IMPLEMENTATION OF THE CSR CANVAS BY SMALL AND MEDIUM-SIZED ORGANIZATIONS

Jan Mísař – Jitka Srpová

Abstract

The aim of this paper is to analyze implementation of the Corporate Social Responsibility by small and medium-sized organisations using the CSR Canvas. The CSR Canvas was developed specifically for organizations of this size and is based on results from the empirical research of which results were presented at MSED in 2015. The Canvas helps to develop and implement new CSR activities as well as measure their impact, doing so it promotes proactive approach to CSR which is crucial for small and medium-sized organization. It was proven by several studies that only proactive approach enables these organizations to gain benefits coming from implementation of CSR. The paper analyzes two case studies using the method of qualitative data analysis. Both studies show not only the implementation of CSR but also the results and benefits of these activities, which is important for their long term performance. The implications help to promote positive effects of CSR for SMEs, which is a very recent topic and there are only a few studies that work with specific empiric data.

Key words: Corporate Social Responsibility, Implementation, CSR Canvas, Performance, Case study.

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Introduction

The main purpose of this paper is to analyze and describe two case studies of implementation of corporate social responsibility (CSR) by two small organizations. These organizations identified, developed and then implemented social activities using a new tool called CSR Canvas, which was introduced last year as a result of the empirical research which was presented on MSED 2015. The tool promotes proactive approach to CSR, which is the only way for small and medium-sized organizations to get the benefits from it (Khan, Muttakin & Siddiqui, 2013). The performance and impact of socially responsible activities has been in the centre of discussion for many years (Aragon-Correa, 2008) and it has been proven to be a very difficult task to determine such effect (Torugsa, O'Donohue & Hecker, 2012), especially for small and medium-sized enterprises, where some of their aspects are lack of

communication and lack of data collection and analysis (Spence and Schmidpeter, 2002; Spence and Rutherfoord, 2001). The CSR Canvas take this into account and leads its authors to determine the results and their metric long before they start with the implementation.

1 Corporate Social Responsibility

There are a lot of definitions and perspectives on CSR which is partly due to the fact that CSR is practised in a broad range of different organizations - small businesses, public sector organizations, NGOs, etc. In the following part, we will have a look at the main distinctions between large corporations and small and medium-sized enterprises (SMEs). As the word "Corporate" in CSR indicates, this concept mainly applies to large corporations.

The importance of SMEs for the whole Czech economy is very crucial, as it significantly affects both current and future competitiveness of our economy - economic growth, employment and sustainable development (Veber and Srpová, 2012).

SMEs do not communicate externally about their CSR activities (Nielsen and Thomsen, 2009). There are a number of reasons that account for these differences (Spence, 1999; Spence and Schmidpeter, 2002; Spence and Rutherfoord, 2001; Nielsen and Thomsen, 2009):

- Their structure is more informal in nature, lacking the need for bureaucratic systems and structures due to the advantages of small size and the proximity of business partners and stakeholders. All business systems, including CSR, are rather informal and ad hoc in nature as opposed to the structured, formalized and codified approach of large corporations.

- SMEs are generally rather invisible and fall under the radar of wider society. Their key relationships with society are the personal relations developed between the owner/manager and employees, suppliers, customers, or neighbours. These personal relations, however, are of crucial importance to the SME and therefore much of what we could identify as CSR in this context is targeted at building good personal relations, networks, and trust.

- Nature of the small enterprise means that there is no separation of ownership and control and managers are not obliged to serve shareholders or seek to maximize their return on investment. Owner-managers typically enjoy the autonomy of running their own firm and are not seeking to maximize profit as their reward.

2 Results of The Empiric Research

The research involved 61 small and medium-sized organizations, which include eg. an observatory, galleries, cultural centers, theater companies, choirs, ateliers, restorers, pottery shops, museums, etc. With the exception of one case, there were only micro and small organizations, which is for creative industries quite common. The actual data collection was preceded by contact with the local council, which was aware of the planned research and helped with the selection of subjects. In this way we have gained a higher willingness of respondents to participate in this research.

Researched subjects came from three areas:

- Stabilized industrially developed region - Kutna Hora (UNESCO)

- Culturally destabilized dynamic region - Stribro, Kladruby, Broumov

- Culturally stabilized traditionally agricultural region - Pacov, Jindrichuv Hradec

The knowledge gained was used to prepare a method that helps organizations in this sector with the implementation of CSR. The main barriers for implementing CSR are:

- Lack of awareness about the topic,

- possible restriction of creativity caused by standard methods,

- overly structured implementation plans that do not allow flexibility,

- the entrepreneurs do no perceive themselves as entrepreneurs but as artists,

- lack of time,

- they usually have no strategy at all.

It is necessary to encourage them to start planning and enlighten them on its advantages and on other important aspects of entrepreneurship. To do so, we need a model that goes beyond the stated barriers. The most appropriate basis for the new method seems to be Lean Canvas. The main advantage of this concept is that it is adapted for small and medium-sized enterprises. Its key features are: ease of orientation, does not take much time and can be quickly explained. At the same time it does not limit the creativity of entrepreneurs, which is in the field of art and culture greatly appreciated. The first reactions were favourable. Respondents expressed interest in this method and said it helped them to organize their thoughts and clarify some of the issues that they had not even thought about (e.g. competitive advantage).

Next task was to expand the original Lean Canvas by social and environmental aspects and yet leave its simplicity and clarity. There is a social modification (Social Lean Canvas)

under development but the social and environmental aspects are completely separated from the rest of the key areas – similar to early Carrols "CSR Pyramid".

3   The Method for Implementation

3.1   The CSR Canvas

The aim of this model is to help during selection and implementation of CSR activities, so they have a strategic and measurable impact, through overall view of the organization and the impact on the environment in which it operates. The model develops the relationship between the key groups (stakeholders) and the organization, their common problems and possibilities to solve them, as well as determining the outcome of these activities and the measurement method, in order to monitor progress and verify the correctness of the result - the effect on the organization.

The model has been tested on over of 100 university students, who chose as minor specialization Small and medium-sized enterprises.

Fig. 1 CSR Canvas
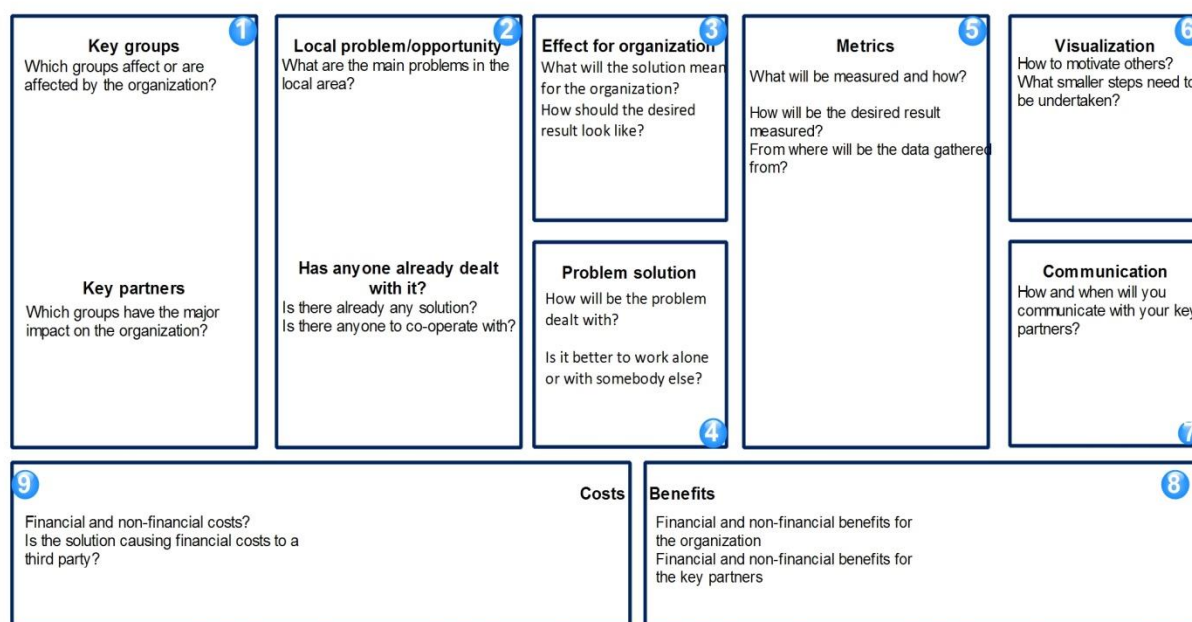
Source: Author

When you first create this canvas, we recommend the following procedure:

1   Print or rewrite the model on a paper (preferably A4), or create it in electronic form (eg. Excell).

2   For the filling, use self-adhesive office papers - sticker. It is easy to work with them and forces you to be concise.

3 Start to fill in the boxes in the order from 1 to 9. What you do not know now, you can skip and then to come back. The core part is the identification of key partners, their problems and finding ways to either fix them or alleviate its effects. Therefore give these fields your maximum attentions. For these activities to be effective, they must be very precisely targeted.

4 Search for continuity and relationships between different fields.

5 I tis important write down the idea so when you read it oud loud, it still makes sense. The fields are small on purpose, forcing you to write clearly and concisely.

6 After completion of the first attempt, try to focus on areas that proved to be problematic.

7 Create a separate model for each group for which you have found the problem or opportunity and extend it in detail.

8 Evaluate what you think is the best option and begin with implementation.

3.2 Case Study 1

A comprehensive methodology was submitted as a part the program NAKI for certification to the Ministry of Culture and offered to be used by organizations in the creative and cultural industries. The following text will discuss in more detail an application by one of organizations signed a cooperation agreement with NAKI.

Ninja nuts, Ltd. focuses on web design, development of database systems and programming games for Windows and now also Android. The company consists of two co-owners and one half-time employee. Both co-owners have a university degree in IT. The registered capital is 200 000 CZK. Turnover in 2014 amounted to 453 000 CZK. The owners decided that they would like to develop and distribute free game, which would help young children (pre-school age - 2 class) with education and tampering with touch screens. They also want to allow those older (lower level) to validate their skills with knowledge games. The interview was conducted through personal meetings and skype interviews with one of the owners - Ondřej Čapek, who stated as the reason for their activities: "*Many people are just users [of computers], but they are technically illiterate, which in today's world is no acceptable. Information technology is increasingly natural part of life. It is necessary to educate children from an early age. I want to help them in this. For us it was not anything like this, in times of MS-DOS you either had a friend who told you what to do ... what commands to enter, or you would have a very limited computer use. Nowadays, it is similar - many parents do not understand mobile operating systems, and the children themselves often have to guess how to use mobile devices. Personally, I think that they should be capable of more than that. Learning by playing games is easy and kids have less resistance to it. I personally*

learned English this way and eventually even how to program, which is nothing other than know the language of computers - and that is for today crucial, because we use computers for everything."

First, he tried to come up with the whole concept himself, but the projects remained unfinished. "*I came up gradually with a lot of ideas that I wanted to implement. My goal was to develop a quality game that will have a lot of features and offers a broad education. It challenged my suggestions on various mini games that tested different areas of expertise. The problem was their implementation. For example, in history, I was not sure what was on the lower level of learning. So I moved on, to program a different game.*" Ondřej had many ideas but failed to connect them. Given that it was a charitable activity, he was doing it after work, so he did not always have time and foregone time of waning motivation. At the same time he was dealing with various shortcomings: not having a graphic, high intensity programs, doing games for Windows, so they did not have the right software for Android, IOS, etc. In 2014 they received the first version of the methodology, which has already been tested on students. Since then there have been several meetings to discuss the methodology. The final feedback is described below.

"*When I was creating the model, it occurred to me, that among the key groups are included schools and educational institutions. Thanks to previous orders, I had a contact with several schools for which we did their web, so I wrote them an email.*"

Fig. 2 CSR Canvas of Ninja Nuts, Ltd.
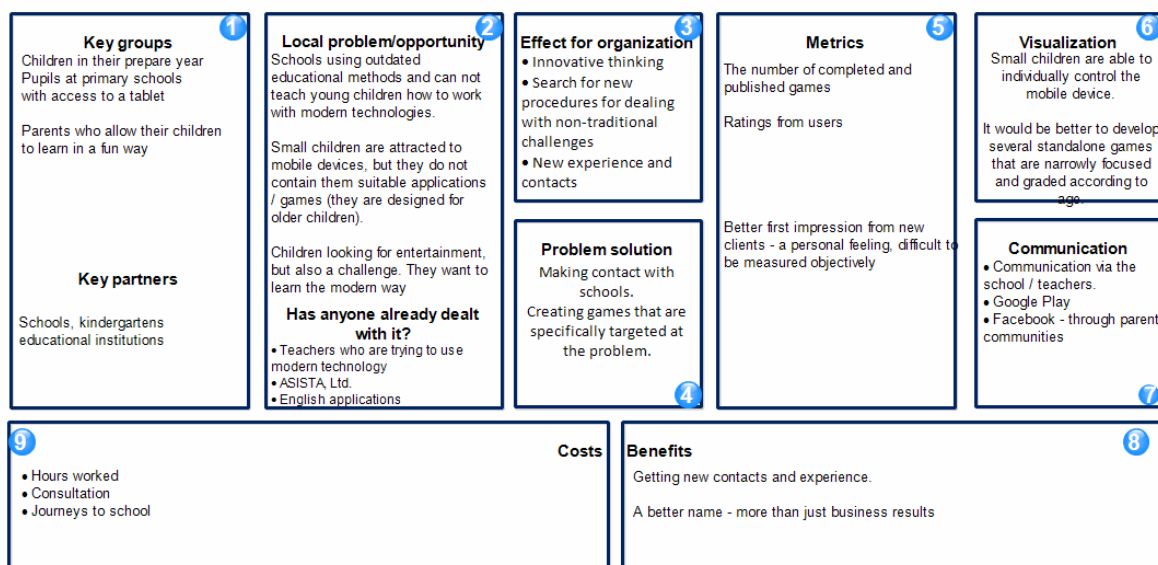
Source: Author

CSR Model helped to narrow on who should be the overall software development focused and directed him to do so, he should look for someone with experience and someone who says exactly what needs to be done. It helps to explain the focus of CSR and at the same time it specifies and narrows down the target of these activities - new goal is to teach children to work on the tablet in funny way and to give them an entertaining form of education. "E*ffect for business was empty for a long time. It seemed a bit odd to want something in return, but then I realized that this is especially innovative thinking. Because both thinking over the solution to this problem and coming with new procedures that would otherwise never occur to me. We are now to cooperating with one institution to prepare an EU project, which would be focused on this area. It is an app specifically designed for interactive boards in schools. They liked our games and our approach and so we agreed on a business cooperation. The school gets new equipment for their classes and finance from the project. I am getting a job that I am going to enjoy.* "

Due to the methodology he realized that he must first make the minimal product, i.e. basic game without great graphics and functional add-ons. That it is better to make more games, focused on specific topics and for specific groups of children, rather than attempt to make one big perfect game that has everything. "*I originally tried to make a complete game, where everything would be perfect. Furthermore, it was getting nowhere, but in the process making it I realized something about the target group - the 12 year-olds probably do not want to have the same apps in mobile as the 7 years old. That is not cool. So eventually I divided it into several applications by themes and difficulty. At the same time, I was told that the children in schools like competing, so I had it incorporated.*" Through communication with stakeholders, it was possible better target the product so it can meet their needs. At the same time, separation into individual smaller applications, made it possible to finalize the complete product, which was the main problem in the past.

The obtained information indicates that the respondent was able to fill in the methodology without any major problems. He used the proposed options and the order of the models adjusted the way he - at that time - found more suited to his needs. Completed models show that respondent was able to complete each step in the creation of models and the final models make sense, despite minor shortcomings. For the aim of this paper is particularly interesting contribution to the implementation of socially responsible activities and respondents chain of thoughts. In this case, we can say that future motivation plays role, because respondent has already experienced the benefits of trade negotiations that

strengthened his resolve for further activities in this area - currently for several other games. The more important is the fact that the benefits are not only emotional but also financial, in the form of new products, to which the respondent got through innovations that require the development of CSR activities. The funds from the European Union increased their income for 2015 by 20 %, which further more increases the financial benefits that are accessed through CSR activities.

3.3   Case Study 2

The source of the second case study wanted to remain anonymous, therefore there will be focus just on the CSR Canvas, the critical situation and results.

The source was a student working for a non-profit organization that can be classified as a home for elderly people. He has been working there as a financial manager for more than 5 years and thus has very good information about its processes.

In recent years a critical problem has arisen - employees designated as nurses and caretakers started to leave the facility in order to move to foreign countries in a search for better salary. They usually spend 2-3 months and after that they leave.

The facility itself is located in a small town and is only one of its kind in that location. The facility does not have enough funds to increase the salaries by a substantial amount. The director of this facility was trying to find any help or information concerning this problem and found out, that this problem is country wide and almost every facility has to deal with this problem. Facilities in Prague are usually well funded enough to increase the salary for employees on these positions to the desired amount, but even that does not work all the time. After doing more research on this topic, the director found out about several conferences and summits, that were being held on this topic. The consensus on this topic was that the low salary was for employees just lesser problem, the main problem was the lack of respect they were getting from the patients / clients and their families, as well as from the overall society. They felt like their job was somewhat inferior or even degrading. Family members of their clients often talked to them like they would be talking with mentally handicapped people and sometimes yelled at them.

According to these finding the author and source (the financial manager) developed following CSR Canvas aimed on this group of stakeholders.

Fig. 3 CSR Canvas for Case Study 2
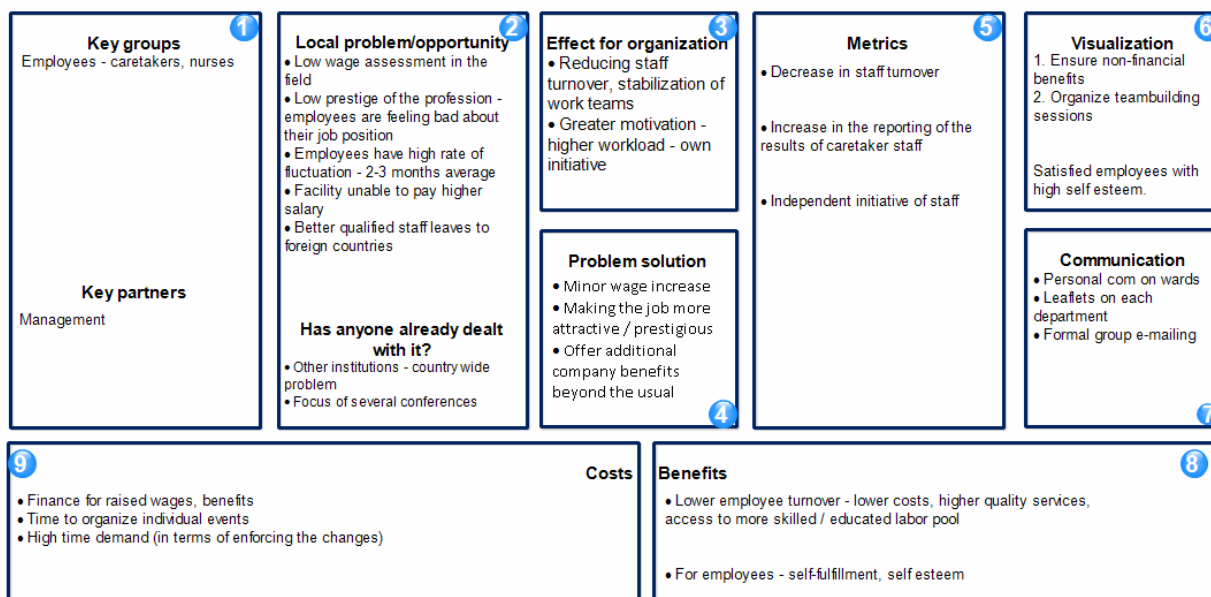
Source: Author

The following steps have been devised:

1. Carefully prepare and place leaflets that are encouraging these employees about the importance of their job for the rest of the facility and also society.

2. Address this issue during the regular staff meetings to further empower these employees and shot them respect they deserve.

3. Bring other employees on this subject, especially doctors, and ensure that they will not mistreat these employees in any way.

4. Place visible signs around the facility, that informs the clients and their visiting family members that they should respect people, that are taking a good care of their beloved ones.

5. Deploy special nonfinancial benefits, such as worklife balance or compressed work week, to give employees another motivational factors.

The director was willing to try these steps and started to implement them. The preparations took about two weeks. The whole process was implemented in one month. The director found out that the most effective were speeches during the staff meetings, where he addressed the topic and praised the work of these employees. Other employees welcomed this approach as they were exhausted by the constant changes in their work teams, that required them to school in the newcomers and usually correct their rookie mistakes. The most difficult

task was to find a way to implement nonfinancial work benefits as employees often work in shifts and almost all of their work is done in the facility. The director developed a new system that put these employees into pairs and thus allowed them to manage their schedule in a way that was acceptable.

Eleven months after the implementation the high employee turnover seems to have become more stable. The average length of 2-3 months on these positions has been changed to 6 months (some employees left, before the process was fully implemented). In a questionnaire, that was distributed after six months, the employees stated they are happy with their job position and that they are only lacking higher salary. The director has promised the increase their salary by 500 CZK next year as he can not afford to spare more finances from the budget. The full impact of these activities is yet to be measured as these activities show full results in longer time periods, yet the results already seem very promising.

Conclusion

The CSR Canvas seems to be a very helpful tool for developing and implementing socially responsible activities. It helps its authors to answer critical questions that allow them to fully develop their activities and their results, with the emphasis on metrics which are helping them to monitor the whole situation and the desired outcome.

The presented case studies show how much is this tool promising and that it is very easy to adopt. Both subjects were able to develop and implement their activities without any difficulties.

Acknowledgment

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Contact

Ing. Jan Mísař
Fakulta podnikohospodářská
Katedra podnikání
Vysoká škola ekonomická v Praze
nám. W. Churchilla 4
130 67 Praha 3,
Česká republika
Email: xmisj900@vse.cz

doc. Ing. Jitka Srpová, CSc.
Fakulta podnikohospodářská
Katedra podnikání
Vysoká škola ekonomická v Praze
nám. W. Churchilla 4
130 67 Praha 3,
Česká republika
Email: srpova@vse.cz