Social Responsibility as a tool to achieve sustainable development in SMEs: the case of Lithuania

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The overview of the presentation

- This presentation is based on the analysis of needs of competences on SR from SMEs’ and Vocational Education and Training (VET) institutions’/universities’ perspective obtained from two different surveys.

- It will provide a summary of the existing SMEs’ activities, needs and perspectives, with a special focus on the issues from the new international standard on SR ISO 26000.

- The research was based on the situation analysis report under the „Corporate Sustainability Information and Training in Europe (CSI EU)“ project, developed with a support from Leonardo da Vinci Programme under the Education and Culture DG of the European Commission.
The concept of Social Responsibility

- According to European Commission (EC), Social Responsibility (SR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

- In other words, **SR is companies’ ideology, politics and practice when they voluntarily follow the principles of human, society and environment respect in the relations of all the stakeholders from society, business and government.**

- **SR**, when incorporated by the organization contains, like Sustainable Development, all 3 *pillars*: economical, ecological and social. Therefore, it is evident that company can contribute to sustainable development through its SR activities if they coincide with those of sustainable development.
SMEs role to engage in SR practices

• SR has traditionally been associated with large companies, however the growing significance of the small - and medium - sized enterprises (SMEs) social and environmental impacts were already noticed.

• More than 20 million European enterprises can be classified as SMEs, and this amount represents more than 99 % of all European and at least 80 % of all global businesses. SMEs are major source of innovation and they are evolving to play a significant role within the modern global economy.

It is evident that SR in SMEs has still received relatively little attention and there is a lack of know-how and training materials to support the systematic integration of SR in SMEs.
The new standard for SR ISO 26000

- There are lots of various codes of conducts, global initiatives and other declarations of principles related to SR as well as a growing number of national standards and guidance documents.
- As a result of a strong demand for a globally acceptable standard that would outline a generic approach in the area of SR, the International Organization for Standardization (ISO) released new international standard for SR **ISO 26000, Guidance on social responsibility** on November, 2010.
- ISO 26000 addresses 7 core subjects of SR: (1) organizational governance, (2) human rights, (3) labour practices, (4) the environment, (5) fair operating practices, (6) consumer issues and (7) community involvement and development.
- Although this standard leads to common guidance on concepts, definitions and methods for evaluating SR, it definitely needs further explanation for potential business users.
SR activities and initiatives implemented by Lithuanian SMEs

• The former totalitarian regimen in Eastern Europe resulted in destruction of sociality and today here is much heavier to seek SR’s purposes due to unfavourable characteristics of human mentality.

• Lithuania started its SR policy through incentives of EU.
• The ultimate development of social responsible companies in Lithuania, as a result of various incentives of different organizations and projects, started in 2007, after almost 3 years within EU.

• According to the previous projects’ reports during 2007-2009, SR in Lithuanian companies was associated mostly with the ethical behaviour, business transparency and environmental issues. One of the most actual issues were social security, workplace safety and environment protection as well as sponsorship of various social programmes.
• However, there’s still a lack of information about SR’s benefits to the companies. Managers often do not know how to implement SR practices into their business or they think that it would be very costly.
SR training offer in Lithuanian educational institutions

• The success of SR policies and strategies depends on the quality of staff performance of this field, which is largely related to the quality of education on SR.

• The individual SR or SR training modules discipline, integrated into other modules, are taught at the main universities in Lithuania, mostly in master’s studies programs.

• However, not all educational institutions give the same meaning on these subjects. Sometimes the topic is replaced by the content, which the lecturers are able to teach. These disciplines are often not mandatory subject of study area or they are treated just as a currently fashionable subject.

• Lithuanian colleges (institutions of non-university higher education) have less chance of setting up SR teaching disciplines than the universities since there is a lack of suitably qualified college teachers working in this field.

• With regard to the growing interest in SR in companies and implementation of SR standards, the number of organizations that consult, train and issue certificates on SR issues in Lithuania has increased substantially.
The analysis of needs of competences on SR from SMEs’ and VET institutions’/universities’ perspective in Lithuania

2 questionnaires

10 SMEs representatives

9 enterprises from various sectors of industrial activities

4 different educational institutions representatives

1 company from service sector
Current practices for integrating SR in SMEs: the most important results (1)

Policy of the companies:

- **40 %** companies have Human Resource development policy
- **100 %** companies have Environment Protection policy
- **40 %** companies have Social Responsibility policy

Standards in the companies:

- **40 %** companies are working on both ISO 9001 and ISO 14001
- **30 %** companies are certified according to ISO 9001, ISO 14001 and OHSAS 18001
- **30 %** companies didn’t work according any standards

The interpretation of SR idea:

- **60 %** companies understand SR as investing in occupational health and safety as well as in observing human rights
- **50 %** companies understand SR as investing in the human resources and taking care of environmental issues
- **0 %** realize SR as charity activities
Current practices for integrating SR in SMEs: the most important results (2)

SR initiatives in the companies:

✓ 40% companies carry out SR initiatives within the enterprise
✓ 20% companies spread SR initiatives across the supply chain
✓ The majority of 40% above-mentioned enterprises have integrated SR initiatives in their management planning
✓ All of these 40% companies carry out SR initiatives due to awareness and ethical consciousness of the company, with some exceptions related to the market reasons
✓ SR initiatives are especially strongly related with human rights and labour practices
✓ Enterprises that don’t carry out SR initiatives mainly emphasized a lack of top management commitment and a lack of know-know

SR training in the companies:

✓ Only 1 company has had experience in SR trainings. However, it gave only general information and was aimed at some selected persons
✓ None of the companies use any training materials or tools for SR implementation
The relevance of main SR principles and core subjects for SMEs, based on ISO 26000

The most relevant SR principles for the companies interviewed:

<table>
<thead>
<tr>
<th>Principles</th>
<th>How relevant are these principles for the companies?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>3,5</td>
</tr>
<tr>
<td>Transparency</td>
<td>3,4</td>
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<tr>
<td>Ethical behavior</td>
<td>3,5</td>
</tr>
<tr>
<td>Respect for stakeholder interests</td>
<td>3</td>
</tr>
<tr>
<td>Respect for the rule of law</td>
<td>4</td>
</tr>
<tr>
<td>Respect for international norms of behaviour</td>
<td>3,5</td>
</tr>
<tr>
<td>Respect for human rights</td>
<td>3,6</td>
</tr>
</tbody>
</table>

The most relevant SR subjects for the companies are (listed under importance):

- **technology development and access**
  (ISO 26000 core subject “community involvement and development”)
- **prevention of pollution**
  (core subject “the environment”)
- **organizational governance issues**
  (core subject “organizational governance”)

At least relevant SR subjects:

- anti-corruption (“fair operating practices”)
- avoidance of complicity and civil and political rights (“human rights”)
The relevance of training needs on core SR subjects, based on ISO 26000

The most relevant SR subjects for the training are (listed under importance):

- **technology development and access**
  (ISO 26000 core subject “community involvement and development”)
- **consumer service, support and dispute resolution**
  (core subject “consumer issues”)
- **prevention of pollution**
  (core subject “the environment”)
- **organizational governance issues**
  (core subject “organizational governance”)

At least relevant SR subjects for the training are:

- **discrimination and vulnerable groups** (core subject “human rights”)
- **civil and political rights** (core subject “human rights”)
- **anti-corruption** (core subject “fair operating practices”)
- **due diligence, avoidance of complicity, and economic, social and cultural rights**
  (core subject “human rights”)

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The most useful training methods on SR for SMEs

- **80%** companies stated that the most useful method for them would be **training guides**.
- **50%** enterprises also mentioned **computer/virtual training material**.
- The majority of companies indicated **more than 1 training method suitable for them**.
- Only **30%** companies would like to have **personal trainer on SR**.

The number of companies

- Personal trainer
- Computer/virtual
- Manuals
- Guides
- Video
- CD
- Audio
- Text
Current training offer and needs of competences on SR in educational institutions: the most important results

- **100%** educational institutions interviewed have courses or training offer related to SR.

- **50%** of these training offers prevail as the stand-alone courses.

- The majority of training offers are shorter than 10 hours and their content are equally theoretical and practical.

- The target groups of these offers are mainly students, only private business vocational training institution offers seminars for companies’ managers and representatives.

- The main areas included in training offers are organizational governance issues, human rights and the environment issues.

- **100%** respondents stated that the didactic materials for trainings are usually self-made or free-access text materials, guides, video and computer/virtual materials. However, there are not enough training resources suitable to show practical examples on SR.

- The training materials should be easily accessed, simple to understand and to apply, must ensure deep knowledge on SR and should be specially adapted not only for the top management of the company, but primarily for the employees.
Conclusions and recommendations

• SR-related subjects are taught at all the main universities and colleges in Lithuania, however students still not acquire the necessary experience during their studies.
• The main areas included in SR training offers are organizational governance issues, human rights and the environment issues. Although, the training resources often are too universal and not suitable for more specific purposes.
• The majority of enterprises understand SR as investing in occupational health and safety as well as in observing human rights.
• The majority of companies carry out SR initiatives due to their awareness and ethical consciousness, mostly in such areas as human rights and labour practices.
• The majority of SMEs don’t count on specific knowledge and skills to integrate SR in their activities. However, there is a growing need in training offers in technology development and access as well as the organizational governance issues, prevention of pollution, consumer service, support and dispute resolution.
• The most likely useful methods for training on SR are training guides as well as computer/virtual training material. All the training materials must be easy accessed, simple to apply, they should ensure deep knowledge on SR and must be specially adapted not only for the top management of the company, but primarily for the employees.

• These recommendations obtained from the results of the surveys will be adjusted in the development of new training materials, based on ISO 26000, that will be specially adapted to SMEs.