



# Handbook to create a sustainable business

## Module 7: Strategic CSR

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# Introduction

By a definition “social impact” of an enterprise refers to the quantifiable and measurable effects or outcomes that a business's activities, products, services, or initiatives have on society or a specific group within society. Social impact encompasses both positive and negative changes that result from an enterprise's operations or interventions. It is typically assessed using various metrics and indicators to evaluate the extent to which an enterprise contributes to addressing social issues or improving the well-being of individuals, communities, or society (as a whole). Key characteristics of social impact in the context of an enterprise include: measurability, quantifiability, attribution, time frame, scope, sustainability, contextual considerations, transparency and reporting, contextual considerations and transparency and reporting.

In this module we will provide an overview of key concepts and steps related to CSR for startups and small enterprises. It covers the importance of CSR, the development of CSR strategies, and the role of certifications. There are provided real-world examples of companies that have successfully implemented CSR strategy, so it is easier to understand how to apply these strategies in practice.



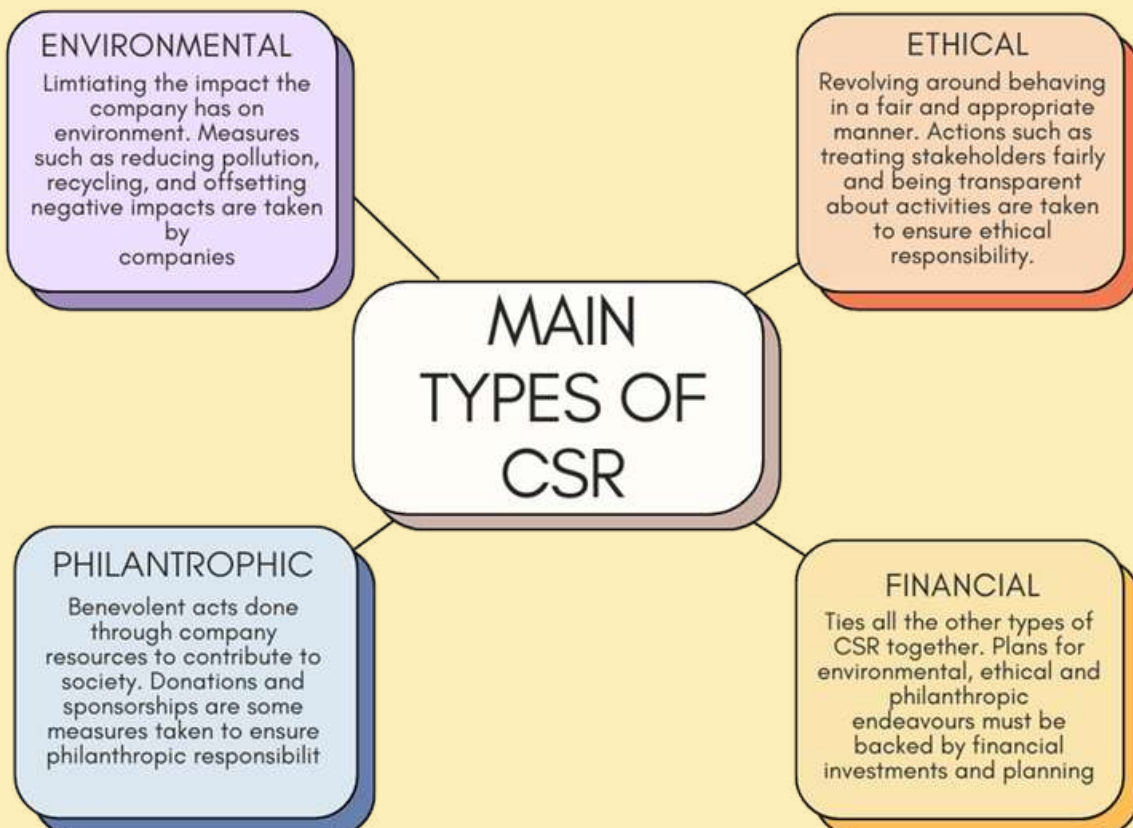
# Lesson 1: Strategic CSR

## CSR = Corporate Social Responsibility



**CSR strategies are approaches and initiatives that business develop and implement to integrate social, environmental, and ethical concerns into their core business operations. CSR strategies aim to have positive impact on society while also aligning with the business's values and long-term goals.**

**There are many ways an enterprise can implement a CSR strategy. There are 4 main types of CSR strategies:**



Here are some common CSR strategies that businesses may adopt:



Own creation, data reference: [INVESTOPEDIA](#)

**IMPORTANT TO  
REMEMBER!**

Effective CSR strategies are tailored to a company's unique circumstances, industry, and values. They should be integrated into the company's overall business strategy and evolve over time to address changing social and environmental challenges. Ultimately, CSR strategies should demonstrate a company's commitment to making a positive impact on society and the planet while also benefiting its long-term sustainability and reputation.

## PRACTICAL EXERCISE: CASE STUDIES ANALYSIS

In this exercise you participants get a few real-world CSR case studies of enterprises that have successfully integrated social impact into their business model. The participants in the exercise need to analyse the cases and identify the CSR initiatives, assess their impact, and discuss the business and social outcomes.

### EXAMPLE OF CASE STUDY ANALYSIS OF A STARTUP THAT HAS A CSR STRATEGY:

**Company name:** Patagonia, Inc.

**Industry:** Outdoor clothing and gear

**CSR Focus Areas:** Environmental sustainability, ethical sourcing, community engagement.



#### Key Points:

**Environmental Responsibility:** Patagonia is renowned for its strong commitment to environmental sustainability. The company not only manufactures products using eco-friendly materials but also actively advocates for environmental protection. They have donated a significant portion of their profits to environmental causes.

**Sustainable Supply Chain:** Patagonia places a strong emphasis on ethical sourcing and transparency in its supply chain. They work closely with suppliers to ensure fair labour practices and responsible sourcing of materials.

**Repair and Reuse:** Instead of encouraging customers to buy more, Patagonia encourages them to repair and reuse their products through initiatives like the "Worn Wear" program. They even offer free repair services for their products.

**Community Engagement:** Patagonia is involved in various community engagement initiatives. They donate a percentage of their sales to grassroots environmental organizations and actively support conservation efforts.

**Transparency:** The company publishes an annual Environmental and Social Initiatives booklet, providing detailed information about its CSR efforts, goals, and progress. This transparency helps build trust with customers and stakeholders.

**Conclusion:** Patagonia's approach to CSR has not only enhanced its brand reputation but also attracted socially conscious consumers who value sustainability and ethical practices. It's a great example of how a startup can successfully integrate CSR into its core business model.

## Lesson 2: CSR development in SE and Startups

### Why is CSR important for a small business and how can it be beneficial?

In early stages of developing a business it can be challenging to think about sustainability and implementing the strategies that consider and support positive social impact of a business. It is often neglected as business owners hardly prioritize CSR, because they are more focused to establish a firm base, attract potential customers, and seek investments for financing business operations.

However, with growing social concerns, creating a CSR strategy has become critical for startups to build credibility among the public and investors. They realize this step is necessary to scale their business functions and establish a good brand image for the customers and shareholders.



# 7 REASONS WHY CSR IS IMPORTANT FOR SMALL BUSINESS AND START-UP

## 1. ATTRACT AND RETAIN THE RIGHT TALENT

Encouraging people to apply for open positions is a nightmare in a startup environment. Due to the high level of uncertainty and instability, candidates resist working in a startup. As the younger population is much more socially conscious and CSR initiatives can make your startup an attractive employer, helping you attract and retain top talent. Employees often seek meaningful work and want to be part of companies that make a positive impact. CSR activities help build employee confidence in the company, thereby increasing employee engagement.

## 2. INVESTOR'S INTEREST

CSR strategy for small businesses is an essential step to gaining investor interest in the company's operating model. Impact investors and socially responsible investment funds are actively seeking startups that align with their values. Having a strong CSR strategy can attract investment, helping your startup secure funding for growth and expansion.

## 3. ATTRACT CUSTOMERS AND GAIN THEIR LOYALTY

The commitment to being ethical in business operations is echoed with customers. Active participation and enthusiasm in such activities help create brand awareness and increase the customers' brand loyalty. Customers who perceive a company as socially responsible are often more loyal and more likely to repeat purchases and recommend the company to others, leading to increased customer lifetime value.

## 4. AN ADVANTAGE OVER COMPETITORS

In a crowded marketplace, CSR can provide a competitive edge. It differentiates your startup from competitors and can be a selling point for customers who are increasingly valuing ethical and sustainable practices. Without having a solid and established CSR strategy, companies continue to fail to develop healthy customer relationships. On the other hand, enterprises that maintain a steady CSR approach reap benefits in terms of **high customer engagement, loyal client base, and increased brand goodwill.**

## 5. INNOVATION AND ADAPTABILITY

CSR can serve as a catalyst for innovation and adaptability in startups by fostering a culture of creativity, problem-solving, and sustainability. CSR encourages startups to think innovatively about their products, services, and operations. Startups that embrace CSR as a core value are better positioned to address societal challenges, tap into new markets, and remain agile in a rapidly changing business landscape.

## 6. INCREASED BRAND AWARENESS AND RECOGNITION

Enterprises are mainly recognized for selling their core products and services. If they actively contribute to the social responsibility of the business framework, the customers are presented with a new identity. This new identity will help drive and elevate sales and reduce advertising and marketing costs - enabling you to save more. This way you can build a positive reputation and strong brand identity from the outset and attract socially conscious consumers, investors, and partners who want to support business with a purpose.

## 7. COST-EFFECTIVE & LEAVES A GREEN FOOTPRINT

Inarguably the best bet on the social responsibility of business is being more conscious of the environment by choosing sustainable and ecological alternatives. Enabling CSR programs in your organization can positively impact people's minds by encouraging them to contribute their part in saving our planet's resources. Industries are a major benefactor of hazardous gases and greenhouse emissions. They need to opt for environment-friendly choices that do not impact their production levels but are healthy for the planet altogether.

Own creation, data reference:

Drivers for Sustainable Business Models in Start-Ups: Multiple case Studies; Complete guide on the importance of CSR strategy for startups

## How to develop CSR strategy for a SE or a Start-up?

When starting to plan a CSR strategy in your start-up, the first question that comes to mind is: HOW? How to start CSR in a company? This task should not be approached blindly in startup companies, as that isn't their primary objective. Startups also need to focus on other aspects: finances, marketing, sales etc. and the budget is smaller. So, when mapping CSR for your business, keep in mind your business as a whole and do not budget for CSR to the detriment of your business.

So how do you create an effective CSR policy for your startup without distorting your main channels? Below is a step-by-step guide on how to develop a CSR strategy for small businesses:





Own creation, data reference:

[https://www.volopay.com/blog/corporate-social-responsibility-for-startups/;](https://www.volopay.com/blog/corporate-social-responsibility-for-startups/)

**IMPORTANT TO  
REMEMBER!**

Neglecting corporate social responsibility is not the right way to save your budget and reduce expenses. CSR strategy is not an expense but an investment for your business. It might not help you generate direct revenue, but it might establish an excellent brand loyalty of customers and goodwill in the public eye.

As startups often have limited sources it is crucial to focus on CSR that resonate with their core identity, values, and mission.

**EXAMPLES OF COMPANIES THAT HAVE SUCCESSFULLY IMPLEMENTED CSR STRATEGIES ACROSS VARIOUS FOCUS AREAS:**

CSR Strategy	Company
Philanthropy and Charitable Giving	Microsoft has a long history of philanthropic initiatives, including the Microsoft Philanthropies program, which supports various social causes and nonprofits worldwide.
Environmental Sustainability	Tesla is a leader in sustainable transportation with its electric vehicles, solar products, and energy storage solutions, aimed at reducing carbon emissions and promoting clean energy.
Ethical Supply Chain Management	Nike has made efforts to improve labour conditions in its supply chain. It established the Fair Labor Association and has been working to address labour issues in its overseas factories.
Employee Engagement and Well-being	Google is known for its exceptional workplace culture, offering numerous employee benefits, including wellness programs, flexible work arrangements, and professional development opportunities.
Diversity and Inclusion	Salesforce is committed to creating a diverse and inclusive workforce. They have set goals to increase diversity in leadership positions and regularly report their progress.
Community Engagement and Development	Unilever's Sustainable Living Plan includes initiatives to improve hygiene, nutrition, and access to clean water in communities around the world

**There are many more examples of companies (big and small) that have successfully implemented CSR strategy. If you would like to see some more examples, [please click here.](#)**

**ADDITIONAL TIP!**

*Here are some practical tips on how Start-ups can initiate and fund CSR activities without compromising their financial stability:  
START SMALL & SCALE GRADUALLY*

*INTEGRATE CSR INTO BUSINESS MODEL  
EMPLOYEE ENGAGEMENT & VOLUNTEER WORK  
UTILIZE IN-KIND CONTRIBUTIONS  
COLLABORATE WITH NONPROFITS & NGO'S  
CROWDSOURCING & CROWDFUNDING  
LEVERAGE SKILLS & EXPERTISE  
RESOURCE EFFICIENCY & SUSTAINABILITY  
SEEK SPONSORSHIPS & PARTNERSHIPS  
BENEFIT FROM TAX INCENTIVES & GRANTS  
MEASURE IMPACT AND COMMUNICATE RESULTS  
PRIORITIZE LONG-TERM SUSTAINABILITY  
ENGAGE WITH CUSTOMERS AND COMMUNITY  
INCORPORATE CSR IN MARKETING AND BRANDING  
STAY OPEN TO INNOVATION AND COLLABORATION*

## Lesson 3: Towards an Evidence-Based Approach



**KPIs are critical metrics that startups use to assess their progress, performance, and success. KPIs help startups track their objectives, make data-driven decisions, and identify areas for improvement. In this lesson we will focus on KPIs for measuring and assessing the progress and success of the implemented CRS. Each business should select a subset of KPIs that align with their specific CSR objectives and focus areas.**



# POSSIBLE CSR KPI'S

## CSR investment ratio

Calculates the ratio of your total CSR investment to your overall revenue or profit. This KPI shows the commitment to CSR relative to the financial health of the startup.

## Impact Metrics

Measures specific impact of CSR initiatives in areas such as: reduction in carbon emissions or energy consumption, waste reduction or recycling rates etc.

## Employee engagement

Tracks employee engagement in CSR activities, including volunteer hours, participation in sustainability programs, and feedback through surveys or focus groups.

## Supplier and Partner Assessment

Evaluates the sustainability and social responsibility performance of your suppliers and business partners using criteria such as fair labour practices, ethical sourcing, and environmental impact.

## Customer Satisfaction and Loyalty

Monitors customer satisfaction and loyalty specifically related to your CSR initiatives. Metric can be measured through customer surveys and feedback.

## Stakeholder Engagement

Measures the level of engagement and collaboration with key stakeholders, including customers, employees, investors, and local communities in CSR projects and initiatives.

## Diversity and Inclusion Metrics

Assesses diversity and inclusion within the startup's workforce, leadership team, and board of directors. Metrics track progress toward diversity and inclusion goals.

## Ethics and Compliance

Monitors adherence to ethical guidelines and legal compliance, including any industry-specific regulations or CSR standards relevant to your startup.

## Community Impact

Measures the social and economic impact of your startup on the local community. This can include job creation, support for local businesses, and community development initiatives

## Philanthropic Giving

Tracks the amount and impact of financial contributions, in-kind donations, and employee volunteer hours dedicated to philanthropic activities.

## Product / Service Impact

Evaluates the impact of your products or services on social and environmental factors. Consider measuring how your offerings address specific societal challenges or environmental issues.

## Financial Benefits and ROI

Analyses the financial benefits and return on investment (ROI) associated with CSR initiatives, such as cost savings from sustainability efforts or increased revenue from socially responsible products.

## Lesson 4: CSR certifications

Certifications related to CSR are often used by organizations and enterprises to demonstrate their commitment to ethical, social, and environmental responsibility. CSR certifications can help build trust with stakeholders, improve reputation, and showcase adherence to specific CSR standards.

**Well-known CSR certifications and standards:**

### Well known CSR certifications and standards

B  
Corp

This certification is administered by B Lab and assesses a company's impact on workers, customers, communities, and the environment.

Fair  
Trade

Awarded to companies and products that meet certain criteria related to fair wages, safe working conditions, and sustainable agricultural practices.

ISO  
14001

An international standard for environmental management systems. It provides a framework for organizations to manage and improve their environmental performance.

Rainforest  
Alliance

Focuses on sustainable agriculture and forestry practices. It ensures that products are sourced from farms and forests that meet strict environmental and social standards.

ISO  
26000

Provides recommendations on integrating social responsibility into an organization's practices. It covers human rights, labour practices, environmental responsibility, and ethical business behaviour.

SA  
8000

Global standard that assesses an organization's social performance, including labour practices, worker rights, and health and safety.



## Well known CSR certifications and standards

Carbon Neutral

Awarded to organizations that have taken measures to offset or reduce their carbon emissions to net zero.

ETI

Set of principles that cover labour standards, including child labour, forced labour, and worker rights.

GRI

Provides a framework for organizations to report on their economic, environmental, and social performance.

SABS

Provides industry-specific standards for sustainability reporting.

Carbon Tru

Certifies organizations for their efforts in measuring, managing, and reducing carbon emissions.

Fair for Life

Awarded to companies that adhere to fair labour and fair-trade practices in their supply chains.

Own creation, data reference:

<https://www.abs-group.com/Solutions/Management-Systems-Certification/Markets-and-Solutions/International-Standards-for-Corporate-Social-Responsibility-CSR/>



## Conclusion


This module serves as a comprehensive guide for startups and small enterprises looking to make a meaningful impact on society while fostering long-term sustainability. Throughout this module, we've explored the fundamental principles and practices of CSR, emphasizing its importance in today's business landscape. We've learned that CSR isn't just a philanthropic endeavour; it's a strategic approach that can benefit startups in numerous ways.

From attracting top talent, to building investor interest, gaining customer loyalty, and fostering innovation, the advantages of embracing CSR are evident. It's not an expense but an investment in your company's future, reputation, and the well-being of the communities you operate in.

We have delved into the practical steps involved in developing a CSR strategy, emphasizing the need to align it with your startup's core values and mission. Remember, CSR need not be a financial burden; rather, it's about making conscious choices that reflect your commitment to a better world while staying financially viable.

We've explored a comprehensive set of Key Performance Indicators (KPIs) to help you measure and assess the impact of your CSR initiatives. These KPIs will serve as valuable tools for tracking progress, making data-driven decisions, and demonstrating the tangible outcomes of your efforts.

Lastly, we've touched on CSR certifications, which can validate your commitment to CSR and enhance your reputation. While each certification comes with its own set of requirements, they all share the goal of recognizing and rewarding socially responsible businesses.



As you embark on your CSR journey, keep in mind that CSR is not a one-time effort but an ongoing commitment to positive change. By integrating CSR into your daily operations, collaborating with stakeholders, and continuously evaluating and improving your initiatives, you can create a lasting impact that resonates with employees, customers, investors, and the communities you serve.

## Source

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