framework of COGITA

The framework described above suggests that public agencies in cooperation with other stakeholders should select an “optimum” mix of policy instruments and policy themes that will help them to achieve their CSR policy goals in the most cost-effective way.

The COGITA project hypothesises that if public agencies undertake policies leading to the use of the integrated CSR concept by SMEs they would contribute in an effective and efficient way in the achievement of their CSR and regional development goals fostering the competitiveness of the regional companies and the regional welfare.

The operationalisation of the above concept requires the definition of the following important concepts:

- 1) CSR public policy instruments,
- 2) CSR public policy themes,
- 3) CSR dimensions.

In the next section we provide the definition of these concepts and we discuss the method that should be used for developing policies leading to the use of the integrated CSR concept by SMEs.

4.0 THE THEORETICAL FRAMEWORK FOR THE COGITA PROJECT

Existing studies (Steurer et.al, 2008) suggest that a distinction should be made between the CSR themes that a given public administration wants to address and the CSR instruments that should be used in order to address these themes.

The suggested policy themes include (Steurer et.al., 2008)

- Raise awareness and build capacities for CSR among companies and stakeholders
- Foster philanthropy and charity
- Foster disclosure and transparency of economic, social and environmental issues of business activities
- Foster socially Responsible Investments (SRI), i.e. investment practices taking social, environmental, and ethical criteria into account
- Lead by example, e.g. making public procurement more sustainable, apply SRI principles to government funds, adopt CSR management systems, report on Sustainable Development (SD) of government bodies.

Using the themes identified above and considering the COGITA project objectives the following **policy themes** have been selected as the most applicable for the COGITA project:

- Awareness Raising
- Capacity Building
- Transparency
- Supply Chains and Interfirm Relationships
- Branding and Communication

A variety of instruments have been used by governments in relation to CSR (Steurer et.al., 2008; Cici and Ranghieri, 2008; Knopf et al., 2010). Apospori et.al., 2012 cite other relevant papers addressing the role of organisations in SME CSR development. The identified instruments include the following (as proposed by Knopf et al, 2010; Steurer et.al, 2008):

- Legal instruments such as regulations, directives, public procurement etc.,
- Economic and financial instruments, such as taxes, tax credits, subsidies, awards
- Informational instruments, campaigns, branding, training, conferences
- Partnering instruments , networks, stakeholder dialogues, PPPs,
- Hybrid instruments, strategies, combinations of the above e.g. training and coaching on CSR for SMEs, guidelines, labels

The CSR policy themes and the available CSR policy instruments can be combined in order to identify good practices that will assist SMEs to introduce CSR in an integrated manner. The concept of integration is used here to address all five major dimensions of CSR = **5 fields of action**⁸:

⁸ For a detailed description of the five CSR dimensions, see chapter 4.1.

- Leadership (Corporate culture and leadership by example, strategy implementation, , stakeholder relations etc)
- Workforce (Employee development and training, diversity and equal opportunities, employee health and safety, compensation and working hours)
- Marketplace (Business relations, value chains, innovation, product and services)
- Environmental (Energy and resource efficiency, conservation and protection of the environment etc)
- Societal (Human rights and cultural diversity, social commitment etc)

The target of integration is to identify (through the analysis of good practices) combinations of policy themes and instruments that have the greatest potential to increase the integrated introduction of CSR actions. The identification of policy themes and instruments should also consider the:

- 1) expressed needs and priorities of the SMEs, and
- 2) the regional context.

The expressed needs of the SMEs should consider that major barriers and enablers that SMEs have identified relevant to the implementation of integrated CSR actions. Results of studies (Apospori et.al, 2012) suggest that SMEs have recognized the following major barriers to the introduction of CSR activities:

- Lack of technical know-how
- Lack of time
- Lack of financial resources
- Lack of human resources
- Limited managerial resources

Important enablers to the implementation of CSR activities by SMEs include (Apospori et.al., 2012) :

- Provision of support to increase know-how
- Financial support and incentives
- Promotion of auditing activities
- Existence of certificates
- Existence of prizes and awards
- Formation of SME clusters and networks

The regional context analysis foreseen for each partner within the COGITA project provides the basis for identifying the most applicable combinations of CSR policy themes and instruments in order to lower the barriers and accelerate the SME CSR enablers.

Another important factor affecting the CSR behavior of SMEs is their participation in supply chains and the pressure exerting to them by other supply chain participants mainly the Original Equipment Manufacturer (OEM) of the supply chain. Therefore, public agency CSR policies influencing supply chain and inter-firm relationships of SMEs merit specific attention.

5.0 OPERATIONALISING THE COGITA CONCEPT – THE COGITA-MATRIX

The COGITA methodology is centered around a three dimensional matrix/model that associates **CSR public policy themes, CSR public policy instruments, and SME fields of action on CSR**. The **COGITA Matrix** was developed for depiction of the integrated CSR approach, the SWOT analysis of public CSR policies of the partner regions and the identification and analysis of respective Good Practices (GP). The three dimensional model is applicable to SMEs in all phases of the supply chain:

- SMEs mainly working in a B2C (Business to Consumer) environment
- SMEs that are working mainly in a B2B (Business to Business) environment.

Figure 3 presents the three dimensional model

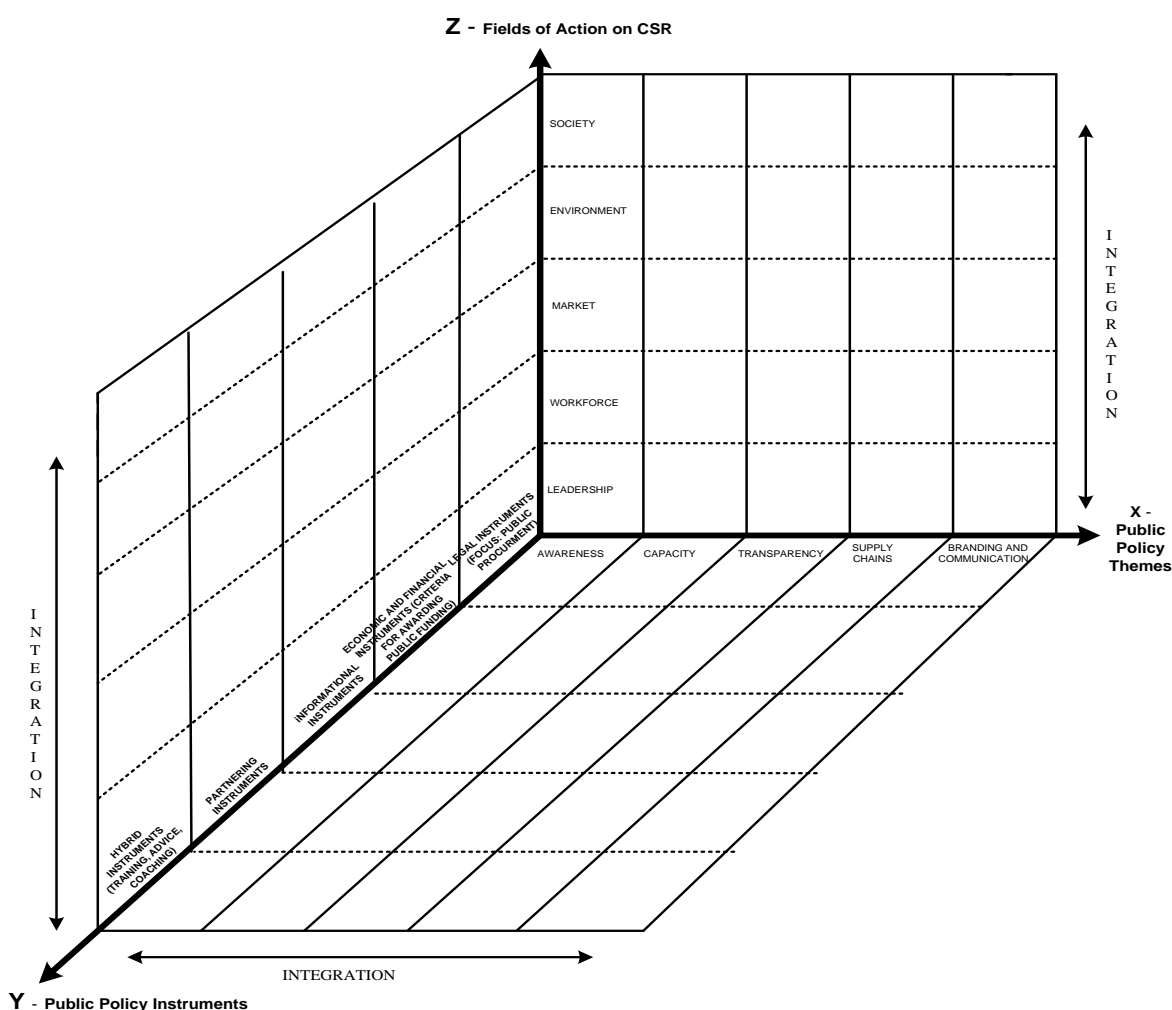


Figure 3: The COGITA-Matrix: A three dimensional model for operationalising the COGITA integrated CSR methodology for SMEs

The X-axis of the three dimensional model represents the policy themes that are considered to be relevant for the COGITA project. The Y-axis reflects the public policy instruments that can be used to address the various policy themes. The Z-axis identifies the five major action fields of the integrated CSR concept.

The proposed model can be used to develop holistic and integrated regional public CSR support systems for SMEs in every COGITA partner region as well as to identify, map, and analyse Good Practices that will lead to the introduction and use of integrated CSR actions by SMEs. The introduction of the integrated CSR concept can be facilitated by good practices that have the potential to influence all five CSR dimensions (Z-axis), and/or combinations of Good Practices that when introduced by a public agency have the potential to address all five CSR dimensions and several cells within the 3 dimensional “COGITA-Matrix of the Integrated CSR Approach”. The three dimensions are explained in more detail on the next pages.

5.1. Z-Axis – Fields of Action for CSR

There is no global consensus on a single definition of CSR. Definitional approaches tend to differ according to the specific focus. (UNGC, Bertelsmannstiftung, 2010).

The COGITA project adopted the CSR description provided by the “Guide to Future-Proofing Your Business. respACT – “Austrian business council for sustainable development” as the proper one for GOGITA, which defines 5 fields of action in CSR as follows:

1. Leadership

Leadership is a demanding task that requires experience and knowledge of human nature. Company owners and managers shape the culture and values of the organisation and by extension the employee incentive systems and opportunities for career advancement. In order for responsible business to be taken seriously and practiced consistently, top management must demonstrate its commitment and lead by example.

- **Corporate Culture and Leadership by Example**

Responsible business is dependent on the engagement of all the groups within a company, starting with the owners and the senior management. Their active commitment to CSR and adherence to its defined principles foster a culture of sustainability that will aid company-wide implementation. When employees know what their company’s values are, and if they support those values, their job satisfaction grows and the company is seen as a more attractive place to work.

- **Strategy, Implementation and Risk Management (incl. economic/financial aspects)**

Responsible business practices cannot be delegated to a single person or department. They should be the operating principle at every level of the organisation. If you want to embed CSR in your operations, start by integrating it into the company strategy, then introduce measures and evaluate their results. The aim is to enable ongoing improvements and produce a learning effect.

- **Communication and Transparency**

Companies that successfully implement socially responsible business practices enjoy a high degree of trust and credibility in the eyes of the public. However, attaining this competitive advantage is no easy task. As important as the quality of a company’s products and its commercial success are, the public is increasingly interested in the company’s record on social and environmental issues. And a company’s commitment to transparency will be put to the test in the case of a dispute or a crisis situation, when a proactive and self-critical response is called for to retain credibility.

- **Stakeholder Relations**

Every company has numerous internal and external stakeholders all along its value chain. The ability to identify these interest groups, know what their expectations are, and respond promptly and constructively can be a critical success factor. Companies behave responsibly when they treat their stakeholders as equals, conducting an open dialogue with them and communicating transparently. The rewards of building strong relationships and inspiring trust become clear in a crisis situation.

2. Workforce

People tend to aspire to having material wealth and security. They seek social contacts and self-fulfillment. Companies have a major influence on people's quality of life and on social cohesion through the jobs which they create and the working conditions they provide. Responsible business involves respecting the rights, interests and needs of the workforce, treating employees as partners, recognizing their diversity, and safeguarding equal opportunities.

- **Compensation and Working Hours**

Compensation and working hours are leading parameters in the working world. Responsible business takes into account both the situation at a company and employee needs, and builds on the minimum terms of collective agreements. Employee motivation and loyalty increase when a company treats its workforce fairly, equitably and in a consistent and transparent way.

- **Employee Rights and Occupational Safety and Health**

The protection of employee rights and occupational health are traditionally important issues in Austria. A future-proof company creates jobs that are fair and respect internationally recognized rights in countries where these values may not always be respected. By doing so they motivate their employees and reduce absenteeism. Responsible companies also let employees establish works councils and join trade unions, in conformity with international human rights standards. In such a spirit of cooperation it becomes easier to find solutions acceptable to employers and employees.

- **Employee Development and Training**

Since well-trained, highly motivated employees form the backbone of future-proof businesses, companies would be wise to invest in employee development and training programmes on an ongoing basis. A responsible company draws up long-term training plans for its employees, encourages them to earn qualifications that are relevant to the requirements of the future, and provides a transparent career path. All this gives the company a competitive edge when it comes to attracting and retaining top employees.

- **Diversity and Equal Opportunity**

Our society has become considerably more diverse than it used to be. Immigration, new family models and lifestyles, and the integration of people with disabilities have created a broad range of needs in the work environment. Responsible companies see diversity as an opportunity and take advantage of it to become more innovative, tolerant and adaptable.

3. Marketplace

Companies are active in a variety of markets. They buy and sell products and services on the domestic market and abroad, they use capital markets to raise finance, and in the job market they both offer and provide labour. They are responsible for their products and services, their business relationships, and their links along the value chain. A company that is fully and actively aware of these responsibilities earns trust, while simultaneously enhancing the image of the business sector in general.

- **Products and Services**

Economic activity is about products and services. How they are designed, manufactured and marketed will have a far-reaching impact on society and the environment. That's why these areas are the main focal point of responsible business. Companies that consistently conduct their core business in line with CSR criteria can gain credibility and develop new markets.

- **Innovation**

Companies invent and distribute new technologies and innovative products and services, and engage in research and development. In a future-proof business, the power of innovation is also channeled into the search for sustainable solutions to social or environmental problems. A company with commitment can make its mark as a driving force for innovation.

- **Value Chains**

In our global economy, influences and impacts range way beyond company boundaries. Responsible business practices should extend along the entire value chain and be applied in far-off countries and organisations as well as at home. A responsible company sets an example for others, issues its business partners clear guidelines, and uses its networks to promote sustainable business.

- **Business Relations**

Fairness and honesty are integral to sustainable business. Responsible companies are law-abiding as a matter of course. They deal fairly with their business partners, meeting them on equal terms. These companies give business a positive image and enjoy a social license to operate.

4. Environment

Long-term business success is contingent on the preservation of life-sustaining natural resources. Sustainable development means taking global responsibility for the current population and for future generations. Successful companies aim to minimise risks and damage connected with their activities, make efficient use of resources, and switch to renewable materials and energy sources. By behaving responsibly they can also cut costs while earning a positive image.

- **Conservation, Protection and Precaution**

Every form of economic activity has an impact on the environment. Efforts to preserve nature and the resources needed to sustain human life centre on conservation, protection and precaution. Responsible companies do more than comply with environmental legislation. They adhere to the precautionary principle and the polluter pays principle, and they are also concerned about indirect environmental impacts that may occur along the value chain or during the product life cycle.

- **Resource Efficiency**

The success of our economy is largely dependent on resource availability. It is therefore in the interests of sustainable business to keep resource consumption as low as possible. Switching to renewable materials and energy sources renders a company less vulnerable to supply shortages and price rises, as well as economically more robust and crisis-proof.

- **Energy Efficiency and Climate Protection**

Climate protection is an urgent issue. If we succeed in stabilizing greenhouse gas emissions at a significantly lower level than today, a global climate catastrophe can be averted. Companies that look to the future are proactive rather than reactive. They push ahead on raising awareness about climate protection and developing innovative ideas. This can give them a technological, market and brand advantage.

- **Mobility and Transport**

The transport sector contributes significantly to climate change and imposes major social costs. It should be the goal of government, society and business to facilitate environmentally and socially compatible and economically efficient mobility in the passenger and freight transport sectors. Responsible companies take that into account when choosing their means of transport and technologies and in their mobility management decisions, and can achieve cost savings as a result.

5. Society

Companies influence our daily life with their products and services, and by creating jobs and value. Responsible companies respect human rights, equality and other basic social principles. They behave fairly towards the state and get involved in social causes. Linking their core business to social issues provides opportunities for innovative thinking and opens up new paths to success.

- **Human Rights and Cultural Diversity**

Globally active companies encounter a diverse range of cultures, world views and political systems. By showing understanding and respect they can avoid conflicts in the host country and build trust. Responsible companies support the establishment of human rights standards in areas where these are not yet common.

- **Development Cooperation and the Fight Against Poverty**

Two billion people around the world live on less than two euros day. Even in the industrialised nations 5% of the population lives below the poverty line. While fighting poverty is not a business responsibility, but an opportunity and a moral choice, every company, small enterprises included, can make its own contribution by creating jobs and income, and by supporting social innovations such as microcredit.

- **Social Commitment**

The activities of many companies extend beyond the core business to embrace social and environmental issues and cultural affairs. These companies provide funding and in-kind donations, as well as the expertise and working time of their employees. Responsible companies continually get involved in such activities, evaluate their benefits, and use their cooperation with project partners to gain a better understanding of social trends.

- **Spreading the Word About Social Responsibility**

Future-proof business is possible only if companies, society and governments work closely to achieve it. Responsible companies play an active role in society and espouse the cause of sustainable development. Through exemplary actions in its immediate sphere of influence even a small enterprise can lead the way towards the sustainable development of a region.

The five fields of action, the applications and the respective objectives should not be seen in isolation. They are all interlinked.

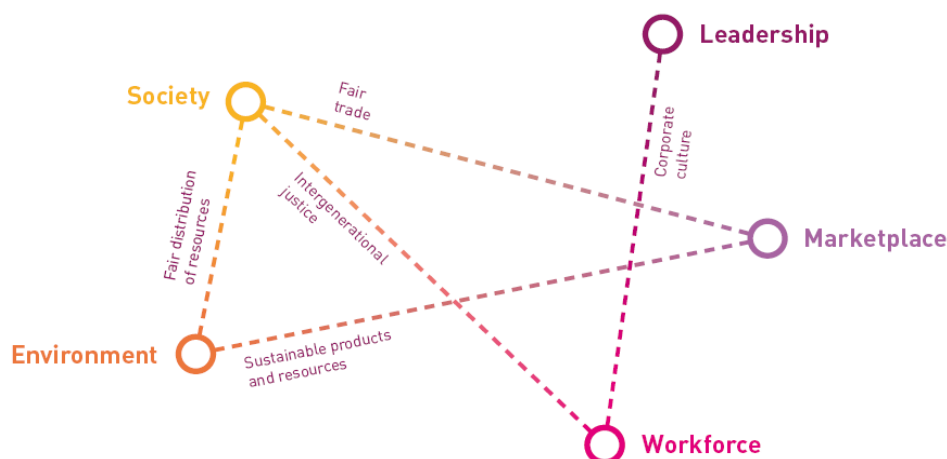


Figure 4: Interlinked Action Fields on CSR (RespACT, 2010)

5.2. X-Axis – Policy Themes

The following 5 Policy Themes can be addressed by public authorities in order to foster CSR in companies:

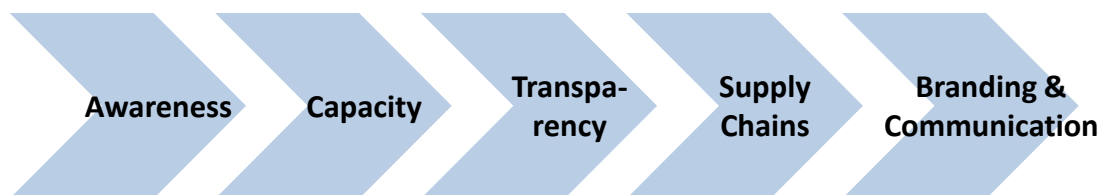


Figure 5: The CSR Public Policy Themes

1. Awareness

A precondition for the implementation of any CSR activities is the awareness of the executive board and the employees of the SMEs about the potential positive impact of the CSR. Only those SMEs which are aware of the influence of CSR will be motivated on their own to implement CSR on a long term basis.

2. Capacity

Successful CSR implementation requires the respective skills and resources. Capacity building does not exist in a vacuum. There are three parameters we will be taking into consideration:

- Individual level

Capacity-building on an individual level requires the development of conditions that allow individual participants to build and enhance existing knowledge and skills. It also calls for the establishment of conditions that will allow individuals to engage in the “process of learning and adapting to change”.

- Institutional level

Capacity building on an institutional level should involve aiding pre-existing institutions in developing countries. It should not involve creating new institutions, rather it ought to modernize existing institutions and supporting them in forming sound policies, organisational structures, and effective methods of management and revenue control.

- Societal level

Capacity building at the societal level should support the establishment of a more “interactive public administration that learns equally from its actions and from feedback it receives from the population at large.” Capacity building must be used to develop public administrators that are responsive and accountable.

3. Transparency

Beside financial informational information of companies (balance sheet), non-financial reporting is gaining more and more importance. Companies are facing the challenge of acting in a transparent way across their business activities and reporting these ESG factors (environmental, social and governmental). This information is relevant for various stakeholders like consumers, suppliers, public authorities, investors and society.

4. Supply Chains

Supply Chain Management (SCM) is integral to business and competitive advantage, especially in the production sector. According to the classic definition (Handfield & Nichols, 1999), “The supply chain encompasses all activities associated with the flow and transformation of goods from raw materials stage (extraction), through to the end user, as well as the associated information flows.” Managing a supply chain involves a series of companies that work together as suppliers, logistics providers and customers to deliver a product or service. It therefore entails business-to-business and business-to-customer relationships and processes.

According to EC’s publication on “Corporate Social Responsibility. National Public Policies in the European Union” (Knopf et al, 2010) there is no single definition of Responsible Supply Chain Management (RSCM), despite increasing political and scholarly attention devoted to the topic. The benchmark for responsible SCM is often derived from the sustainable development concept. RSCM is defined as an approach to SCM that takes into account social, environmental and economic considerations.

5. Branding and Communication

CSR communication should not be isolated but an integral part of the overall communication activities of the company (integrated communication).

Corporate principles are communicated in various forms to a wide set of stakeholders (external stakeholders and internal stakeholders). It is a question how to communicate. Integrated corporate communication should find the answers for - what to say, to whom, and how often.

Effective branding elevates a product or organisation from being just one commodity amongst many identical commodities, to become something with a unique character and promise. It can create an emotional resonance in the minds of consumers who choose products and services using both emotional and pragmatic judgements. It is a question how to use a brand - as a way of trust and reputation. The brand becomes a guarantee for the communicated social values (a value declared and a value practiced).

5.3 Y-Axis – Public Policy Instruments

Regarding the 5 categories of “Public Policy Instruments” on the Y-axis we refer to Knopf, J.; Kahlenborn, W.; Hajduk, T.; Weiss, D.; Feil, M.; Fiedler, R.; Klein, J. (2010) Corporate Social Responsibility. National Public Policies in the European Union. European Commission DG for Employment, Social Affairs and Inclusion Unit C2, Manuscript completed in November 2010,

https://ec.europa.eu/employment_social/anticipedia/document/show.do?id=3154 – see pages 19 ff.

The 5 categories of instruments are:

- **Legal instruments:** regulations, directives, public procurement etc.

Legal frameworks can set obligatory general requirements with regard to the integration of CSR by SMEs and form the basis for additional policy initiatives.

- **Economic and financial instruments:** taxes, tax credits, subsidies, awards, etc.

Economic instruments to support SMEs financially can be valuable public policy measures to overcome the barriers for SMEs to engage with CSR.

- **Informational instruments:** campaigns, branding, training, conferences, etc.

Additional barriers to SMEs engaging in CSR efforts include the absence of public policies on CSR suitable for SMEs because of a lack of information about SMEs' approach to CSR and a lack of knowledge on the part of SMEs about how to approach CSR in a strategic and businesslike way. There are plenty of initiatives that aim to overcome these barriers.

- **Partnering instruments:** networks, stakeholder dialogues, PPPs, etc.

SMEs often face challenges with regard to the implementation of CSR, such as employee and community involvement or financing research and development measures to launch innovative products and processes. Addressing these issues through partnering initiatives can help to share valuable knowledge and expertise as well as to reduce the costs of action and lead to improvements that initiatives aimed at individual SMEs cannot achieve.

- **Hybrid instruments:** combinations of the above, CSR-strategy-trainings, cooperation with bigger companies, coaching on CSR for SMEs, guidelines, labels, taking up the special role of SMEs within national or regional CSR action-plans etc.

SMEs often do not fully commit to CSR as they suffer from a lack of guidance on ways to approach CSR and to reap benefits from strategically embedding CSR in their core business practices. That's why policymakers should help to create and identify the business case for CSR. Joint trainings for SMEs with some role models presenting their CSR strategies can be a valuable input for CSR-beginners.

The COGITA integrated CSR approach is schematically illustrated in Figure 6.

6.0 INSTRUMENTS NEEDED FOR IMPLEMENTING THE COGITA INTEGRATED CSR METHODOLOGY

The implementation of the proposed methodology requires the development of the following instruments⁹:

- Instrument for describing the good practices. This instrument is a template to be completed by all partners providing Good Practices and includes the following sections:
 - a checklist that will be used to demonstrate that the described good practice in fact complies with the good practice criteria established by the COGITA project. The criteria used during the kick-off meeting can provide the basis for this check-list
 - description of the regional context where the good practice was introduced,
 - clear definition of target group(s), e.g. individual SMEs, clusters, supply chain, governmental agencies, etc.,
 - CSR policy theme addressed (as per those identified above, X-axis of the three dimensional model),
 - CSR instruments used (as per those identified above, Y-axis of the three dimensional model),
 - results achieved in terms of promoting the above identified SME CSR dimensions, Z-axis of the three dimensional model), vii) costs encounter in introducing the good practice,
 - identified barriers, ix) identified enablers,
 - lessons learned during implementation, xi) implementation time, xii) time needed to observe results. (see separate WORD document)
 - SWOT analysis template. This template will be used in order to perform CSR analysis relevant to the current state of CSR affairs in a given region. (see separate WORD document)
- Template for the development of an Implementation Plan of the integrated COGITA CSR concept in a given region.
- Template for Feasibility Checks (on the assessment of the feasibility of implementation, applicability and transferability conditions of the Implementation Plans developed for each Region.

⁹ These instruments were developed within the COGITA project. For more information see the CSR Manual on the cogita web page www.cogitaproject.eu or contact the COGITA lead partner on cogita@ciseonweb.it

7.0 EMBEDDING THE SUB GROUPS INTO THE COGITA INTEGRATED CSR APPROACH

The COGITA partners decided to put particular emphasis on 5 topics which are from the point of the regional framework and current activities of the COGITA partners the most relevant ones. . Two further subgroups deal with the criteria for awarding public funding and public procurement as part of legal instruments, both categories of the y-axis “Public Policy Instruments”.

The following descriptions were produced as starting concepts for the sub-group work within the COGITA project.

7.1 Sub group CSR awareness raising / capacity building within SMEs

What are the benefits of CSR (for SMEs and the region)? Are there explicit studies?

As Vilanova et al. (2009) states, CSR has become one of the “central issues on the agenda of organisations today, but is still a long way from being a centre stage on corporate strategy”. As stated in the Cosmic Project (2009) in order for benefits to be derived from CSR, an organisation should try to achieve long-term internal stability and competitiveness. The project goes on to state that from an internal perspective an organisation ought to address the following areas: Mission, vision and leadership; Workforce activities; Marketplace activities; Supply chain activities; Stakeholder engagement; Community activities; Environmental activities.

It was asserted in the European Competitiveness Report (2008) that “CSR is not so much about what enterprises do with their profit, but how they make that profit”. CSR is approached from different perspectives. It is approached from social performance (Carroll, 1999), business ethics (Solomon, 1993), corporate governance (Freeman and Evans, 1990), social contract (Donaldson and Dunfee, 2002), stakeholder management (Donaldson and Preston, 1995). Vilanova et al. (2008) have grouped CSR into five dimensions, these being:

- Community relations,
- Workplace,
- Accountability,
- Marketplace and
- Vision.

In this project CSR is grouped in the following five areas:

- leadership,
- marketplace,
- workforce,
- environment and
- society.

O’Brien (2001) developed a model (see figure 6 below) which outlines the benefits of CSR. The business benefits are: lower costs/waste; increase efficiency; reduce risk; add value; new products; license to operate; reputational impact; strong community relations and employee wellbeing and productivity.

In addition, Jenkins (2004) identified numerous benefits for SMEs engaging in CSR; these include:

- Improved image and reputation,
- Improved trust and understanding,
- Larger, more prominent profile,
- Better market position,
- More business,
- Increased employee motivation,
- Increased attractiveness to potential recruits,
- Cost savings and increased efficiency,
- Risk management,
- Benefits on company culture.

Jenkins (2009) suggests furthermore, that SMEs engaging in CSR can upgrade their flexibility and acquire the ability to adapt accordingly to a changing society and stakeholders' expectations and demands. The closer the relationship they might develop with stakeholders the more effective the role of the owner/ manager in influencing the value and culture of the company.

CSR can positively influence SMEs' competitiveness in the following ways (CSR in SMEs project, 2007):

- Improved products and/or production processes, resulting in a better customer satisfaction and loyalty;
- Higher motivation and loyalty of employees, resulting in a higher creativity and innovativeness;
- Better publicity due to the award of prizes and/or enhanced word-of-the-mouth;
- Better position in the labour market and better networking with business partners and authorities including better access to public funds due to a better company image;
- Cost savings and increased profitability due to a more efficient deployment of human and production resources;
- Increased turnover/sales due to a competitive advantage derived from the above.

Mankelaw and Quazi (2007: 2367) argue that "small enterprise owners usually have a more direct impact on the operations and activities of enterprises than those of large enterprises". Thus, the aspirations, ideas, ambitions and personal objectives of the manager/ owner may influence either positively or negatively a company's attitude and decision making towards social and environmental responsibility.

Sarbutts, (2003) argues that the size and the flexibility within the managerial structure of SMEs may benefit the companies in taking advantage of the changing needs of society. Accordingly, Jenkins (2009: 29) believes that since SMEs are flexible and adaptable, "they can therefore respond quickly to changing circumstances".

Thus, SMEs in Cyprus for example (COGITA partner country) have much power that can capitalise on in order to be accountable towards society and the natural environment, since they have the advantage of direct interaction with the community where they operate in.

SOCIALLY ANCHORED COMPETENCY MODEL

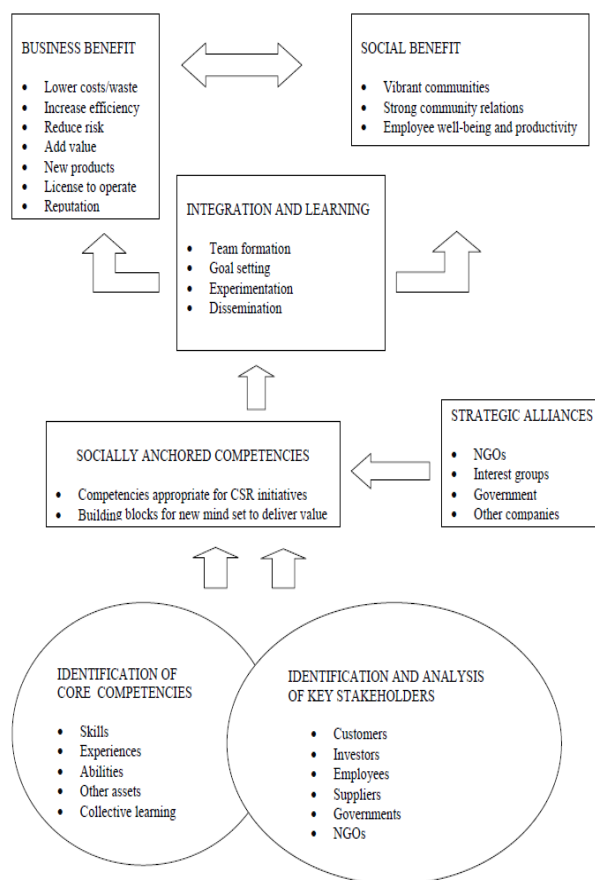


Figure 6: Socially Anchored Competency Model (cited from O’Brien)

CSR capacity building has to take into account the different action fields: What does “Capacity building” mean along the 5 action fields?

Capacity building does not exist in a vacuum. There are three parameters we will be taking into consideration (as described in section 4.2. X-Axis – Policy Themes above):

- individual level;
- institutional;
- societal.

	Individual	institutional	societal
leadership	Training courses	Internal training courses/seminars/workshops	Seminars/workshops
marketplace	Training courses	Internal training courses/seminars/workshops	Seminars/workshops
workforce	Training courses	Internal training courses/seminars/workshops	Seminars/workshops
environment	Training	Internal training courses/seminars/workshops	Seminars/workshops

	courses	seminars/workshops	
society	Training courses	Internal training courses/ seminars/workshops	Seminars/workshops

What influence can public policies have?

It is believed that SMEs and Public influence and support as far as CSR ought to be a two way and not one way. Companies will avoid investing in governments which are repressive, unaccountable to their citizens and/or corrupt. In addition where there is lack of necessary institutional or administrative capacity and financial, human or infrastructural resources to effectively serve the needs and aspirations of their citizens, companies may want to take up the challenge to actively support these governments in building or strengthening the institutions needed to better serve their citizens (Nelson, 2008). Thus the private sector should make efforts either on an individual or collective basis, to account from their interactions with government, and if possible participate in public policy dialogues to assist governments to build public capacity and strengthen institutions.

At the same time the public sector ought to provide the incentives and enablers to provide the SMEs particularly in the difficult financial periods as we are currently facing to promote and support CSR actions. The government should also support Universities and Research Centres and promote CSR at the public as well as private sector.

Which role do Universities / R&D organisations play?

Universities and Research Centres can play a major role in the capacity building in developing courses as well as providing the training required.

It is believed that Universities can have a major role to play with embedding in the future generation the necessary culture as far as Ethics, CSR and Corporate Governance, since the three components are interrelated and together provide the corporate culture that ought to be promoted. This can be done not only within the normal curriculum but as well with activities that students, staff and academics can cooperate.

Possible Actions

- Trainings for SMEs by NGOs or private consultants/experts/universities
- Use synergies: awareness raising at customers – consumer and companies
- Evaluation of SME in terms of capability for application of CSR and impact

Initial analysis of Good Practices¹⁰

A number of cases illustrating CSR awareness and capacity building are provided below. These cases are only used to illustrate best practices, for benchmarking purposes and to demonstrate that CSR is a longitudinal process and not an one off.

- CISE - Impresa Etica: This is a triple-bottom line standard for SMEs committed to managing CSR. The system includes a label and guidelines for responsible behaviour and encourages SMEs to assess its approach and results against the Impresa Etica criteria. It this way SMEs identify improvement areas and can put an improvement plan in place.

¹⁰ These initial good practices were shared within the partnership at the outset of the COGITA project. Throughout the exchange many more examples were identified. These are all available on line at www.cogitaproject.eu

- **General Council of Catalan Chamber of Commerce - RSE Pime:** This is a programme for implementing CSR in Catalan SMEs and cooperatives. It is intended to provide tools and procedures to improve the economic, social and environmental values from the implementation of social responsibility in the corporate culture of organisations. Rseprime and RSEcoop consists in an individual support to companies by a specialist consultant for 15 months.
- **Platform for Corporate Responsibility by Cyprus Chamber of Commerce:** This platform, which is in constant evolution, promotes supports and enhances the interest of businesses in Cyprus to integrate in their strategy effective corporate responsibility activities. The aim is to improve economic performance, enhance their ability to manage risk and maximise their positive impact on society and the environment. The Cyprus Chamber of Commerce and Industry has further proceeded to the development of a tool that can help companies measure their emission reductions. The signing of 56 Cypriot businesses, including larger firms in Cyprus, of the Charter on Climate Change is a very important first step towards sustainable development and achieving the targets for reducing greenhouse gas emissions.

7.2 Sub group Inter-firm collaboration / regional supply chains

CSR and Supply Chain Management (SCM)

A supply chain constitutes of the “material and informational interchanges in the logistical process stretching from acquisition of raw materials to delivery of finished products to the end user” (CSCMP, 2010). Supply chain management deals with the efficient flow of products, information and capital in the logistical process from acquisition of raw materials to the delivery of finished products to the end user. Figure 1 shows that the ultimate goal is to deliver to the end consumer the right product, in the right place, at the right time and in the right cost and condition in an integrated way. A responsible supply chain actively integrates right social behavior and right environmental procedures in its supply chain processes, i.e., it takes into account the three dimensions of sustainability: economic, environmental and social (Seuring et al, 2008; in Ciliberti et al, 2011).

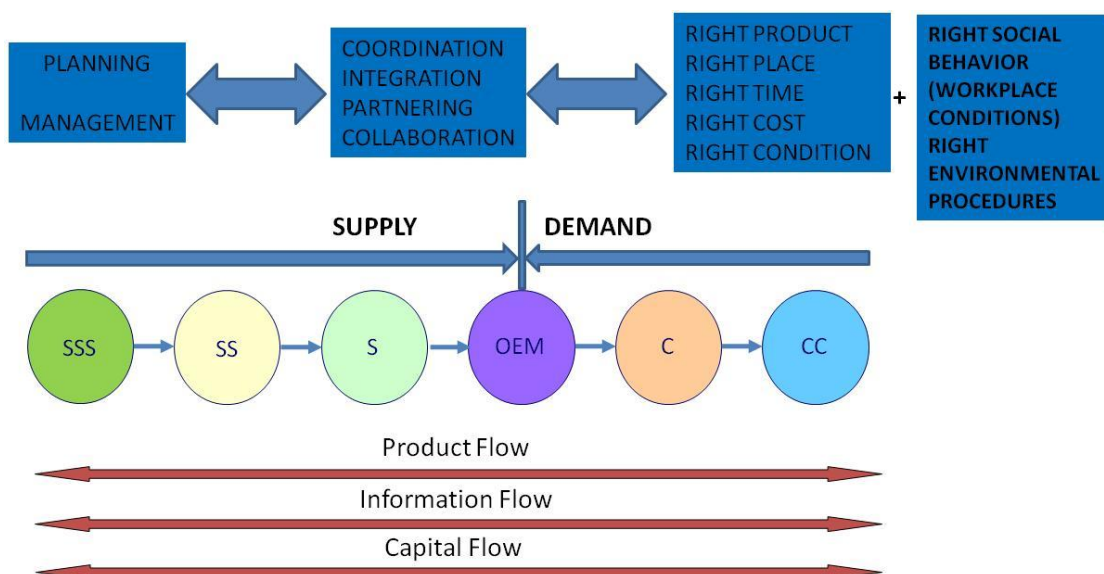


Figure 7: Corporate social responsibility in supply chain management

The involvement of SMEs in CSR affects the social and environmental performance of downstream supply chain partners and can contribute to the diffusion of CSR practices to upstream partners (Ciliberti et al, 2011). The role of SMEs in supply chains both as suppliers and as buyers is crucial for the competitiveness of the entire supply chain. In some instances, compliance to CSR policies and requirements of the focal firm (OEM) is a prerequisite for becoming part of the supply chain. Failure of SMEs to comply may pose risks for the entire supply chain and may be detrimental to the competitiveness of the SME as well. Thus, SMEs play an important role in CSR implementation in supply chains.

CSR uptake of SMEs within supply chains can be motivated by supply chain pressure exerted both by focal firms (OEM) and customers. Focal firms (OEMs) often require smaller suppliers (usually SMEs) to demonstrate compliance with CSR standards and/or provide evidence of actions for improving social and environmental performance (Ciliberti et al, 2011). Also, internal factors such as the values and beliefs of the SME founder/owner, the company culture, and the wish to improve relations with external and internal stakeholders can motivate SMEs to undertake CSR (Apospori et al, 2012). CSR uptake for the focal firm (OEM) is motivated by pressure from external non-organisational stakeholder groups (e.g., NGOs, consumer groups etc.) who prefer to exert pressure on large companies with high visibility rather than “going after myriads of smaller suppliers” (Ciliberti et al, 2011). Moreover, potential low social and/or environmental performance in numerous supply chain activities in which CSR can be introduced (e.g., selection of socially responsible suppliers, environmental footprint, side-effects of production activities) coupled with the high level of visibility of such activities of focal firms poses a high level of risk for focal firms (OEMs). Other motives for focal firms (OEMs) include benefits such as improvement of corporate image and reputation, increase of sales and customer loyalty (Ciliberti et al, 2011).

Cooperation between focal firms (OEMs) and SMEs is a critical success factor for the successful implementation of CSR in supply chain activities and can help overcome barriers encountered by SMEs in introducing CSR actions. Such barriers relate to the lack of financial resources, limited managerial resources and know-how on CSR issues, lack of human resources, and perception of CSR as cost-increasing and with an unclear pay-off (Apospori et al, 2012). It is therefore plausible to state that the diffusion of CSR practices and the collaboration and partnering between focal firm (OEM) and SMEs in a supply chain may facilitate the introduction of CSR practices in SMEs.

Public authorities can play a decisive role in the diffusion of CSR in SMEs and in assisting SMEs to be able to participate in international supply chains. The support provided by public authorities is not limited to financial assistance. Public organisations, including international organisations, national regional and local authorities, business associations, trade unions, chambers of commerce, local communities etc. can also contribute in the following ways:

- raise awareness of SMEs and build SME capacity for CSR,
- foster disclosure and transparency in economic, social and environmental issues of SME business activities,
- foster socially responsible investments
- lead by example in aspects such as sustainable public procurement, reporting of social performance of public bodies etc. (Steurer et al, 2008).

The contribution of public authorities in the diffusion of CSR in SMEs can strengthen the competitiveness and innovation of SMEs. A number of instruments are available for public

authorities to increase the diffusion of CSR in SMEs; such instruments include legal instruments (e.g., regulations, directives), financial/economic instruments (e.g., taxes, subsidies), informational/endorsing instruments (e.g., campaigns, guidelines), partnering instruments (e.g., networks, dialogues, stakeholder for a) and hybrid instruments (combinations of the above) (Steurer et al, 2008).

Sub-group objectives

The objective of the sub-group “Inter-firm collaboration / Regional supply chains” is to analyse Good Practices relevant to the implementation of integrated (i.e., encompassing both the social and the environmental aspect) CSR actions for SMEs participating in supply chains and in B2B inter-firm relationships. The importance of this sub-group lies in the significance of the role that public authorities can play in the diffusion of integrated CSR practices in SMEs that participate in supply chains, which in turn may lead to the improvement of the competitiveness not only of SMEs but also on the supply chain-wide competitiveness and CSR performance.

Based on the above, the sub-group “Inter-firm collaboration / Regional supply chains” will identify Good Practices in the implementation of CSR in SMEs operating in the context of supply chains. The identified Good Practices will be analysed and classified on the basis of the three-dimensional model included in the COGITA Integrated Approach. The synthesis of the results of the analysis of all collected Good Practices will lead to the development of suggestions and conclusions on how the public sector can develop holistic and integrated CSR actions/systems and how it can assist SMEs in introducing integrated CSR actions in the context of supply chains and B2B inter-firm relations.¹¹

Preliminary analysis of Good Practices

Two proposed Good Practices have already been analysed according to the proposed integrated CSR model.¹² The Good Practice “tRanSparEncia” refers to the support provided by public authorities (General Council of Catalan Chambers of Commerce and Regional Government of Catalonia) to large companies and their suppliers in bringing higher transparency to the supply chain and to promote sustainability reporting among the SMEs. The support of the General Council of Catalan Chambers of Commerce and the Regional Government of Catalonia lies in partially funding the programme.

The main activities of the programme, in which 64 SMEs from the region of Catalonia participate, involve the provision of individual support to SMEs by a specialist consultant for 12 months, the organisation of a conference to promote the programme and networking among partners, an initial training of 16 hours (certified by GRI) of SMEs in sustainability reporting based on GRI and in preparing sustainability reports, four group workshops for training SMEs to produce their first sustainability reports, and two to three individual sessions with each company. Main results include the production of 62 sustainability reports, training of 112 people, organisation of 44 group sessions and 180 individual support sessions. Key success factors include the involvement of multiple actors (chambers of commerce, government, GRI, SMEs), quality and expertise of consultancy, personalisation of the methodology for each SME and of the support provided to each SME.

¹¹ These activities were carried out as planned. The results of the analysis, in the form of fact sheets on challenges and solutions, are available on the cogita web site www.cogitaproject.eu

¹² These initial good practices were shared within the partnership at the outset of the COGITA project. Throughout the exchange many more examples were identified. These are all available on line at www.cogitaproject.eu

Following the COGITA integrated CSR model, the Good Practice tRanSparEncia addresses the policy theme “transparency” (x-axis), uses partnering instruments, informational instruments, hybrid (including training) instruments and economic and financial support (y-axis) and encompasses all fields of action on CSR (society, environment, leadership, market, workforce) (z-axis). The application of the COGITA integrated CSR model for the Good Practice “tRanSparEncia” is illustrated below.

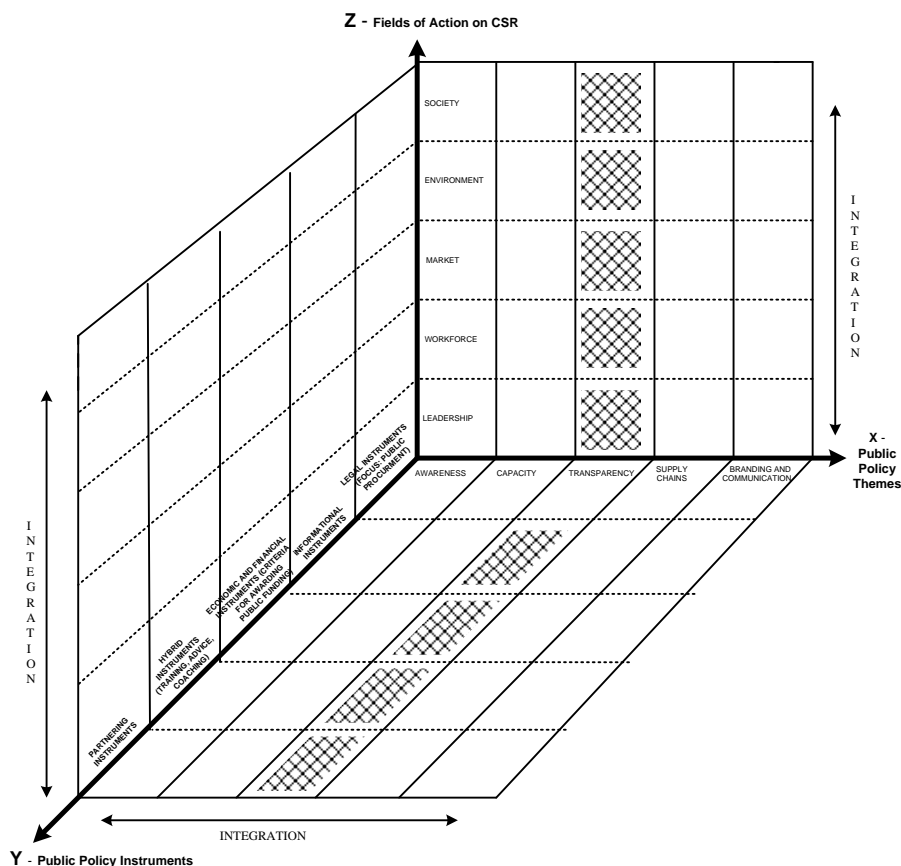


Figure 8: Application of the model for analysing the transparEncia Good Practice

The Good Practice tRanSparEncia shows that the support provided by the General Council of Catalan Chambers of Commerce and the Regional Government of Catalonia to large companies and their suppliers in bringing transparency in their supply chains and in promoting sustainability reporting has led to the incorporation of social responsibility in order to improve the market positioning and competitiveness of the SMEs. The establishment of a new model of relations between focal firms and SMEs based on responsibility and the production of sustainability reports by all SMEs takes into account social and environmental considerations, as per the definition of sustainability (Seuring et al, 2008; in Ciliberti et al, 2011) and therefore constitutes a successful example of an integrated CSR approach introduced by the public sector.

The Good Practice Collective Action Performance SD Bretagne refers to the support provided by the Regional Chamber of Commerce of Bretagne to SME managers for adopting a new strategic vision in terms of CSR issues. This support involved the funding of 75% of the cost of the participation of a consultant in SMEs for 8 days, at a cost of €2,000 for the company. The program aimed at changing how managers view relations with stakeholders (employees, customers, suppliers, community, shareholders), which can assist them in changing the management and

decision-making process of their SMEs. In addition, it developed an awareness-raising tool and committing participating SMEs to sustainable development.

The main activities of the good practice involved: 3 in-house training days for the director and the management team organised for groups of SMEs, 5 days of support for the director and management team, and one day dedicated to the preparation of a summary report and an action plan proposal. Main results include the clarification of the leader's role, better view of the scope of CSR and integration of new social performance criteria, and incorporation of risk management in the decision-making process. Key success factors include support by the Regional Chamber of Commerce, participation of firms interested in the initiative and the provision of positive feedback from the participants.

The Good Practice Collective Action Performance SD Bretagne addresses the policy themes "awareness raising" and "capacity building", uses economic and financial instruments, hybrid instruments (including training) and informational instruments and encompasses all fields of action on CSR. The application of the COGITA integrated CSR model for the Good Practice Collective Action Performance SD Bretagne is illustrated below.

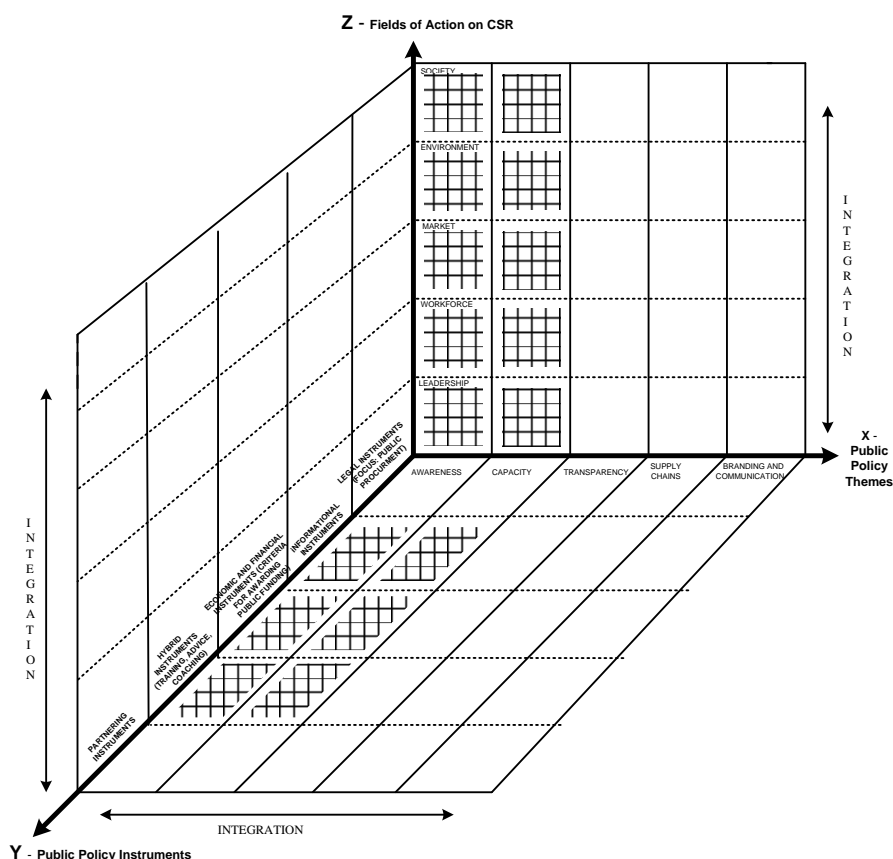


Figure 9: Application of the proposed model for analysing the "Collective Action Performance SD Bretagne" Good Practice

The Good Practice Collective Action Performance SD Bretagne illustrates that the provision of support by the Regional Chamber of Commerce of Bretagne to SMEs (in the form of funding of 75% of the cost of a consultant to SMEs) has led to a better view of CSR by the SMEs and to the integration of new performance criteria and action plans for sustainability covering the different levels of corporate governance. It can therefore be stated that the participation of public

authorities in this Good Practice constitutes another successful example of an integrated CSR approach introduced by the public sector.

The description of the two Good Practices and their classification in terms of the COGITA integrated CSR model highlights two different approaches in the ways that public authorities can assist SMEs in adopting CSR within the context of supply chains. The Good Practice tRanSparEncia describes the integrated support provided through the collaboration of public authorities and large companies to the SME suppliers of the latter for increasing transparency of their supply chains and in performing a comprehensive sustainability reporting. This support involves numerous policy instruments and influences all the fields of action in which a company can increase transparency (i.e., leadership, workforce, market, environment, society). It therefore fosters a more vertical integration of economic, social and environmental considerations in one specific CSR policy theme. On the other hand, the Good Practice “Collective Action Performance SD Bretagne” constitutes of a collective set of actions supported (through funding of the relevant consultancy cost) by public authorities (in-house training sessions for groups of SMEs by experienced consultants, support for the preparation of a summary report) that are addressed towards increasing the awareness of SMEs for CSR and building SME CSR capacity. This set of actions follows a more horizontal approach geared towards raising the awareness of the SME managers on the incorporation of CSR and in building CSR capacity through the reappraisal of how the SME views and manages relationships with its supply chain partners and other stakeholders. These two Good Practices suggest that different types of integrated CSR approaches can be implemented by public authorities.

The analysis of the two Good Practices also suggests that the successful participation of the public sector in the provision of support to SMEs in increasing the transparency of their supply chains (tRanSparEncia) and in increasing the awareness of SMEs for CSR and building SME CSR capacity (SD Bretagne) and the cooperation with the SMEs and other stakeholders (e.g., European Social Fund, GRI) contributed to the implementation of an integrated approach for the introduction of CSR; this approach included both social and environmental aspects, i.e., the consideration and reporting of such aspects in the sustainability reports of the SMEs that participated (tRanSparEncia) and in the commitment of participating SMEs in the sustainable development of an entrepreneurial vision incorporating economic, social and environmental dimensions.

5.3 Sub group Communication / Branding

An initial overview of the overview of the sub theme Communication and Branding can be summarised as follows:

- Corporate principles are communicated in various forms to a wide set of stakeholders (external stakeholders and internal stakeholders). It is a question of how to communicate. Integrated corporate communication should find the answers for - what to say, to whom, and how often. For an internal communication a communication plan will be developed. For an external communication well prepared concrete themes will be developed within each activity. These themes should be discussed with the regional steering committee members first, and later with the other stakeholders.
- Effective branding elevates a product or organisation from being just one commodity amongst many identical commodities, to become something with a unique character and promise. It can create an emotional resonance in the minds of consumers who choose products and

services using both emotional and pragmatic judgements. It is a question of how to use a brand - as a way to promote trust and reputation. The brand becomes a guarantee for the communicated social values (a value declared and a value practiced).

- On regional level (for small and medium enterprises - SME) it is hard to enforce in the market with a brand, which is unknown compared to a globally recognised brand. On the other hand, it is not possible for an SME to build as strong a brand as global corporations have. SMEs can be successful in the region or beyond the region just with the quality of their products, keeping their quality for longer time, and by its promotion to potential customers. It is the only way how to convince the customer - testing the product offered by SMEs and compare it with the quality and price of 'branded' products.

Overview of GP: Social Accountability Watch¹³

A good practice from Italy is used as a starting point for the sub-group. The good practice is run by CISE (Lead Partner) and is called Social Accountability Watch.

It is two-ways tool designed to communicate the commitment of an organisation to CSR and to guarantee the transparency to the interested parties. It:

- ensures confidentiality
- favours the circulation of information
- improves the listening capacity among the interested parties
- offers support in qualifying the supply-chain
- reduces the costs related to monitoring companies social behaviour

Organisations willing to give visibility to their model of management and government oriented towards social accountability issues may join the monitoring system and accept the sorting of alerts forwarded to the system by the interested parties. Alerts may be sent to the SAW both in anonymous form and in non-anonymous form or by "monitors". Monitors provide the point of view of: workers, employers, NGOs (Non Governmental Organisations), Consumers, Institutions.

The content of the alert will always be forwarded confidentially to the organisation that is object of the observation and to the S.A.W. manager (CISE). Alerts coming from "monitors" will be also forwarded by the system to the customers inserted in the watch with a delay of 15 days from the date of the alert.

In this period of time, the organisations has the opportunity to accompany the alerts with the comments (i.e., the acknowledgement of the meaning of the observation, though its subordination to other more urgent actions or the non- acknowledgement of the alert, considered groundless) and actions they have undertaken to manage the issue.

Key elements of the sub-theme

- Reliability of communicated information/facts/figures on CSR by SMEs: Goal is transparent communication to suppliers and customers; critical mass for branding is needed; adherence to CSR rules for promoted SMEs requires continuous monitoring;

¹³ This initial good practice was shared within the partnership at the outset of the COGITA project. Throughout the exchange many more examples were identified. These are all available on line at www.cogitaproject.eu

- Subgroup activities should: demonstrate different channels of communication; define relevant stakeholders for SMEs; define how and what to communicate.
- The public sector should promote CSR on national level in order to receive regional budget for CSR support

5.4 Sub group CSR incentives in public procurement

Definition

Public procurement is the process used by public authorities to obtain goods and services with taxpayer money.

Sustainable public procurement integrate environmental, social and economic criteria in the purchasing process.

The impact of public procurement on the market is big. It represents 17% of the gross domestic product of the European Member States.

Evolution

The history of public procurement tell us that for many years the only significant decision indicator was money: the public authorities were looking for the cheapest supplier. However more and more other decision indicators came on board.

First came the environmental aspects into view focus on climate change and energy. Green public procurement is more advanced than sustainable public procurement. One of the reasons is that ecological criteria are more easily defined. It deals with quality standards, the use of specific materials, technical demands, etc.

Social criteria follows sparsely. The addition deals with difficulties as demand rating, their effect, objective verification.

Tools

The European Commission designed two tools for the public buyers:

2008 the GPP Training Toolkit

2010 Guide buying social

Initial Analysis of Good Practices¹⁴

Good practice from Bretagne regional public procurement

The objective is to implement sustainable development criteria in the regional procurement: Equal treatment; Transparency; Economic efficiency

The main activities are:

- Use of environmental and social criteria
- Promotion of ethical and equitable trade with the objective to respect the social and fundamental rights and to guarantee to the producer a right remuneration and a right relationship between the actors of the South and North

¹⁴ These initial good practices were shared within the partnership at the outset of the COGITA project. Throughout the exchange many more examples were identified. These are all available on line at www.cogitaproject.eu

- Support of employment insertion of people at a disadvantage

The main results are:

- Saving : gain of 15 to 25% on the training program, for equivalent services (fair price)
- Consideration of environmental and social issues in business thanks to the concurrency (required criteria in PP)
- Insertion of handicapped people : more than 6% in the regional council
- Development of new economic sectors in Mali and Burkina Faso : fair trade cotton and vegetable growing

The success factors are:

- Pedagogy: explain and assist companies and authorities
- Good negotiations with companies
- Responsive and competent team: four project managers and five lawyers

Good practice from Flanders Flemish Action Plan Sustainable Public Procurement

The action Plan SPP is made by a task force with representatives from different Flemish departments. The first plan 2008-2011 will be proceed in consecutive steps, in total 4 action plans, till 2020.

The main goal is 100% sustainable public procurement in 2020. It had to be a broad and integrated action plan, a strong political signal and a support to the public buyers.

The action plan consists in 6 action lines:

1. Ensuring sufficient support - monitoring
2. Installing a task force
3. Stimulating re –use
4. Set up a way of working for product groups/ quick wins
5. Speed up the use of social considerations
6. support to the public buyers

The first results are:

1. study is ongoing
2. Task force is working
3. Focus on furniture by relocations
4. product groups defined, validated product sheets
5. Guidebook of social responsible criteria
6. Installation of a helpdesk

5.5 Sub group CSR criteria for awarding public funding to regional SMEs

The sub-group was formed to address and build consensus on the following areas:

- What does CSR related criteria mean?
- Why do we need to address this topic?
- How can we do this?

Initial analysis of Good Practices¹⁵

Two examples of good practice were presented for this topic:

- Lower Austria: Sustainability Reporting: “Success and Responsibility” is a funded consulting project for SMEs. Companies get 5 days of individual consulting assistance to work on their CSR-strategy and to write their own sustainability report.
- SMEs funding initiatives in Gliwice sub region: Financial support for start-ups provided by various institutions in Gliwice subregion, with focus on disadvantaged target groups, i.e. women and young people (graduates).

It was noted that this topic is not straightforward and that the good practices may be more relevant to other sub-themes. The sub-group has the task of defining the type of solutions of interest to the specific question of “criteria”.

It is noted that whilst many SMEs do practice some forms of CSR it may not be structured, and they may not even realise that they are doing it. Therefore, much of the early work in developing the framework for awarding public funds would need to be carried out through consultation with the SMEs and in conjunction with the work of sub-theme 1 (CSR awareness and capacity building within SMEs).

Birmingham City Council has years of experience in awarding grant funding to SMEs through various programmes and we are used to developing criteria against which we can appraise an application. Past experience has shown that when introducing a new set of criteria into the process we have needed to provide specialised resource to assist SMEs to meet the requirements. COGITA can facilitate this activity.

The level of CSR activity will need to relate to the size of the applicant business and the level of funding they are seeking.

¹⁵ These initial good practices were shared within the partnership at the outset of the COGITA project. Throughout the exchange many more examples were identified. These are all available on line at www.cogitaproject.eu

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