

## PEOPLE & PROFIT PHASE 2

# Mapping of CSR activities among small and medium-sized enterprises

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# 1 Introduction

## 1.1 Background and purpose of the survey

The Danish Commerce and Companies Agency is currently conducting the People & Profit project, which is funded by the European Social Fund and the National Labour Market Authority's Social Inclusion Fund.

The purpose of People & Profit is to maintain and enhance the competitive conditions for Danish enterprises by enabling them to use corporate social responsibility (CSR) as a real competitive parameter.

Corporate social responsibility is defined in this context as the voluntary efforts of enterprises to integrate social and environmental considerations in their activities and their interaction with the surrounding world.

The project's reference group is made up of the Confederation of Danish Industries (DI), the Danish Construction Association, the Danish Employers' Confederation (DA), the United Federation of Danish Workers (3F), the National Labour Market Authority, the Danish Association of Managers and Executives, the Central Organisation of Industrial Employees in Denmark, Danish Commerce and Services, the Danish Chamber of Commerce (HTS), the Confederation of Danish Trades Unions (LO) and the Union of Commercial and Clerical Employees in Denmark (HK).

The project consists of five phases in total:

1. Preliminary study
2. Mapping
3. Development of tools
4. Development of SMEs' CSR initiatives
5. Implementation and embedding

This report sets out the results of phase 2 of the project, which consists of mapping with the focus on the following main questions:

- What CSR activities are Danish small and medium-sized enterprises using?
- What CSR activities have the greatest positive (or negative) impact on the financial results of the enterprises?

The mapping in phase 2 was carried out by TNS Gallup A/S using an Internet-based questionnaire survey of small and medium-sized enterprises in Denmark.

## 1.2 Summary of method

The survey took the form of an Internet-based questionnaire survey of a representative cross-section of small and medium-sized enterprises in Denmark. The enterprises were randomly selected from KOB, Købmandsstandens Oplysningsbureau (see section 11.2 for a detailed account of the random sampling).

The participants in the survey were then recruited over the telephone by TNS Gallup's interview department. The interviewers contacted 4,178 enterprises in the target group, 2,840 (68%) of which wanted to take part in the survey. These 2,840 enterprises were sent an email containing a link to the questionnaire, which could then be completed over the Internet. TNS Gallup received 1,071 valid replies, a response rate of 38%.

When the replies received were processed, Statistics Denmark enriched the results with financial information on the enterprises taken from its accounts statistics. As this information is confidential, this was done in completely anonymised form. This means that only Statistics Denmark can trace the financial information to the individual enterprise.

The detailed analysis of the results of the survey are described in the section on method (section 11).

### 1.3 Definitions

In phase 1 of People & Profit small and medium-sized enterprises were defined as enterprises with up to 250 employees and annual turnover not exceeding 50 million Euros or assets not exceeding 43 million Euros.<sup>1</sup>

TNS Gallup did not have full access to information on turnover and assets when taking the random sample, as such information is only available for enterprises that have statutory duty to provide it and so is not available for a representative cross-section of all SMEs in Denmark. The financial part of the definition was therefore omitted, with SMEs being defined in this survey as *enterprises with between 10 and 250 employees*.

The categorisation of CSR activities used in the survey was inspired by Ashridge's catalogue<sup>2</sup>, which contains seven categories, which are described in the table below.

**Table 1.1 Categorisation of CSR activities**

Category	Content
Leadership, vision and values	This is about setting a clear direction and leading by putting CSR at the centre of the enterprise. It is related to the other main groups of CSR activities.
Marketplace activities	This relates to issues of relevance to the markets in which the enterprise operates.
Workforce activities	This is about fair treatment of employees by the enterprise and is often related to attraction and retention of employees.
Supply chain activities	This relates to the enterprise's suppliers, whose social and environmental performance can be reflected in the enterprise's end products or services by virtue of the supply chain.
Stakeholder engagement	Stakeholders include people and organisations that can be affected by or can influence the activities of the enterprise. They are typically owners, employees, customers, suppliers, local communities, authorities, etc.
Community activities	This is about promoting social solidarity in the broadest sense in the local communities in which the enterprise operates.
Environmental activities	This is about policies, operational management and reporting in relation to environmental impacts from all the enterprise's activities.

### 1.4 Structure of the report

The *next section* summarises the main results of the survey. *Section 3* then contains a summary of the prevalence of CSR activities, including the reasons for enterprises implementing CSR activities and their assessment of financial impact. *Section 4* deals with CSR-oriented product development by small and medium-sized enterprises, while *section 5* looks at how they organise and communicate their CSR activities.

Subsequent sections go into CSR activities in five selected areas in depth. *Section 6* covers workforce-related CSR activities, for example, while *section 7* deals with the environment, *section 8* with stakeholder engagement, *section 9* with the marketplace and *section 10* with the supply chain. The report concludes with a detailed account of method in *section 11*.

<sup>1</sup> Source: "Summary report: People & Profit – Phase 1", Danish Commerce and Companies Agency, August 2005.

<sup>2</sup> Source: "Catalogue of CSR Activities: A Broad Overview", Ashridge, April 2005.

## 2 Summary of main results

The mapping of CSR activities in Danish small and medium-sized enterprises suggests the following overall conclusions:

- **Three quarters of Danish SMEs have implemented CSR activities.** CSR activities have mainly been implemented with regard to the workforce and the environment, but charitable voluntary and social activities are also widespread. SMEs with a large workforce in particular have implemented CSR activities, while enterprises in the transport sector and manufacturing are also more likely to have implemented CSR activities.
- **Thirty six per cent of enterprises believe that CSR activities in general have a positive financial impact**, while only 4% are of the opinion that CSR activities in general have a *negative* financial impact. The survey shows, however, that when enterprises that have implemented CSR activities in specific areas are asked about the financial impact of activities in a specific area, even more estimate that the CSR activities have a positive financial impact.
- **Workforce-related CSR activities in particular are estimated to have a positive financial impact**, with 61% of the enterprises that have implemented workforce-related CSR activities indicating that such activities have a positive financial impact, while only 4% indicate a negative financial impact. Apart from the direct financial impact, enterprises estimate that workforce-related CSR activities have a positive impact in relation to their general reputation and attracting/retaining qualified employees.
- **With regard to the marketplace, supply chain and environment too, enterprises that have implemented CSR activities in these particular areas estimate that the activities have a positive financial impact to a greater extent than if they are asked about the impact of CSR activities *in general*.** Fifty four per cent of the enterprises that have implemented CSR activities in relation to the marketplace, for example, estimate that such activities have a positive financial impact. As regards the supply chain, 46% estimate that activities have a positive financial impact, while the same applies to 40% of the enterprises with environmental CSR activities.
- **Enterprises should be motivated to implement CSR activities for financial, ethical and moral reasons.** Fifty six per cent of the enterprises that have implemented CSR activities cite a positive financial impact as the justification for such activities. Sixty nine per cent point to ethical and moral reasons.
- **More than a quarter of the enterprises (26%) have developed CSR-oriented products or services.** Most of these are to do with the environment. Three quarters of the enterprises that have developed CSR-oriented products believe that such products have a positive financial impact for the enterprise.
- **The survey indicates a need for further information on CSR among small and medium-sized enterprises.** In particular, the enterprises are asking for information on those areas where they have already implemented CSR activities, i.e. primarily with regard to the workforce and the environment.

Table 2.1 below provides a summary of which industries are most likely to have CSR activities in the various areas and how enterprises themselves assess the financial and other impacts of CSR activities in the various areas.

**Table 2.1 Summary of the five CSR areas of activity**

<b>Area of activity</b>	<b>Industries where activities are particularly widespread</b>	<b>Assessment of financial impact</b>	<b>Positive impact primarily on...</b>
Workforce	Hotels and catering Manufacturing Transport	Mainly positive (61%) Positive impact felt in both short and long term	Reputation Attracting/retaining qualified employees
Environment	Hotels and catering Manufacturing Trade and servicing	Mainly positive (40%) Positive impact felt in both short and long term	Reputation Reduction in resource consumption
Stakeholders	Hotels and catering Transport Manufacturing	Mainly no impact (43%) Positive impact felt in both short and long term	Reputation Attracting/retaining qualified employees
Marketplace	Hotels and catering Trade and servicing Transport	Mainly positive (54%) Positive impact felt in both short and long term	Reputation Attracting/retaining customers
Supply chain	Hotels and catering Trade and servicing	Mainly positive (46%) Positive impact felt in both short and long term	Reputation Attracting/retaining customers Cooperation
CSR-oriented product development	Trade and servicing	Mainly positive (59%)	Particularly products / services related to <i>environment problems</i> are estimated to have a positive financial impact

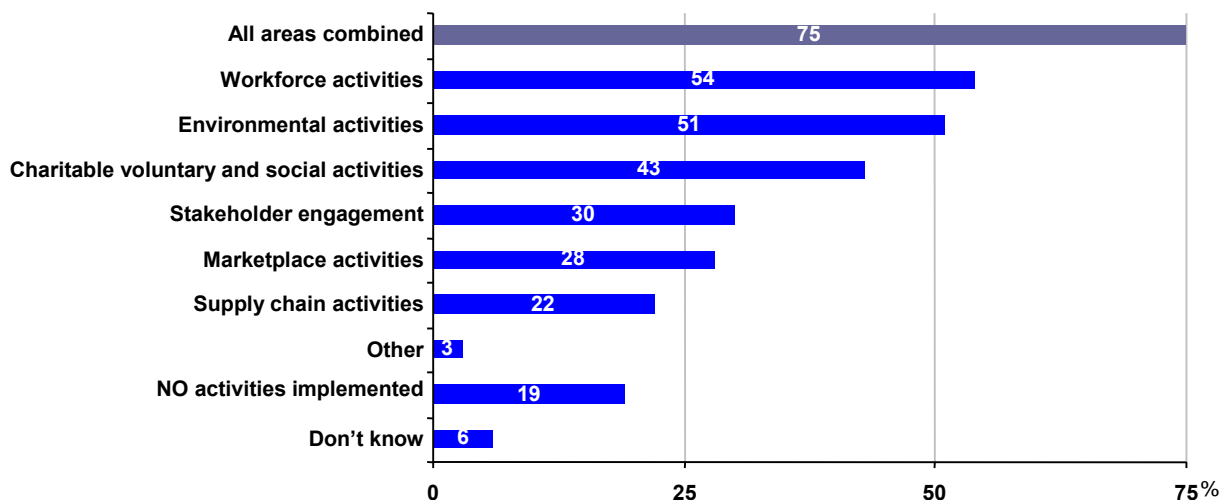
These conclusions are described in greater depth below.

### **2.1 Scope of CSR activities among Danish SMEs**

Three out of four small and medium-sized enterprises in Denmark have implemented activities to do with corporate social responsibility, otherwise known as CSR. Nineteen per cent of enterprises say that they have not implemented CSR activities.

The figure below shows the prevalence of CSR activities according to area.

**Figure 2.1 Prevalence of CSR activities in different areas (n=1071)**



The question was: In which of the following areas has your enterprise implemented CSR activities? The figure shows the percentage of respondents who indicated the activity in question.

CSR activities to do with the workforce are the most widespread relatively speaking. More than half of enterprises (54%) have implemented CSR activities in this area. Environmental activities are also relatively widespread: 51% have implemented CSR activities to do with the environment. Conversely, supply chain activities are least widespread relatively speaking (22%).

In addition to the CSR activities implemented by enterprises in the above areas, a good quarter (26%) of enterprises have developed CSR-oriented products or services. Most of these are to do with the environment.

## 2.2 Financial impact of CSR activities

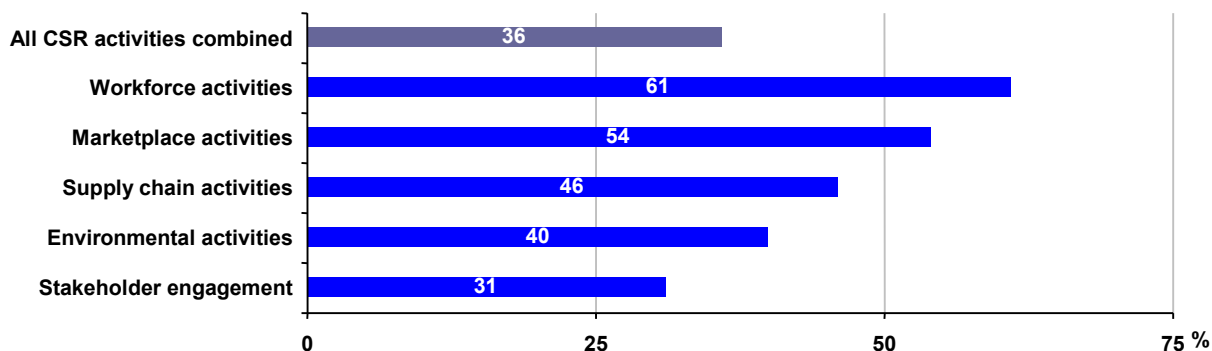
As part of the mapping process enterprises were asked whether they thought that their CSR activities in general had a positive or negative financial impact. They were also asked to assess whether CSR activities in specific areas had a positive or negative financial impact.

The results show that the largest number of enterprises believe that CSR activities *in general* do not have an unequivocally positive or negative impact. Forty per cent think that CSR activities in general have no financial impact.

A large proportion of enterprises (36%), however, believe that CSR activities have a *positive* financial impact, while only 4% are of the opinion that CSR activities have a *negative* financial impact.

The figure below shows the extent to which respondents believe that CSR activities in different areas have a positive financial impact. The largest number relatively speaking (61%) estimate that workforce activities have a positive financial impact. On the other hand, the smallest number relatively speaking (31%) believe that stakeholder engagement has a positive financial impact.

**Figure 2.1 Positive financial impact, in general and according to area**



The question was: *If the enterprise's profits from CSR in relation to (the area) are compared with costs, would you estimate that the activities in relation to (the area) in general have a positive or negative impact on the enterprise's overall result.* Note: The figure shows the proportion of respondents who replied "positive financial impact". As the figure summarises results from different questions, n varies from area to area.

The survey also shows that, when enterprises that have implemented CSR activities in specific areas are asked about the financial impact of the activities in a specific area, even more estimate that their CSR activities have a positive financial impact than if the enterprises are asked about the financial impact of their CSR activities *in general*. What the survey reveals, therefore, is that the more specific the CSR activities asked about, the greater the tendency to assess financial impact positively.

It should be mentioned in this context that the enterprises were asked about the specific size of the positive or negative financial impact of their CSR activities. Only very few enterprises are able to quantify the costs or profits involved in CSR, however.

### **2.3 Financial impact of CSR activities to do with the workforce and the environment**

The survey also shows that how enterprises assess the impact of specific activities in the various areas is totally dependent on whether the enterprises have implemented those activities.

Specifically in relation to the workforce the survey shows that there are certain differences in the specific activities that enterprises estimate to have a positive financial impact.

Table 2.2 below shows how large a proportion believes that workforce activities in general have a positive financial impact for enterprises that have/have not implemented a given activity related to the workforce. With few exceptions, the enterprises that *have* implemented specific activities are more likely to believe that workforce activities in general have a positive financial impact. In other words, belief in a positive financial impact is greatest among those enterprises which have already implemented the activities. The greatest difference is seen for *social activities, further training and employee involvement*.

The opposite tendency applies to *integration of people with reduced working capacity and integration of refugees and immigrants*. In this case those enterprises that *have* implemented the activities are less likely to believe that the activities have a positive financial impact.

**Table 2.2 Proportion who estimate that workforce-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Social activities for employees	74%	56%	+ 18%
Further training, competence development and/or retraining of the workforce	71%	54%	+ 17%
Dialogue with and involvement of the workforce in important decisions on the enterprise's work processes	71%	55%	+ 16%
Establishing a balance between work, family and leisure	74%	61%	+ 13%
Improving the emotional and physical working environment and promoting the well-being of the workforce, improving safety in the workplace	70%	58%	+ 12%
Retaining own employees	67%	66%	+ 1%
Integration of people with reduced working capacity	65%	68%	- 3%
Integration of refugees and immigrants	58%	71%	- 13%
Other	77%	66%	+ 11%

In the environmental area too there is a tendency for enterprises that *have* implemented a given specific activity to be more likely to believe that environmental activities in general have a positive financial impact. The greatest difference is seen for the *development of resource-saving procedures*. Table 2.3 below illustrates how those enterprises that have implemented specific environmental activities are also most likely relatively speaking to believe that their environmental efforts in general have a positive impact.

**Table 2.3 Proportion who estimate that environmental CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Development of procedures and production processes with a view to saving resources and energy	52%	27%	+ 25%
Dialogue with and involvement of the enterprise's stakeholders in important decisions on the enterprise's environmental impact	59%	42%	+ 17%
Product lifecycle analyses	55%	42%	+ 13%
Other	50%	46%	+ 4%

## 2.4 Other impacts of CSR activities

As part of the mapping process for the financial impact of CSR activities enterprises were also asked to estimate the effect of the activities in relation to other impact parameters such as reputation, attracting employees, etc. That is to say, the effects of CSR activities that do not necessarily impact directly on the enterprises' financial bottom line, but which – in the slightly longer term at least – may be assumed to have a positive influence on the competitiveness and finances of enterprises.

The results show that workforce-related CSR activities in particular are estimated to have positive impacts in relation to the general reputation of enterprises and their ability to attract and retain qualified employees. The same applies to stakeholder-related CSR activities. Environmental CSR activities are also estimated to have the greatest possible impact in relation to the general reputation of enterprises, as well as with regard to reducing resource consumption.

## 2.5 Motivation for CSR activities

Part of the reason for enterprises not been able to determine the financial impact of CSR activities may lie in their motivation for implementing such activities.

It would appear that enterprises' motivation for implementing CSR activities does not at least primarily lie in the expectation that CSR activities will have a positive impact on the bottom line.

A positive influence on the enterprise's financial result may well be cited as the justification for CSR activities by 56% of enterprises, but even more (69%) give ethical and moral reasons, the reputation of the enterprise, and attracting and retaining employees as the primary motivating factors behind CSR.

## 2.6 Need for information on areas of greatest relevance to enterprises

In particular, enterprises express a need for information on those areas where they have already implemented CSR activities, i.e. primarily with regard to the workforce and the environment.

A more detailed analysis reveals, for example, that the need for more information is consistently much more pronounced for those respondents who *have* implemented CSR activities and enterprises are consistently most interested in information on area(s) where they have already implemented activities.

The following table provides a summary of which enterprises are most likely to ask for information about CSR activities according to area.

**Table 2.4 Summary of need for information**

Area of activity	More information wanted	Enterprises with a particular requirement for more information
Workforce	21% want more information	Enterprises with 50-99 employees
Environment	21% want more information	Manufacturing enterprises
Stakeholder engagement	15% want more information	-
Marketplace	9% want more information	Trade and servicing enterprises
Supply chain	10% want more information	Trade and servicing enterprises
Internal management activities	15% want more information	Enterprises with 50-99 employees
Charitable and voluntary activities	7% want more information	-

## **2.7 Organisation and communication of CSR activities**

Enterprises have different ways of organising the assignment of responsibility for their CSR activities.

In half of the enterprises the responsibility for CSR activities is mainly assigned to senior management, while 11% have assigned responsibility to line management.

Twenty seven per cent of the enterprises have not formally assigned responsibility, but indicate that their CSR activities are an integral part of day-to-day manners and conduct in the enterprise.

Only very few enterprises have assigned responsibility to the works council or the like. This does not mean that the workforce is not involved, however. Half the enterprises say, for example, that CSR activities *are implemented* through workforce involvement.

A good third of the enterprises (36%) communicate their CSR activities externally. Of these, only 40% have systematic external communication, however. External communication is not systematic in slightly more enterprises (47%), but the enterprises reply that their customers and business associates know what the enterprise stands for.

Enterprises with 100-250 employees are significantly more likely to communicate their CSR activities externally, while enterprises with 20-49 employees are significantly less likely to do so.

Finally, enterprises that consider CSR activities to have a positive financial impact are significantly more likely to communicate their CSR activities externally, while those that consider CSR activities to have a negative financial impact are less likely to do so.

### 3 Summary of the prevalence of CSR activities

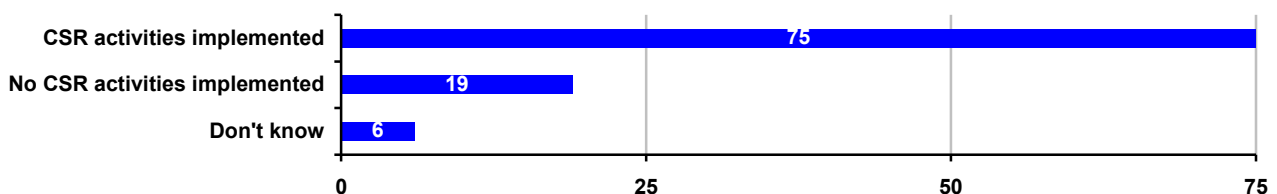
This section maps the prevalence of CSR activities among small and medium-sized enterprises in Denmark.

It is divided into five parts. The first part of the section contains a *characterisation* of the enterprises that have implemented CSR activities, while the second part looks at the *areas* in which the enterprises have implemented CSR activities. The third part goes behind the CSR activities and looks at the *reasons* for implementing them. The fourth part deals with the enterprises' own assessment of the *financial impact* of CSR activities. The fifth and final part of the section maps the enterprises' *need for more information* on CSR activities.

#### 3.1 Characteristics of SMEs with CSR activities

As figure 3.1 below shows, three out of four enterprises indicate that they have implemented CSR activities of one sort or another.

Figure 3.1 Proportion of SMEs that have implemented CSR activities (n=1071)



The following takes a closer look at *which* enterprises have a particularly high level of activity. Gallup carried out a number of multivariate analyses in order to uncover this.

#### Purpose of multivariate analyses

Multivariate analyses are used throughout the report with a view to mapping the correlation between enterprises' CSR activities and different enterprise characteristics. In brief, the purpose of the multivariate analyses is to make it possible to isolate those factors which affect specific circumstances in the enterprises.

The purpose of the multivariate analyses with regard to workforce-related CSR activities, for example, is to reveal whether there is a correlation between which industry the enterprises come from and whether they have implemented workforce-related CSR activities. In other words, whether those enterprises that have workforce activities come from specific industries.

In order to do this, it is necessary to look at several enterprise characteristics simultaneously. A situation might, for example, be imagined in which simple cross tabulation shows that enterprises in Jutland are more likely to have CSR activities. This may not, however, be due to their geographical location, but be down to the fact that a large proportion of enterprises in Jutland belong to specific industries with a greater tendency to implement CSR activities. In such a situation carrying out a multivariate analysis would prevent it being concluded incorrectly that enterprises in Jutland are more likely to have implemented CSR activities, as the analysis can show precisely that belonging to a particular industry rather than geographical location is responsible. See also appendix 2 for a detailed description of the specific multivariate analyses used in the report.

The multivariate analyses show that the most important factors affecting whether an enterprise has implemented CSR activities are (a) industry, (b) number of employees and (c) type of business (e.g. public limited company, private limited company, etc.). Conversely, the analyses show that the age and geographical location of an enterprise do not play a major role. This is illustrated in table 3.1.

**Table 3.1 Factors affecting whether SMEs have CSR activities**

**Industry**

- Enterprises in transport and manufacturing are most likely to have implemented CSR activities.
- Enterprises in real property/business services are least likely to have implemented CSR activities.

**Number of employees**

- Enterprises with a large number of employees are more likely to have implemented CSR activities.
- The lowest tendency to implement CSR activities is found among enterprises with 20-29 employees.

**Type of business**

- Branch businesses are more likely than other types of business to have implemented CSR activities.
- Sole traders, on the other hand, are less likely to have implemented CSR activities.

**Geography**

- The survey CANNOT demonstrate an observable correlation between the geographical location of enterprises and whether they have implemented CSR activities.

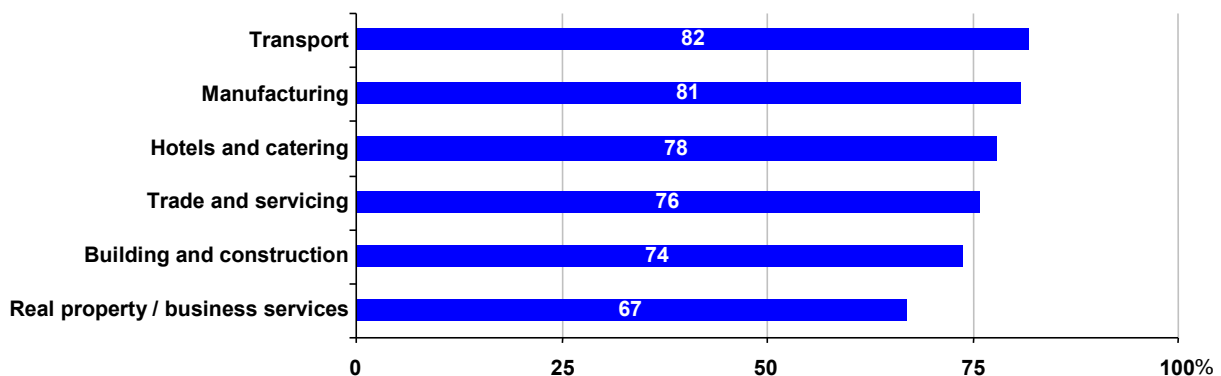
**Age**

- The survey CANNOT demonstrate an observable correlation between the age of enterprises and whether they have implemented CSR activities.

*Note: The multivariate analyses were carried out using binary regression. The precise estimates have been put in appendix 2 for reasons of clarity.*

The figure below shows the proportion of enterprises to have implemented CSR activities for different *industries* (see section 11.2 for a detailed explanation of what the industry categories cover and their NACE codes). The figure shows that enterprises in the real property/business services industry are least likely to have implemented CSR activities, while enterprises in transport and manufacturing are most likely to have done so.

**Figure 3.2 Proportion of enterprises with CSR activities according to industry (n=1071)**



The figure below shows the correlation between CSR activities and *number of employees*. The overall tendency is for enterprises with a large number of employees to be more likely to have implemented CSR activities. The smallest proportion of enterprises with CSR activities is found among enterprises with 20-29 employees.

**Figure 3.3 CSR activities according to number of employees (n=1071)**

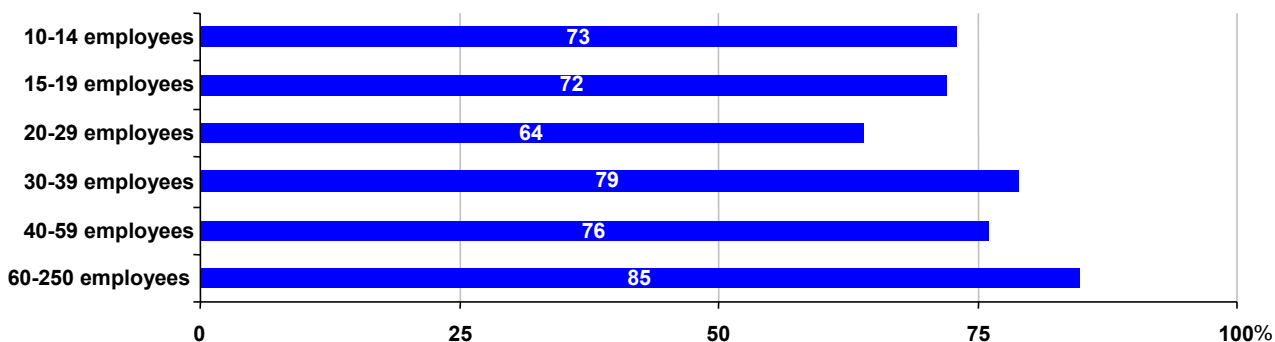
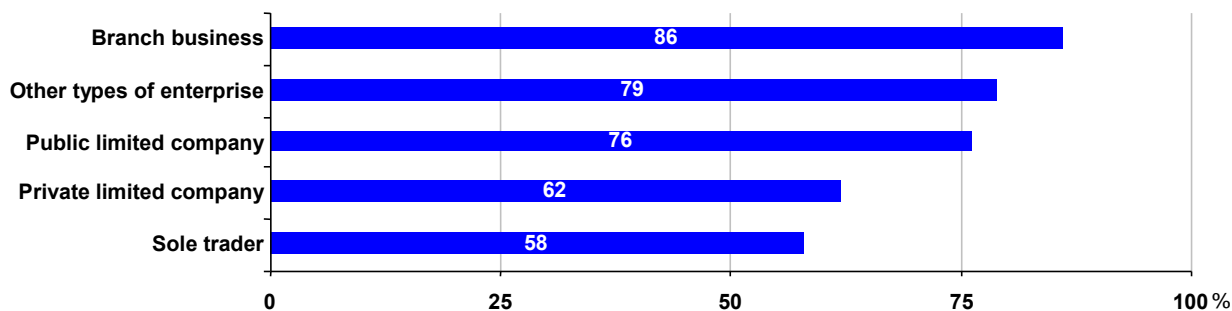


Figure 3.4 shows the differences for different *types of business*. Branch businesses in particular have implemented CSR activities, with all of 86% of branches indicating that they have CSR activities of one sort or another. The level of activity is lowest for sole traders, with 58% specifying CSR activities of one sort or another.

**Figure 3.4 CSR activities according to type of business (n=1071)**

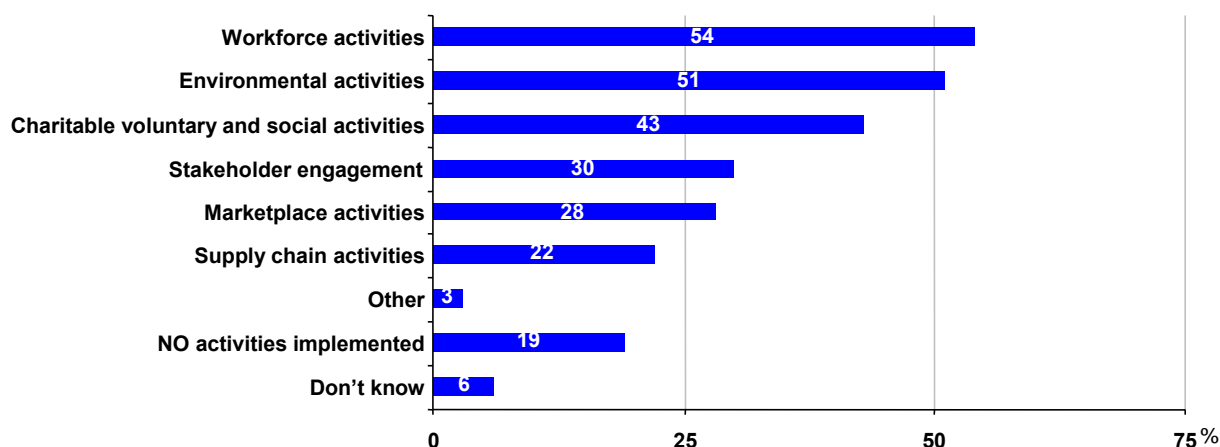


*Note: The "other types of enterprise" category includes cooperative societies, limited partnerships, limited partnership companies, shipping partnerships, etc.*

### 3.2 CSR activities in different areas

Following the analysis of what characterises the enterprises that have implemented CSR activities, this section looks at the different areas where the enterprises have implemented those activities. As the figure below shows, *workforce-related* CSR activities are the most widespread form of CSR activity. Fifty four per cent of enterprises have implemented workforce-related CSR activities. *Environmental* activities are also relatively widespread: 51% have implemented CSR activities to do with the environment. *Supply chain* activities, on the other hand, are least widespread relatively speaking (22%).

**Figure 3.5 Prevalence of CSR activities in different areas (n=1071)**



The question was: In which of the following areas has your enterprise implemented CSR activities? The figure shows the percentage of respondents who indicated the activity in question.

An overall analysis of the replies shows that *larger enterprises* are significantly more likely to have workforce, environmental and supply chain activities. There is also a tendency for *export enterprises* to have more environmental activities.

Later sections dealing with CSR activities in the individual areas contain a detailed analysis of the characteristics of the enterprises that conduct activities in the areas in question (see sections 6 to 10).

The table below shows how enterprises prioritise their CSR activities in different areas. Overall, the table shows the same patterns as in the figure above, with the activities that are most widespread also being those which enterprises give top priority).

**Table 3.1 Prioritisation of implemented activities (n=1071)**

In which of the following areas has your enterprise implemented CSR activities?								
	1 <sup>st</sup> priority	2 <sup>nd</sup> priority	3 <sup>rd</sup> priority	4 <sup>th</sup> priority	5 <sup>th</sup> priority	6 <sup>th</sup> priority	7 <sup>th</sup> priority	Total
Workforce activities	25%	16%	9%	3%	1%	1%	0%	54%
Environmental activities	22%	15%	8%	3%	2%	2%	0%	51%
Charitable voluntary and social activities	11%	12%	11%	4%	3%	2%	0%	43%
Stakeholder engagement	5%	9%	6%	5%	3%	2%	0%	30%
Marketplace activities	9%	8%	5%	3%	2%	1%	0%	28%
Supply chain activities	3%	5%	6%	4%	3%	2%	0%	22%
Other	0%	0%	0%	0%	0%	0%	1%	3%
No activities	-	-	-	-	-	-	-	19%

Note: Respondents were asked to prioritise the areas on the basis of where they have most activities. The table shows the percentage of respondents who awarded a given activity 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> or 7<sup>th</sup> priority.

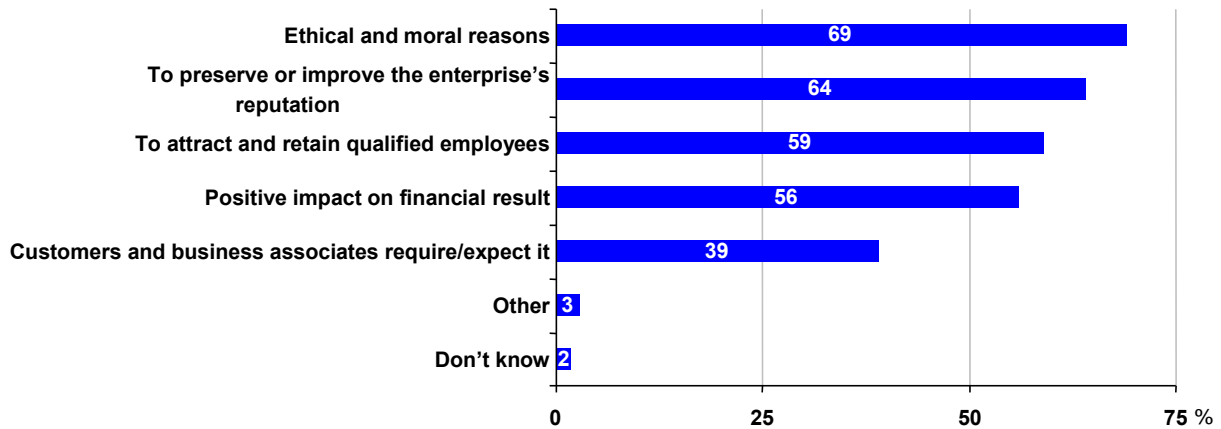
### 3.3 Reasons for implementing CSR activities

The following takes a closer look at the reasons for enterprises implementing CSR activities.

The figure below shows that the largest number of enterprises relatively speaking (69%) cite *ethical and moral reasons* for implementing CSR activities. Sixty four per cent have implemented CSR activities in order to preserve or improve *the enterprise's reputation*. The smallest number of enterprises relatively speaking (39%) have implemented activities because their *customers and/or business associates expect or require it*.

As regards the financial impact of CSR activities, 56% give the expectation of a *positive impact on the enterprise's financial result* as a reason for having implemented CSR activities.

**Figure 3.6 Reasons for implementing activities (n=808)**



*The question was: What are the reasons for your enterprise implementing activities with a view to demonstrating corporate social responsibility? The figure shows the percentage of respondents who indicated the reason in question.*

An analysis of the results in Figure 3.6 shows that *the largest enterprises* are significantly more likely to cite the positive impact on financial result and the fact that customers and business associates require/expect it as reasons for having CSR activities. This is illustrated in more detail by the table below, which shows that there is a positive correlation between the size of an enterprise and the likelihood of it citing a positive impact on finances and customer requirements as reasons for implementing CSR activities.

**Table 3.2 Correlation between enterprise size and selected reasons for CSR activities**

	10-19 employees	20-49 employees	50-99 employees	100-250 employees
Positive impact on finances	37%	56%	61%	67%
Customer requirements	37%	38%	40%	44%

The table below shows how respondents prioritise the different reasons.

It appears that *ethical and moral reasons*, which are the most widespread, are also given top priority by the largest number of respondents (35%). The table also shows that, although *the enterprise's reputation* is the second most widespread reason, it is not the second priority of respondents. In other words, the enterprise's reputation plays a widespread but secondary role when enterprises are implementing CSR activities.

**Table 3.3 Prioritisation of reasons (n=808)**

What are the reasons for your enterprise implementing activities with a view to demonstrating corporate social responsibility?	1 <sup>st</sup> priority	2 <sup>nd</sup> priority	3 <sup>rd</sup> priority	4 <sup>th</sup> priority	5 <sup>th</sup> priority	6 <sup>th</sup> priority	Total
Ethical and moral reasons	35%	15%	10%	6%	4%	0%	69%
To preserve and improve the enterprise's reputation	17%	23%	17%	5%	2%	0%	64%
To attract/retain qualified employees	21%	19%	10%	6%	2%	0%	59%
Positive impact on financial result	16%	17%	15%	5%	4%	0%	56%
Customers and business associates require/expect it	8%	10%	10%	5%	5%	0%	39%
Other	1%	1%	0%	0%	0%	1%	3%

Note: Respondents were asked to priorities their reasons for implementing activities. The table shows the percentage of respondents who awarded a given activity 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> or 6<sup>th</sup> priority.

The table below looks at the importance of customer requirements in more detail. The table shows how large a proportion of the respondents who give CRS activities in the different areas top priority did and did not cite *requirements/expectations from customers/business associations* as a reason for implementing CSR activities.

As the table shows, those respondents who implemented CSR activities owing to customer requirements are far more likely to give *workforce and marketplace activities* top priority.

The table therefore suggests that customer requirements most frequently relate to CSR activities to do with the workforce and marketplace.

**Table 3.4 Correlation between CSR activities in different areas and customer requirements**

CSR activities in this area given top priority	Customer requirements cited as a reason	Customer requirements NOT cited as a reason	Difference (percentage points)
Workforce	20%	8%	+ 12%
Marketplace	20%	8%	+ 12%
Environment	35%	27%	+ 8%
Charitable and voluntary activities	10%	17%	- 8%
Stakeholders	6%	6%	0%
Supply chain	6%	2%	+ 4%

### 3.4 Enterprises' own assessment of financial impact

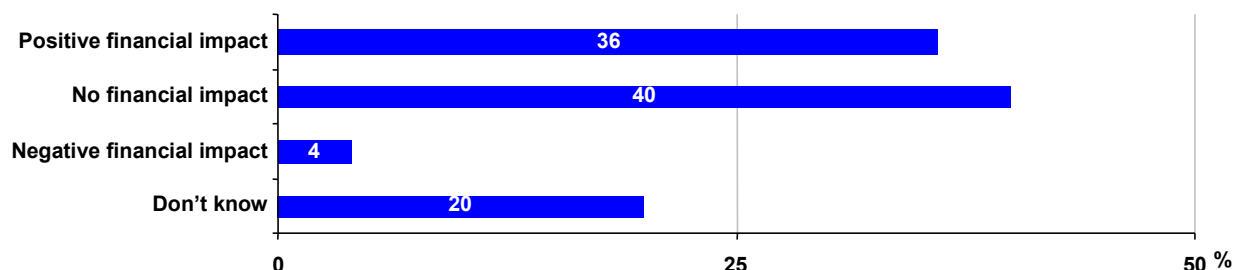
In continuation of the mapping of CSR activities and enterprises' motivation for implementing activities this section looks at how respondents assess the financial impact of CSR activities. It looks at the *overall* financial impact, while sections 6 to 10 contain a detailed analysis for the individual areas.

In addition to the mapping of enterprises' own assessment, an explorative study was carried out with the aim of evaluating whether the financial accounting figures from Statistics Denmark were suitable as an objective indicator for the financial impacts of enterprises' level of CSR activities. The study showed no significant correlations, either positive or negative. See appendix 3 for a detailed account of the study.

**Figure 3.7** shows how respondents assess the financial impact of CSR activities in general. The figure shows that the largest number relatively speaking (40%) are of the opinion that CSR

activities in general have no financial impact. Thirty six per cent are of the opinion that CSR activities have a *positive* financial impact, while 4% believe that CSR activities have a *negative* financial impact. Enterprises are therefore mainly positive in their assessment of the financial impact of CSR activities.

**Figure 3.7 Financial impact of CSR activities (n=1071)**



*The question was: Considering the enterprise's corporate social responsibility in general, are you of the opinion that it has a positive or negative impact on the enterprise's overall financial result (its financial bottom line)?*

A detailed analysis of the replies shows that *enterprises with 50-250 employees* are significantly more likely to believe that CSR activities in general have a positive financial impact.

Enterprises that *communicate* their CSR activities are also significantly more likely to believe that CSR activities in general have a positive financial impact.

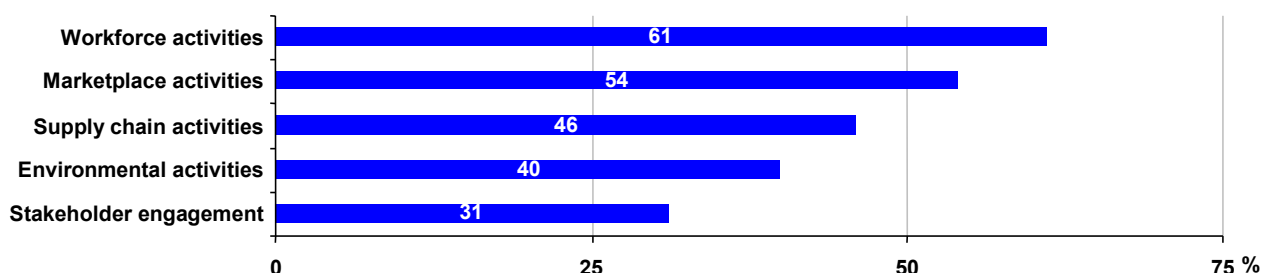
To put the results in **Figure 3.7** into perspective, it should be mentioned that those enterprises which believe that CSR activities in general have a positive financial impact are significantly more likely to believe that workforce, environmental, stakeholder, marketplace and supply chain activities alike have a positive financial impact.

The figure below shows the extent to which respondents believe that CSR activities in the different areas have a positive financial impact.

The figure shows that the largest number relatively speaking (61%) estimate that *workforce activities* have a positive financial impact. On the other hand, the smallest number relatively speaking (31%) believe that *stakeholder engagement* has a positive financial impact.

It should be mentioned that the enterprises were asked about the specific size of the positive/negative financial impact of their CSR activities. Only very few enterprises are able to quantify the costs or profits involved in CSR, however. There is consequently no basis for presenting these results graphically.

**Figure 3.8 Positive financial impact, according to area**



*The question was: If the enterprise's profits from CSR in relation to (the area) are compared with costs, would you estimate that the activities in relation to (the area) in general have a positive or negative impact on the enterprise's overall result. Note: The figure shows the proportion of respondents who replied "positive financial impact". As the figure summarises results from different questions, n varies from area to area.*

The sections on CSR activities in the different areas (sections 6 to 10) contain a detailed analysis of which enterprises are of the opinion that the activities in the various areas have a positive financial impact.

Only a few of the principal findings are listed here:

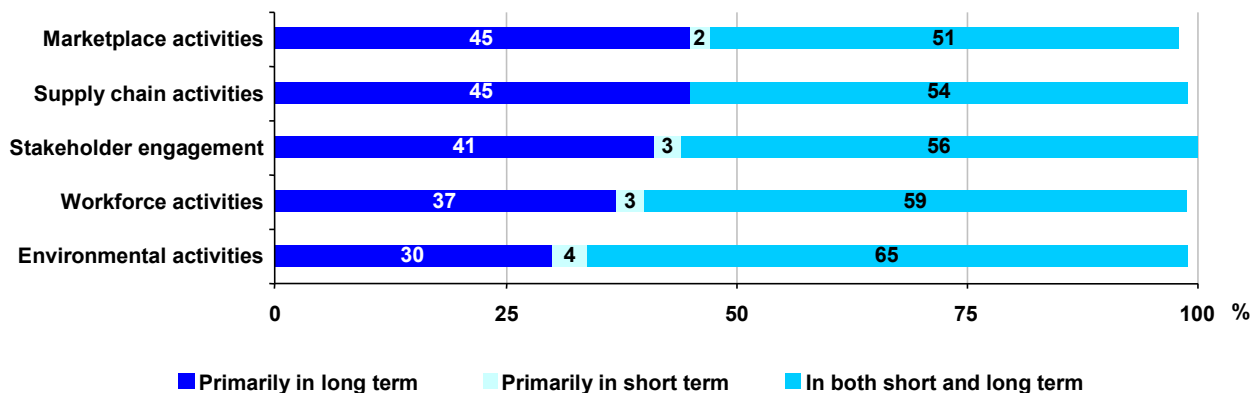
- When it comes to *workforce activities*, it is enterprises in real property/business services in particular, together with enterprises that communicate their CSR activities, that are of the opinion that the activities have a positive impact.
- When it comes to *environmental activities*, it is particularly enterprises with 50-250 employees and enterprises that communicate their CSR activities that hold this view.
- When it comes to *stakeholder engagement*, it is particularly the enterprises that communicate their CSR activities that hold this view.
- When it comes to *marketplace activities*, it is particularly enterprises with 50-99 employees and enterprises that communicate their CSR activities that hold this view.
- Finally, when it comes to *supply chain activities*, it is particularly trade and servicing enterprises and, as for the other areas, enterprises that communicate their CSR activities that hold this view.

The figure below shows whether respondents are of the opinion that the positive financial impact mainly makes itself felt in the short term, the long term or in both the short and long term.

It appears from the figure that in all five areas the largest number of enterprises relatively speaking believe that the positive financial impact makes itself felt in both the short and long term.

The impact of *marketplace* and *supply chain activities* is felt primarily in the long term to a slightly greater extent (45%). The impact of *environmental activities* is felt predominantly in both the short and long term (65%).

**Figure 3.9 Positive financial impact, according to activity and timeframe**



*The question was: Does the enterprise feel the positive financial impact in the short or long term? Note: As the figure summarises results from different questions, n varies from area to area.*

Sections 6 to 10 take a closer look at the size of the positive/negative financial impact of activities. Overall, only very few (up to 10) or no respondents in the individual area are able to quote a specific amount.

### 3.5 Enterprises' need for information on CSR activities

To round off the section on the prevalence of CSR activities among small and medium-sized enterprises, the table below summarises the areas where respondents express a need for more information on CSR activities.

The table shows that respondents want more information on workforce and environmental activities in particular. More than one in five respondents would like more information on these areas.

**Table 3.5 Need for more information on CSR activities**

<b>In which areas do you feel that you need more information on how your enterprise can demonstrate corporate social responsibility?</b>	
Workforce activities	21%
Environmental activities	21%
Internal management activities	15%
Stakeholder engagement	12%
Supply chain activities	10%
Marketplace activities	9%
Charitable and voluntary activities	7%
Other	2%
Enterprise does NOT need information on these areas	34%
Don't know	24%
Total	155%
N	1071

Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.

An analysis of the replies shows that *enterprises with 10-19 employees* express a significantly smaller need for information on internal management activities, while *enterprises with 50-99 employees* express a significantly larger need for information on internal management activities and workforce activities.

When it comes to industry, *trade and servicing enterprises* express a significantly larger need for more information on marketplace and supply chain activities, while *manufacturing enterprises* express a significantly larger need for more information on environmental activities.

*Building and construction enterprises*, on the other hand, are significantly less interested in information on internal management activities, while enterprises in *real property/business services* are significantly less interested in information on marketplace, supply chain and environmental activities.

The table below enlarges on the above. It shows how large a proportion of respondents who have/have not implemented activities in a given area expressed a wish for more information on activities in the area in question.

The figure shows that the need for more information is consistently greatest among enterprises that *have* implemented activities in the area. The greatest difference in the need for information is seen for the environment.

**Table 3.6 Need for information for enterprises that have/have not implemented activities in the area**

<b>More information needed on...</b>	<b>CSR activities implemented in area</b>	<b>Activities NOT implemented in area</b>	<b>Difference (percentage points)</b>
Workforce activities	26%	16%	+ 10%
Environmental activities	30%	11%	+ 19%
Internal management activities <sup>3</sup>	-	-	-
Stakeholder engagement	20%	9%	+ 11%
Supply chain activities	19%	8%	+ 11%
Marketplace activities	16%	7%	+ 9%
Charitable and voluntary activities	11%	4%	+ 7%

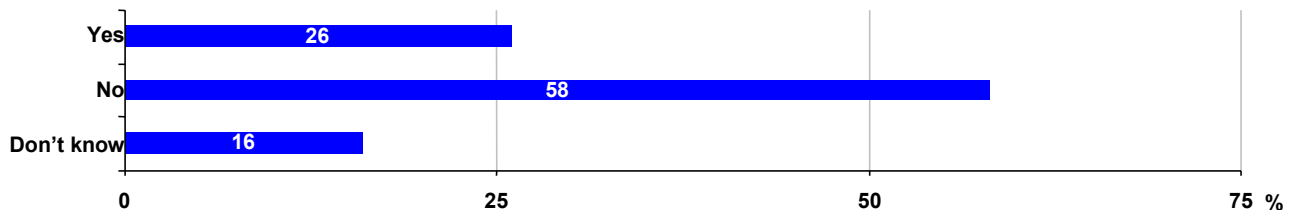
<sup>3</sup> The "internal management activities" category was not included in the survey apart from this question, so it is not possible to calculate values for it.

## 4 CSR-oriented product development

This section looks at CSR-oriented product development by the enterprises.

The figure below maps the development of CSR-oriented products. It shows that about a quarter (26%) of respondents have developed CSR-oriented products or services.

**Figure 4.1 Development of CSR-oriented products and services (n=808)**



The question was: *Has your enterprise developed products or services that help to remedy or improve one or more public problems?*

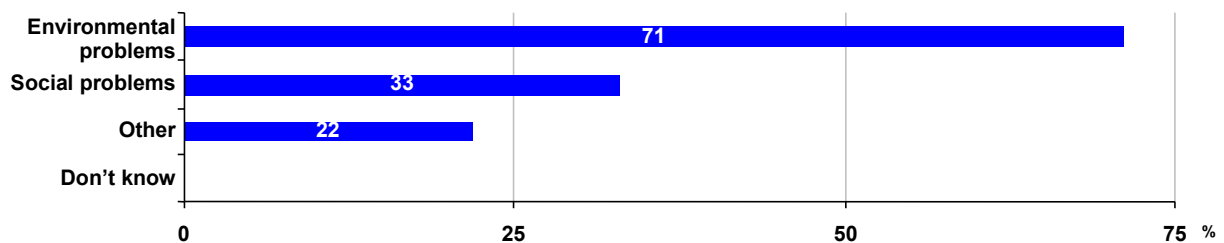
A detailed analysis of the replies shows that those enterprises which believe that CSR activities in general have a *positive financial impact* are significantly more likely to develop CSR-oriented products or services.

The following questions were answered exclusively by those respondents who have developed CSR-oriented products or services.

**Figure 4.2** shows which problems the developed products/services help to solve.

The figure shows that 71% of enterprises indicate that their products/services are aimed at solving environmental problems, while 33% indicate social problems.

**Figure 4.2 Problems behind the development of products and services (n=208)**



The question was: *Which problems do the developed products/services help to solve?* Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.

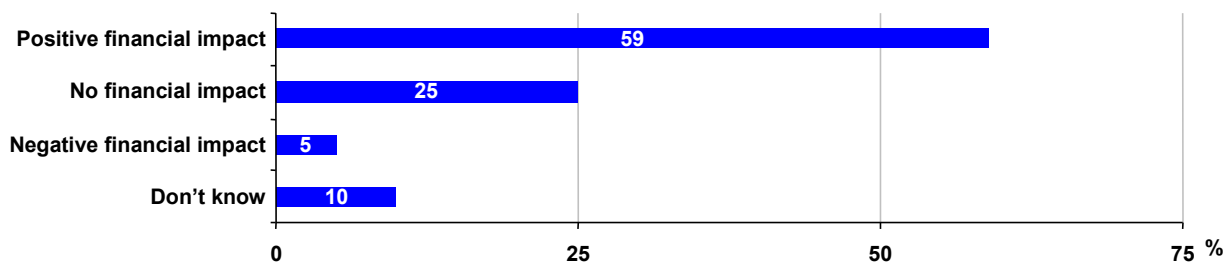
An analysis of the replies shows a tendency for *trade and servicing enterprises, larger enterprises* (50-250 employees) and enterprises in *Jutland* to develop products/services aimed at solving environmental problems to a greater extent.

At the same time, the *smallest enterprises* (10-19 employees) develop products/services for solving social problems to a greater extent.

The figure below shows how respondents assess the financial impact of developing CSR-oriented products/services.

It is apparent that the majority of respondents (59%) estimate that CSR-oriented products/services have a positive financial impact, while 5% believe that they have a negative financial impact. A quarter of respondents (25%) think that CSR-oriented products/services have no financial impact.

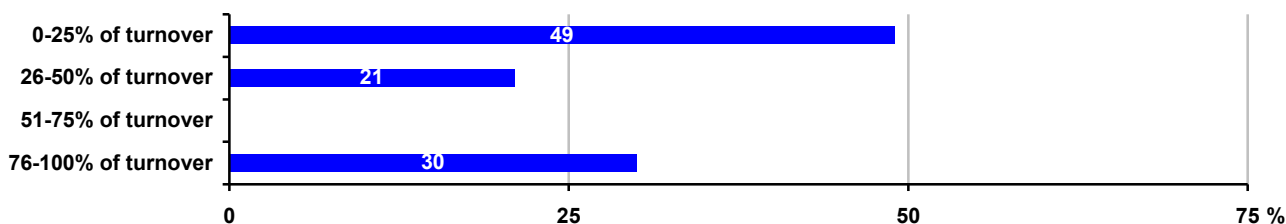
**Figure 4.3 Financial impact of developing products/services (n=208)**



*The question was: If the enterprise's profits from developing these products/services are compared with the costs, would you estimate that the products/services in general have a positive or negative impact on the enterprise's overall financial result (its financial bottom line)?*

There is a tendency for enterprises that develop products/services aimed at *environmental problems* to be more likely to believe that the products have a positive financial impact. A total of 43 of the respondents who have developed CSR-oriented products/services (i.e. 21%) stated how large a proportion of turnover such products/services (approximately) represent. Their replies are illustrated in the figure below. As the figure show, nearly half (49%) estimate that the development of CSR-oriented products/services represents 0-25% of turnover.

**Figure 4.4 Product development's share of turnover (n=43)**



*The question was: How large a proportion of the enterprise's total turnover do such products/services represent?*

## 5 Organisation and communication of CSR activities

This section deals with how enterprises organise and communicate their CSR activities. The questions were only answered by those respondents who had implemented CSR activities.

### 5.1 Organisation and implementation of CSR activities

The table below shows how responsibility for enterprises' CSR activities has been assigned. It indicates that responsibility has been assigned to senior management by half the respondents. In the case of a further 11% it has been integrated in line management. Twenty seven per cent of enterprises have not formally assigned responsibility.

**Table 5.1 Organisation of CSR activities**

How is responsibility for the enterprise's corporate social responsibility in general organised in the enterprise?	
Responsibility mainly rests with senior management	50%
Responsibility is integrated in line management	11%
Responsibility rests with a specific department	4%
Responsibility has been assigned to a specific department or working group that largely concerns itself with activities to do with corporate social responsibility	3%
Responsibility has been assigned to the works council	1%
Responsibility has NOT been formally assigned but is integrated in the day-to-day manners and conduct of all employees	27%
Other	1%
Don't know	3%
Total	100%
N	808

An analysis of the replies shows that *enterprises with 50-250 employees* are significantly more likely to assign responsibility to line management. *Enterprises with 20-49 employees* are significantly more likely to assign responsibility to a specific department.

*Enterprises with 10-19 employees*, on the other hand, are significantly more likely not to have assigned responsibility formally.

The table below shows how CSR activities are implemented. The table shows that CSR activities are primarily implemented through workforce involvement (50%) and through specific projects and action (48%). The smallest number of enterprises relatively speaking (6%) implement CSR activities through pay.

**Table 5.2 Implementation of CSR activities**

How is corporate social responsibility implemented in practice?	
Through workforce involvement	50%
Through specific action or projects	48%
Through documented values and policies	31%
Through specific workforce training and development	27%
Through pay	6%
Other	10%
Don't know	11%
Total	183%
N	808

Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.

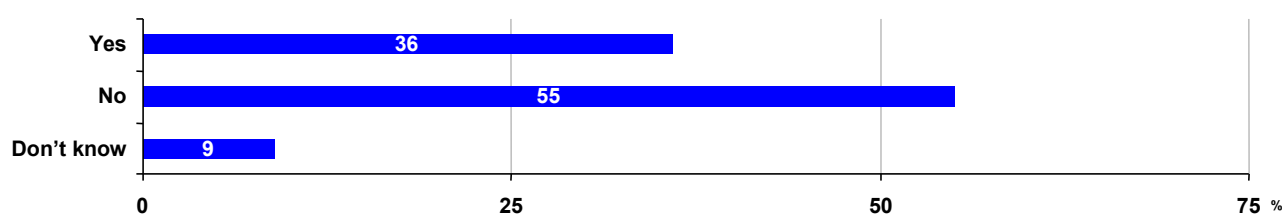
A detailed analysis shows that *enterprises with 100-250 employees* are significantly more likely to implement CSR activities through documented values and policies, while *enterprises with 50-99 employees* are significantly more likely to implement them through specific action or projects. *Enterprises with 10-19 employees* are significantly more likely to implement CSR activities through workforce involvement.

## 5.2 Communication of CSR activities

Figure 5.1 shows whether enterprises communicate their CSR activities externally. A good third of respondents (36%) communicate their CSR activities externally.

In this context external communication of CSR activities includes both systematic and unsystematic external communication of CSR activities.

**Figure 5.1 External communication of CSR activities (n=808)**



The question was: *Is the enterprise's corporate social responsibility communicated externally?*

An analysis of the replies shows that enterprises in the *hotel and catering industry* and enterprises based in *Copenhagen and Frederiksberg* are significantly more likely to communicate their CSR activities externally.

*Enterprises with 100-250 employees* are also significantly more likely to communicate their CSR activities externally, while enterprises with 20-49 employees are significantly less likely to do so.

Finally, enterprises that consider CSR activities in general to have a positive financial impact are significantly more likely to communicate their CSR activities externally, while those that consider CSR activities in general to have a negative financial impact are less likely to do so.

The table below enlarges on the communication of CSR activities by showing *how* CSR activities are communicated. It shows that 41% communicate their CSR activities systematically. In the case of 47% it is not done systematically, but customers and business associates know what the enterprise stands for.

**Table 5.3 Form of communication**

<b>How is the enterprise's corporate social responsibility communicated externally?</b>	
Communicated systematically to customers, business associates, etc.	41%
Not communicated systematically, but our customers and business associates know what we stand for	47%
Other	9%
Don't know	3%
Total	100%
N	290

A detailed analysis shows that *enterprises with 10-19 employees* are significantly less likely to communicate their CSR activities systematically.

## 6 Workforce-related CSR

This section examines workforce-related CSR activities. As mentioned in section 3, workforce activities are the most widespread form of CSR activity. Fifty four per cent of respondents have implemented workforce-related CSR activities.

**Workforce-related CSR** is targeted at the enterprise's present or future potential employees. Specific activities in this area are to do with, on the one hand, respecting Danish and international minimum standards for employee relations and, on the other hand, offering employees good working conditions in the form of flexible working hours, good training and development opportunities, a healthy and safe working environment, and health/well-being benefits. The activities are often linked to attracting and retaining employees.

The results reproduced in this section are based exclusively on the replies from those respondents who gave workforce activities either 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> priority out of the areas where they have implemented activities.

First of all the section describes what characterises the enterprises that have implemented workforce activities. It then takes a closer look at the prevalence of different types of workforce activity and the impact of workforce activities.

### 6.1 Characteristics of SMEs with workforce activities

The multivariate analysis in section 3 showed that most important factors affecting whether an enterprise has CSR activities at all are (a) which industry the enterprise belongs to, (b) how many employees the enterprise has, and (c) what type of business it is.

This section presents the results of a separate multivariate analysis carried out specifically with regard to workforce activities. This analysis qualifies the overall multivariate analysis by also looking at whether the enterprise communicates its activities to the surrounding world and how it has assigned organisational responsibility for its CSR activities.

The multivariate analysis of enterprises' workforce activities suggests the following overall conclusions:

- The most important factors affecting whether enterprises have workforce activities are (a) *industry*, (b), *number of employees*, and (c) whether the enterprise *communicates* its CSR activities externally.
- *Type of business* (public limited company, private limited company, sole trader, etc.) and *organisational assignment* of responsibility for CSR, on the other hand, are of no measurable importance with regard to whether enterprises have workforce activities.

The table below describes the results of the multivariate analysis of workforce activities in more detail.

**Table 6.1 Characteristics of enterprises with workforce activities**

<b>Industry</b>
<ul style="list-style-type: none"> <li>The largest proportion of enterprises with workforce activities is found in the hotel and catering industry.</li> <li>The smallest proportion of enterprises with workforce activities is found in the building and construction industry.</li> </ul>
<b>Number of employees</b>
<ul style="list-style-type: none"> <li>The largest proportion of enterprises with workforce activities is found among enterprises with 76-250 employees.</li> <li>The smallest proportion of enterprises with workforce activities is found among enterprises with less than 36 employees.</li> </ul>
<b>Communication of workforce activities</b>
<ul style="list-style-type: none"> <li>There is a larger proportion of enterprises with workforce activities among enterprises that communicate their activities externally.</li> </ul>

Note: The estimated parameters can be found in appendix 2.

## 6.2 Prevalence and impact of workforce activities

Following the analysis of what characterises enterprises with workforce activities, this section takes a closer look at the prevalence of different types of workforce activity and their impact.

The table below shows which activities respondents have implemented with regard to the workforce. It appears from the table that *further training/competence development* is the most widespread form of workforce-related CSR activity (75%). Involvement of the workforce in important decisions (71%) and improvement of the physical and emotional working environment (70%) are also common activities. Conversely, the smallest number of respondents relatively speaking have carried out *integration of refugees and immigrants* (33%).

**Table 6.3 Specific workforce activities**

<b>Which specific activities has your enterprise implemented in order to demonstrate corporate social responsibility in relation to its WORKFORCE?</b>	
Further training, competence development and/or retraining of the workforce	75%
Dialogue with and involvement of the workforce in important decisions on the enterprise's work processes	71%
Improving the emotional and physical working environment and promoting the well-being of the workforce, improving safety in the workplace	70%
Social activities for the workforce	61%
Retaining own employees	58%
Establishing a balance between work, family and leisure	46%
Integration of people with reduced working capacity	40%
Integration of refugees and immigrants	33%
Other	3%
Don't know	1%
Total	458%
N	538

Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.

The results in the above table are analysed in more detail in the following.

### **Industry-related correlations**

Enterprises in *real property/business services* are significantly more likely to give employees further training, establish a balance between work, family and leisure, and start social activities for employees. At the same time they are significantly less likely to integrate refugees/immigrants and people with reduced working capacity, and to improve the physical and emotional working environment.

*Manufacturing enterprises* are significantly more likely to integrate refugees and immigrants, and to improve the physical and emotional working environment. They are at the same time significantly less likely to give employees further training, establish a balance between work, family and leisure, and start social activities for employees.

Enterprises in the *hotel and catering industry* are significantly more likely to integrate refugees and immigrants, while *transport enterprises* are significantly more likely to establish a balance between work, family and leisure.

### **Correlations with enterprise size (number of employees)**

Seen in relation to enterprise size, *enterprises with 100-250 employees* are significantly more likely to give their employees further training. *Enterprises with 10-19 employees*, on the other hand, are significantly less likely to give their employees further training, integrate refugees and immigrants, and start social activities for their employees.

*Enterprises with 50-99 employees* are significantly more likely to involve the workforce in important decisions and improve the physical and emotional working environment, while *enterprises with 20-49 employees* are significantly more likely to have social activities for their employees.

### **Geographical correlations**

From a geographical point of view, enterprises based in *Copenhagen and Frederiksberg* are significantly more likely to establish a balance between work, family and leisure.

Enterprises in the *area served by Greater Copenhagen Transport (HT)* (excluding Copenhagen and Frederiksberg) are significantly less likely to involve the workforce in important decisions, retain their own employees, and integrate people with reduced working capacity.

In *Jutland* enterprises are significantly more likely to establish a balance between work, family and leisure, retain their own employees, and integrate people with reduced working capacity.

### **Correlation with overall assessment of financial impact**

Those enterprises which believe that CSR activities in general have a *positive financial impact* are significantly more likely to involve the workforce in important decisions, give their employees further training, improve the physical and emotional working environment, and start social activities for their employees.

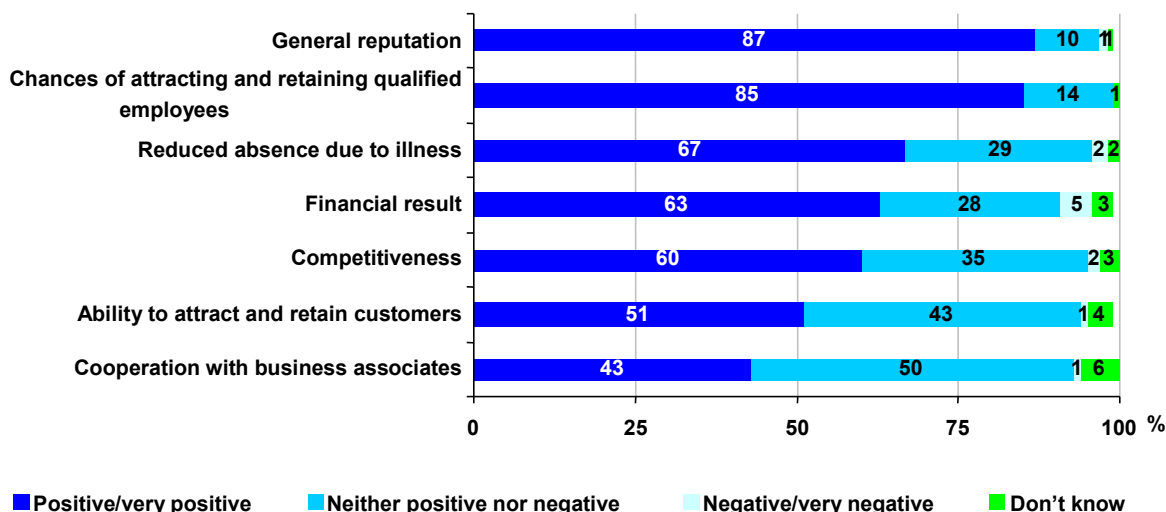
Conversely, those enterprises which believe that CSR activities in general have a *negative financial impact* are significantly less likely to establish a balance between work, family and leisure.

Figure 6.1 shows how respondents assess the impact of workforce-related CSR activities.

The figure shows that the largest number of respondents relatively speaking (87%) are of the opinion that workforce activities have a positive impact on *the enterprise's general reputation*. A relatively large number (85%) also estimate the such activities have a positive impact on the chances of *attracting and retaining qualified employees*. The smallest number (43%) estimate that such activities have a positive impact on *cooperation with business associates*.

Few respondents are of the opinion that CSR activities have a *negative* impact on the factors mentioned in the figure. It appears, however, that 5% estimate that workforce-related CSR activities have a negative impact on the enterprise's financial result.

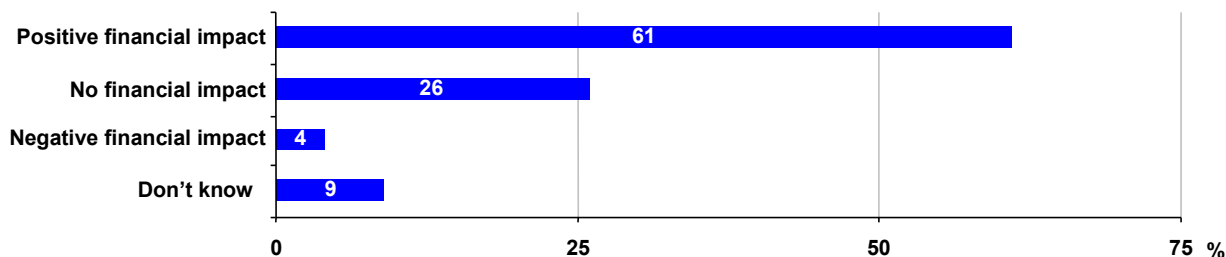
**Figure 6.1 Impact of workforce activities (n=538)**



The question was: How do you assess the impact of workforce activities in relation to the enterprise's...

**Figure 6.2** enlarges on respondents' assessment of the financial impact of workforce activities. The figure shows that 61% are of the opinion that such activities have a positive financial impact, while 4% believe that they have a negative financial impact. A good quarter of respondents (26%) believe that the CSR activities have no impact.

**Figure 6.2 Financial impact of workforce activities (n=538)**



The question was: If the enterprise's profits from workforce-related corporate social responsibility are compared with costs, would you estimate that the workforce activities in general have a positive or negative impact on the enterprise's overall result (its bottom line).

From the point of view of industry, an analysis of the results in Figure 6.2 shows that enterprises in *real property/business services* have a significantly more positive attitude to the financial impact of workforce-related CSR activities, while *manufacturing enterprises* have a significantly less positive attitude.

*Enterprises with 10-19 employees* are significantly more likely to believe that workforce activities have no financial impact.

Finally, enterprises that *communicate* their CSR activities are significantly more positive in their assessment of the impact of workforce activities.

The table below shows how large a proportion believes that workforce activities in general have a positive financial impact for enterprises that have/have not implemented a given activity with regard to the workforce.

With few exceptions, the respondents who *have* implemented specific activities are more likely to believe that workforce activities in general have a positive financial impact. In other words, belief in a positive financial impact is greatest among those enterprises that have already implemented the activities. The greatest difference is seen for *social activities, further training and workforce involvement*.

The opposite tendency applies to *integration of people with reduced working capacity and integration of refugees and immigrants*. In this case those enterprises that *have* implemented the activities are less likely to believe that the activities have a positive financial impact.

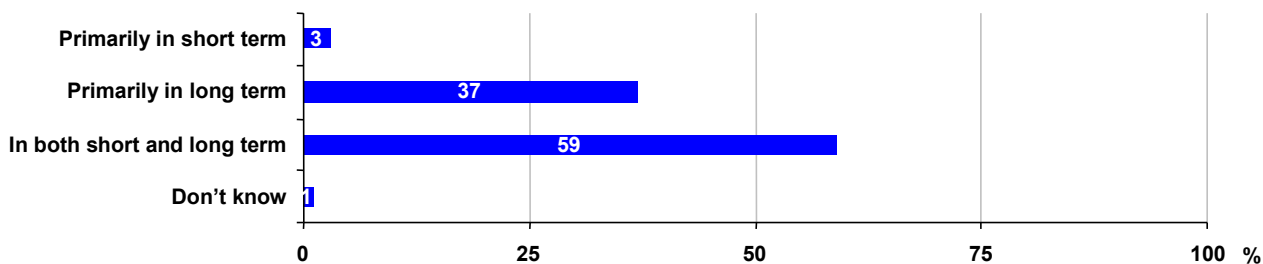
**Table 6.2 Proportion who estimate that workforce-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Social activities for the workforce	74%	56%	+ 18%
Further training, competence development and/or retraining of the workforce	71%	54%	+ 17%
Dialogue with and involvement of the workforce in important decisions on the enterprise's work processes	71%	55%	+ 16%
Establishing a balance between work, family and leisure	74%	61%	+ 13%
Improving the emotional and physical working environment and promoting the well-being of the workforce, improving safety in the workplace	70%	58%	+ 12%
Retaining own employees	67%	66%	+ 1%
Integration of people with reduced working capacity	65%	68%	- 3%
Integration of refugees and immigrants	58%	71%	- 13%
Other	77%	66%	+ 11%

Those respondents who estimate that workforce-related CSR activities have a positive financial impact were asked whether they felt the positive impact in the short term, long term or both short and long term.

As the figure below shows, the majority (59%) feels the impact in both the short and long term. Thirty seven percent feel the impact primarily in the long term, while 3% feel it primarily in the short term.

**Figure 6.3 Timeframe for positive financial impact of workforce activities (n=327)**



The question was: Does the enterprise feel the positive financial impact in the short or long term?

Only 10 of the respondents who believe that workforce-related CSR activities have a positive financial impact were able/wanted to answer the question about how large the annual positive financial impact of such activities is. Their replies are distributed evenly between DKK 10,000 and 2,000,000. Since there were so few respondents, it is not possible to map the characteristics of those enterprises which are able to specify an amount.

Not many respondents (n=23) answered the question about the timeframe for the *negative* financial impact of workforce activities. Consequently there is great statistical uncertainty in respect of the results. Fourteen of the 23 respondents feel the negative financial impact primarily in the short term. Eight feel the impact in both the short and long term, while one enterprise feels it primarily in the long term. There is thus a slight tendency for negative financial impacts to be felt primarily in the short term, while positive financial impacts are felt in both the short and long term.

Eight of the respondents who believe that workforce-related CSR activities have a negative financial impact answered the question about how large the annual negative financial impact of such activities is. Their replies are distributed between DKK 50,000 and 200,000.

Because of the small number of replies, it was not possible to map the characteristics of those enterprises which are able to specify an amount in this case either. The same applies to the following sections, with only a small number of respondents specifying an amount in each case.

## 7 Environment-related CSR

Following the account of workforce-related CSR activities, this section looks at the area where the second largest number of enterprises have implemented CSR activities: the environment. As stated in section 3, 51% of respondents have implemented environment-related CSR activities.

**Environment-related CSR** differs from CSR in other areas in that it is regulated by international, national and local authorities in large parts of the world to a much greater degree. The most important environment-related CSR activities concern the consumption of materials and energy, handling pollution and waste in the most environmentally friendly way possible and environmental product responsibility.

The results reproduced in this section are based exclusively on the replies from those respondents who gave environmental activities either 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> priority out of the areas where they have implemented activities.

The section starts by examining what characterises enterprises environmental activities. It then takes a closer look at the prevalence of different environmental activities and their impact.

### 7.1 Characteristics of SMEs with environmental activities

The multivariate analysis of enterprises' environmental activities suggests the following overall conclusions:

- The most important factors affecting whether enterprises have environmental activities are (a) *industry*, (b), *number of employees*, and (c) the *organisational assignment* of responsibility for CSR.
- *Type of business* (public limited company, private limited company, sole trader, etc.) and whether the enterprise *communicates* its CSR externally, on the other hand, are of no measurable importance with regard to whether enterprises have environmental activities.

The table below describes the results of the multivariate analysis of environmental activities in more detail.

**Table 7.1 Characteristics of enterprises with environmental activities**

#### Industry

- The largest proportion of enterprises with environmental activities is found in the hotel and catering industry.
- The smallest proportion of enterprises with environmental activities is found in manufacturing.

#### Number of employees

- The largest proportion of enterprises with environmental activities is found among enterprises with 76-250 employees.
- The smallest proportion of enterprises with environmental activities is found among enterprises with 10-14 employees.

#### Responsibility for CSR

- The largest proportion of enterprises with environmental activities is found among enterprises where responsibility for CSR activities has not been formally assigned.
- The smallest proportion of enterprises with environmental activities is found among enterprises where responsibility for CSR activities has been assigned to senior management.

In continuation of the multivariate analysis with regard to the environment it should be mentioned that the analyses that include accounting information for the enterprises show a tendency for export enterprises to have more environment-related CSR activities. This is illustrated in the table below.

The table shows that enterprises with a high level of exports (third and fourth quartiles) are more likely to have implemented environment-related CSR activities.

**Table 7.2 Correlation between level of exports and environment-related CSR activities**

	1 <sup>st</sup> quartile	2 <sup>nd</sup> quartile	3 <sup>rd</sup> quartile	4 <sup>th</sup> quartile
<b>Environment-related CSR activities</b>	16%	15%	24%	28%

Note: The table shows the proportion of respondents who gave environment-related CSR activities top priority.

## 7.2 Prevalence and impact of environmental activities

Following the analysis of what characterises enterprises with environmental activities, this section takes a look at the different environmental activities and their impact.

The table below shows the prevalence of different environment-related CSR activities. The most widespread activity is the *development of procedures and production processes with a view to saving resources and energy*. Three quarters of enterprises (75%) with environment-related CSR activities have implemented such development. Thirty five per cent have implemented *product lifecycle analyses*, while 27% have *involved stakeholders in important decisions on environmental impact*.

**Table 7.3 Specific environmental activities**

<b>Which specific activities has your enterprise implemented in order to demonstrate corporate social responsibility in relation to its ENVIRONMENTAL INITIATIVES?</b>	
Development of procedures and production processes with a view to saving resources and energy	75%
Product lifecycle analyses	35%
Dialogue with and involvement of the enterprise's stakeholders in important decisions on the enterprise's environmental impact	27%
Other	12%
Don't know	13%
Total	162%
N	485

Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.

A more detailed analysis of the replies shows that *manufacturing enterprises* are significantly more likely to involve the enterprise's stakeholders in environmental decisions, and to develop resource- and energy-saving procedures and production processes.

At the same time, enterprises in *real property/businesses services* are significantly less likely to involve the enterprise's stakeholders in environmental decisions, develop resource- and energy-saving procedures and production processes, and carry out product lifecycle analyses.

*Trade and servicing enterprises* are significantly less likely to develop environmental procedures and production processes.

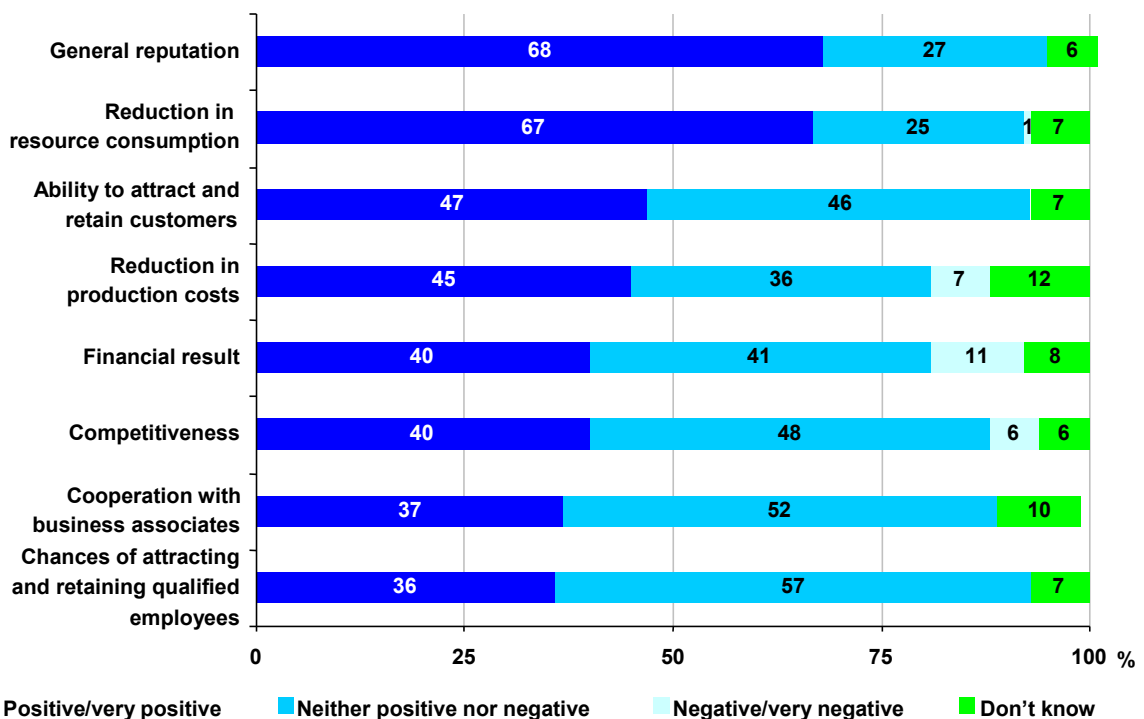
Finally, *hotel and catering enterprises* are significantly more likely to carry out product lifecycle analyses.

From the point of view of size, *enterprises with 100-250 employees* are significantly more likely to involve stakeholders in environmental decisions, while *enterprises with 10-19 employees* are significantly less likely to do so or develop environmental procedures and production processes.

From a geographical point of view, enterprises in *Jutland* are significantly more likely to develop environmental procedures and production processes, while enterprises in *Copenhagen and Frederiksberg* are significantly less likely to do so.

The figure below shows how respondents assess the impact of environmental activities. As with workforce activities, the largest number of respondents relatively speaking (68%) are of the opinion that environmental activities have a positive impact on the *enterprise's general reputation*. Similarly, a relatively large number of respondents (67%) are of the opinion that such activities have a positive impact on the *reduction in resource consumption*. The smallest number relatively speaking (36%) estimate that such activities have a positive impact on the *chances of attracting and retaining qualified employees*.

**Figure 7.1 Impact of environmental activities (n=485)**

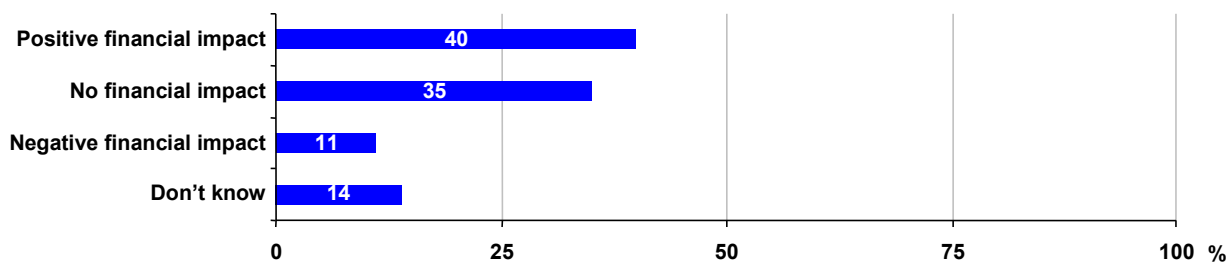


The question was: How do you assess the impact of environmental activities in relation to the enterprise's...

Figure 7.2 takes an in-depth look at how respondents assess the impact of environmental activities on their financial result.

As the figure shows, the largest number relatively speaking (40%) are of the opinion that environmental activities have a positive impact on financial result. Almost as many (35%) believe that environmental activities have no financial impact, while 11% estimate that they have a negative financial impact. The replies are distributed according to the same pattern as for workforce activities, but with a larger number of respondents relatively speaking believing that such CSR activities have no financial impact.

**Figure 7.2 Financial impact of environmental activities (n=485)**



The question was: *If the enterprise's profits from its environmental initiatives are compared with costs, would you estimate that the environmental initiatives in general have a positive or negative impact on the enterprise's overall result (its bottom line).*

The analysis shows that enterprises in *real property/business services* are significantly less likely to believe that environmental activities have a negative financial impact.

What is more, *enterprises with 50-250 employees* are significantly more likely to believe that CSR activities have positive financial consequences. *Enterprises with 20-49 employees*, on the other hand, have a significantly more negative attitude.

Enterprises that *communicate* their CSR activities have a significantly more positive attitude to the impact of environmental activities.

The table below shows how large a proportion believes that environmental activities in general have a positive financial impact for enterprises that have/have not implemented a given environmental activity.

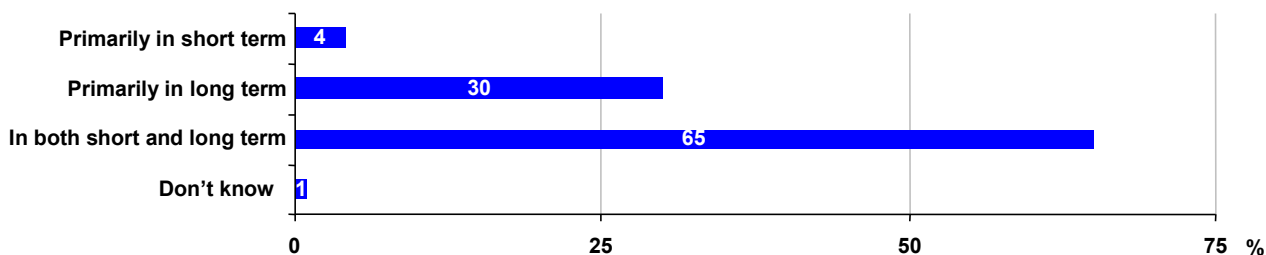
Respondents who *have* implemented a given specific activity are consistently more likely to believe that environmental activities in general have a positive financial impact. The greatest difference is seen in relation to the *development of resource-saving procedures*. The table illustrates that those enterprises which have implemented specific environmental activities are also most likely relatively speaking to believe in the overall positive impact of environmental initiatives.

**Table 7.4 Proportion who estimate that environment-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Development of procedures and production processes with a view to saving resources and energy	52%	27%	+ 25%
Dialogue with and involvement of the enterprise's stakeholders in important decisions on the enterprise's environmental impact	59%	42%	+ 17%
Product lifecycle analyses	55%	42%	+ 13%
Other	50%	46%	+ 4%

Figure 7.3 shows whether respondents who believe that environmental activities have a positive financial impact feel that impact in the short term, long term or both short and long term. As the figure shows, the majority (65%) feels the impact in both the short and long term. Thirty percent feel the impact primarily in the long term, while 4% feel it primarily in the short term.

**Figure 7.3 Timeframe for positive financial impact of environmental activities (n=195)**

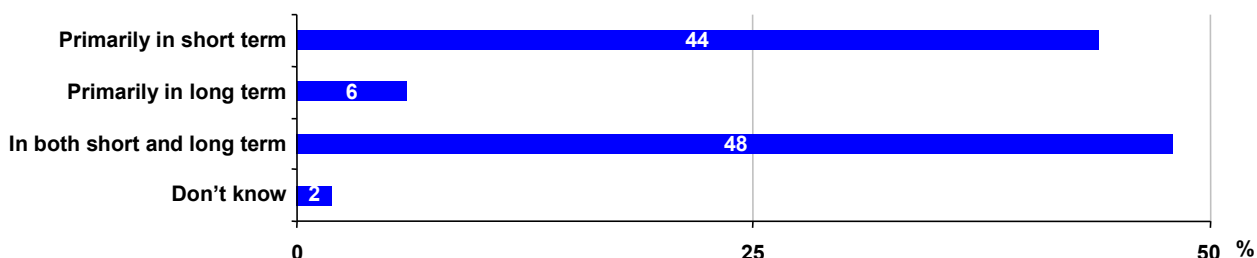


The question was: Does the enterprise feel the positive financial impact in the short or long term?

Only six of the respondents who believe that environment-related CSR activities have a positive financial impact were able/wanted to answer the question about how large the annual positive financial impact of such activities is. Their replies are distributed between DKK 200,000 and 2,000,000.

The figure below shows whether respondents who believe that environmental activities have a *negative* financial impact feel that impact in the short term, long term or both short and long term. Here too, the largest number relatively speaking (48%) feel the impact in both the short and long term. Nearly as many (44%) feel the impact primarily in the short term, while 6% feel it primarily in the long term. There is thus a tendency for negative impacts to be felt primarily in the short term to a greater extent than positive impacts. The results must be interpreted with caution in this instance too, however, as the figure below is based on a relatively small number of replies (n=52).

**Figure 7.4 Timeframe for negative financial impact of environmental activities (n=52)**



The question was: Does the enterprise feel the negative financial impact in the short or long term?

Five of the respondents who believe that environment-related CSR activities have a negative financial impact answered the question about how large the annual negative financial impact of such activities is. Their replies are distributed between DKK 15,000 and 450,000.

## 8 Stakeholder-related CSR

This section takes a closer look at stakeholder-related CSR activities. Thirty per cent of respondents have implemented stakeholder-related CSR activities (see section 3).

**Stakeholder-related CSR** is largely a process category that cuts across the other areas of activity by focusing on the relationship between the enterprise and all its key stakeholders – customers, employees, suppliers, the local community, authorities, shareholders, etc. Activities in this area are therefore defined to a large extent as communication with stakeholders and activities based on stakeholder dialogue.

The results reproduced in this section are based exclusively on the replies from those respondents who gave stakeholder activities either 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> priority out of the areas where they have implemented activities.

Like its predecessors, this section starts with an analysis of what characterises enterprises with stakeholder activities. It then takes a closer look at the prevalence of different stakeholder activities and their impact.

### 8.1 Characteristics of SMEs with stakeholder activities

The multivariate analysis of enterprises' stakeholder activities suggests the following overall conclusions:

- The most important factors affecting whether enterprises have stakeholder activities are (a) which *industry* the enterprise belongs to, (b) what *type of business* is involved (public limited company, private limited company, sole trade, etc.), and (c) whether the enterprise *communicates* its corporate social responsibility externally.
- *Number of employees* and *organisational assignment* of responsibility for CSR, on the other hand, are of no measurable importance with regard to whether enterprises have stakeholder activities.

The table below describes the results of the multivariate analysis of stakeholder engagement in more detail.

**Table 8.1 Characteristics of enterprises with stakeholder activities**

#### Industry

- The largest proportion of enterprises with stakeholder activities is found in the hotel and catering industry.
- The smallest proportion of enterprises with stakeholder activities is found in trade and servicing enterprises and enterprises concerned with real property/business services.

#### Type of business

- The largest proportion of enterprises with stakeholder activities is found among sole traders.
- The smallest proportion of enterprises with stakeholder activities is found among public and private limited companies.

#### Communication of stakeholder activities

- There is a larger proportion of enterprises with stakeholder activities among enterprises that communicate their activities externally.

## 8.2 Prevalence and impact of stakeholder activities

The table below shows the prevalence of different stakeholder-related CSR activities.

The most widespread stakeholder activity is *stakeholder cooperation on activities that help to solve social problems*. More than half (55%) of the enterprises that have stakeholder-related CSR activities have entered into such cooperation. Thirty one per cent have entered into *stakeholder cooperation on environmental activities*.

**Table 8.2 Specific stakeholder activities**

<b>Which specific activities has your enterprise implemented in order to demonstrate corporate social responsibility in relation to its STAKEHOLDERS?</b>	
Cooperation with stakeholders on activities that help to solve social problems	55%
Cooperation with stakeholders on environmental activities	31%
Cooperation with stakeholders on safeguarding general and competitive conditions for enterprises in the area	22%
Reporting and communication to stakeholders on the enterprise's corporate social responsibility	21%
Dialogue with and involvement of the enterprise's stakeholders in important decisions on the enterprise's conduct	20%
Other	7%
Don't know	15%
Total	171%
N	214

*Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.*

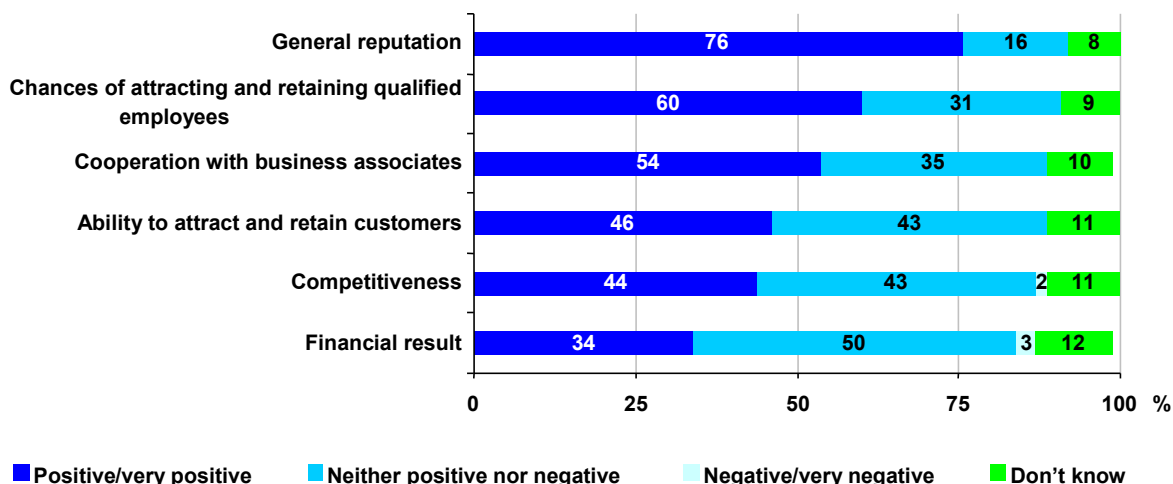
*Manufacturing enterprises* are significantly more likely to report and communicate their CSR activities to stakeholders.

*Enterprises with 10-19 employees* are significantly less likely to enter into cooperation with stakeholders on environmental activities, while *enterprises with 50-99 employees* are significantly more likely to do so, and to report and communicate to stakeholders.

The following figure shows how respondents assess the impact of stakeholder activities.

As with workforce and environmental activities, the largest number of respondents relatively speaking (76%) are of the opinion that stakeholder activities have a positive impact on the *enterprise's general reputation*. Sixty per cent are of the opinion that they have a positive impact on the *chances of attracting and retaining qualified employees*. The smallest number relatively speaking (34%) estimate that such activities have a positive impact on *their financial result*.

**Figure 8.1 Impact of stakeholder activities (n=214)**

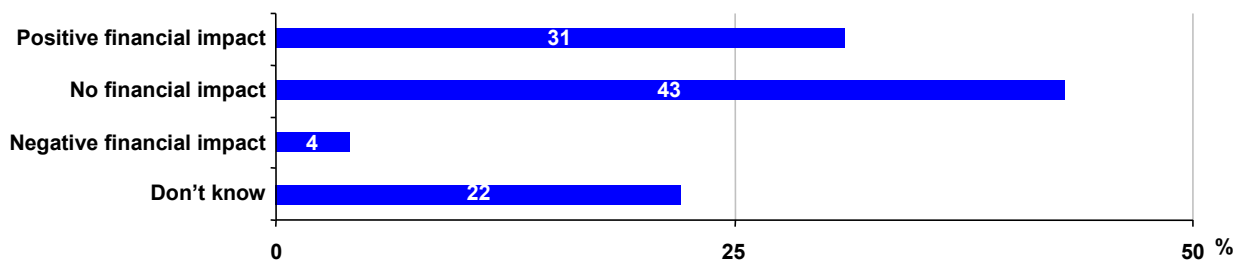


The question was: How do you assess the impact of stakeholder activities in relation to the enterprise's...

Figure 8.2 enlarges on assessment of the impact on financial result.

The figure shows that the largest number relatively speaking (43%) are of the opinion that stakeholder activities have no financial impact. Thirty one per cent are of the opinion that such activities have a positive financial impact, while 4% believe that they have a negative financial impact. The results differ from those for environmental and workforce activities in that a majority believes that the activities have no financial impact.

**Figure 8.2 Financial impact of stakeholder activities (n=214)**



The question was: If the enterprise's profits from stakeholder-related corporate social responsibility are compared with costs, would you estimate that the activities have a positive or negative impact on the enterprise's overall result (its bottom line).

A more detailed analysis of the results in Figure 8.2 shows that manufacturing enterprises are significantly more likely to believe that stakeholder activities have no financial impact.

Enterprises that communicate their CSR activities also have a significantly more positive attitude to the impact of stakeholder activities.

The table below shows how large a proportion believes that stakeholder activities in general have a positive financial impact for enterprises that have/have not implemented a given stakeholder activity.

With the exception of stakeholder dialogue on important decisions, where there is no difference, respondents who have implemented specific activities are more likely to believe that stakeholder activities in general have a positive financial impact. The greatest difference is seen in relation to cooperation on general conditions for enterprises in the area.

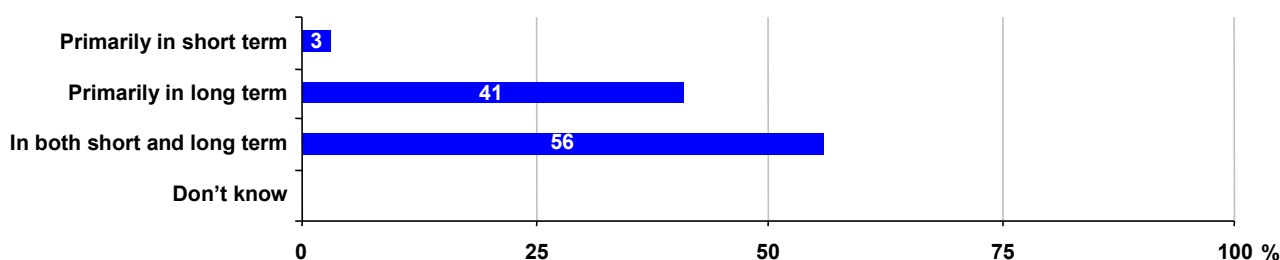
The table illustrates that those enterprises which have implemented specific stakeholder activities are also most likely relatively speaking to believe in the overall positive impact of stakeholder activities.

**Table 8.3 Proportion who estimate that stakeholder-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Cooperation with stakeholders on safeguarding general and competitive conditions for enterprises in the area	51%	36%	+ 15%
Cooperation with stakeholders on environmental activities	44%	38%	+ 6%
Cooperation with stakeholders on activities that help to solve social problems	42%	37%	+ 5%
Reporting and communication to stakeholders on the enterprise's corporate social responsibility	41%	36%	+ 5%
Dialogue with and involvement of the enterprise's stakeholders in important decisions on the enterprise's conduct	40%	40%	0%
Other	43%	39%	+ 4%

Figure 8.3 shows whether respondents who believe that stakeholder activities have a positive financial impact feel that impact in short term, long term or both short and long term. As the figure shows, the majority (56%) feels the impact in both the short and long term. Forty one percent feel the impact primarily in the long term, while 3% feel it primarily in the short term.

**Figure 8.3 Timeframe for positive financial impact of stakeholder activities (n=66)**



The question was: Does the enterprise feel the positive financial impact in the short or long term?

None of the respondents who believe that stakeholder-related CSR activities have a positive financial impact was able/wanted to answer the question about how large the annual positive financial impact of such activities is.

Only a few respondents (n=8) answered the question about the timeframe for the *negative* financial impact of stakeholder activities. Consequently there is great statistical uncertainty in respect of the results. Five out of the eight feel the impact primarily in the short term, while two feel it in both the short and long term. None feels it primarily in the long term.

Just one of the respondents who believe that stakeholder-related CSR activities have a negative financial impact was able/wanted to answer the question about how large the annual negative financial impact of such activities is. The respondent said it was DKK 50,000.

## 9 Marketplace-related CSR

This section examines marketplace-related CSR activities. Twenty eight per cent of respondents have implemented marketplace-related CSR activities (see section 3).

**Marketplace-related CSR** is targeted at the marketplace and the enterprise's customers, who can be both commercial and private players. It specifically involves showing responsibility in relation to the enterprise's customers and market, assuming product responsibility, raising the profile of one's corporate social responsibility and ensuring broader market access.

The results reproduced in this section are based exclusively on the replies from those respondents who gave marketplace activities either 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> priority out of the areas where they have implemented activities.

First an account is given of what characterises enterprises with marketplace activities, then a closer look is taken at the prevalence of different marketplace activities and their impact.

### 9.1 Characteristics of SMEs with marketplace activities

The multivariate analysis of enterprises' marketplace activities suggests the following overall conclusions:

- The most important factors affecting whether enterprises have marketplace activities are (a) which *industry* the enterprise belongs to, (b) the *organisational assignment of responsibility for CSR*, and (c) whether the enterprise *communicates* its corporate social responsibility externally.
- *Number of employees* and *type of business*, on the other hand, are of no measurable importance with regard to whether enterprises have marketplace activities.

The table below describes the results of the multivariate analysis of marketplace activities in more detail.

**Table 9.1 Characteristics of enterprises with marketplace activities**

#### Industry

- The largest proportion of enterprises with marketplace activities is found in the hotel and catering industry and among trade and servicing enterprises.
- The proportion of enterprises with marketplace activities is fairly uniformly distributed between the other industries.

#### Responsibility for CSR

- The smallest proportion of enterprises with marketplace activities is found among enterprises where responsibility for CSR activities has been assigned to senior management.

#### Communication of marketplace activities

- There is a larger proportion of enterprises with marketplace activities among enterprises that communicate their activities externally.

## 9.2 Prevalence and impact of marketplace activities

The following maps the prevalence of different marketplace activities and their impact.

The table below shows the prevalence of different marketplace-related CSR activities. The most widespread marketplace activities are *general ethical business practice* (60%) and *responsible customer relations* (59%). In addition, more than half (49%) are involved in *product responsibility*. The smallest number relatively speaking (28%) use *product labelling schemes*.

**Table 9.2 Specific marketplace activities**

<b>Which specific activities has your enterprise implemented in order to demonstrate corporate social responsibility in relation to its CUSTOMERS?</b>	
General ethical business practice	60%
Responsible customer relations	59%
Product responsibility	49%
Dialogue with and involvement of the enterprise's customers in important decisions on the enterprise's work processes and products	43%
Use of product labelling schemes	28%
Other	8%
Don't know	7%
Total	254%
N	238

*Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.*

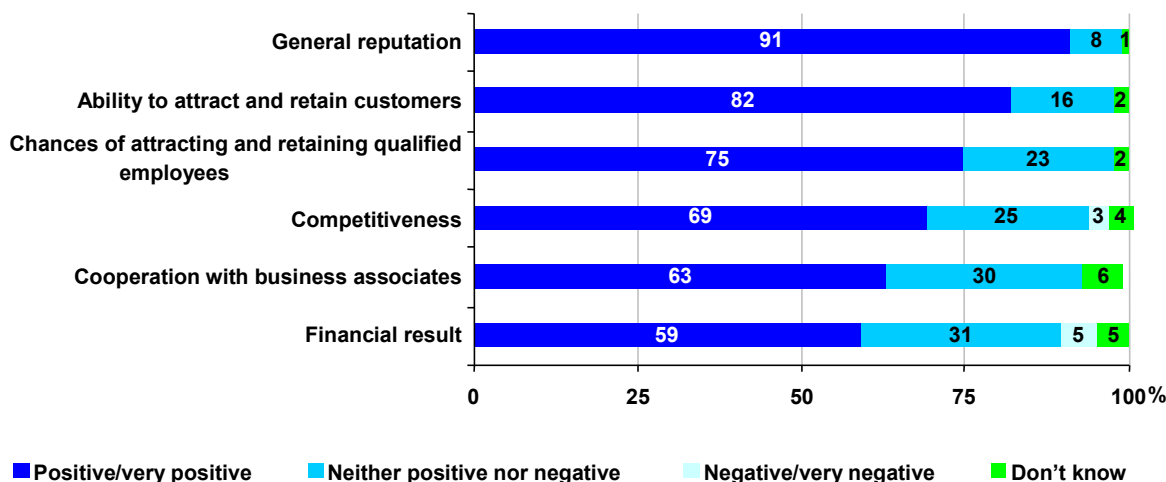
The analysis of the replies shows that *trade and servicing enterprises* are significantly more likely to have responsible customer relations and product responsibility, and to use product labelling schemes.

Enterprises in *real property/business services*, on the other hand, are significantly less likely to have product responsibility and use product labelling schemes.

The figure below shows how respondents assess the impact of marketplace activities. Overall, the impact of marketplace activities is estimated to be greater than that of activities in the other areas.

As with activities in the other areas, the largest number relatively speaking (91%) are of the opinion that marketplace activities have a positive impact on *the enterprise's general reputation*. Eighty two per cent are of the opinion that they have a positive impact on *ability to attract and retain customers*. The smallest number relatively speaking (59%) estimate that such activities have a positive impact on *their financial result*.

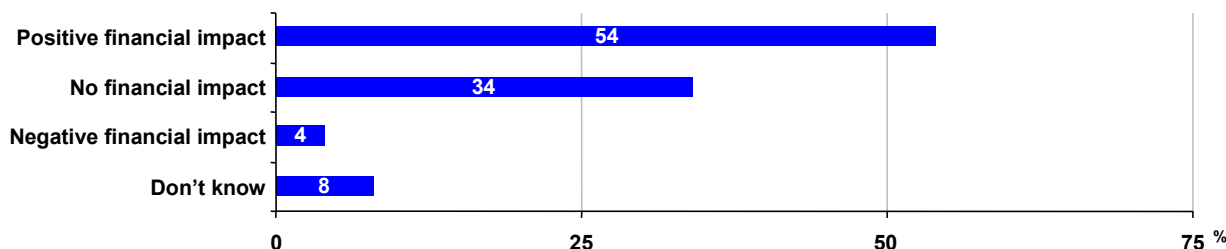
**Figure 9.1 Impact of marketplace activities (n=238)**



The question was: How do you assess the impact of marketplace-related CSR activities in relation to the enterprise's...

Figure 9.2 enlarges on the question as to financial impact. The figure shows that the largest number relatively speaking (54%) are of the opinion that marketplace activities have a positive financial impact. Thirty four per cent are of the opinion that such activities have no financial impact, while 4% believe that they have a negative financial impact. The replies therefore follow the same pattern as for workforce and environmental activities.

**Figure 9.2 Financial impact of marketplace activities (n=238)**



The question was: If the enterprise's profits from marketplace-related corporate social responsibility are compared with costs, would you estimate that the marketplace activities in general have a positive or negative impact on the enterprise's overall result (its bottom line).

A detailed analysis of the results in Figure 9.2 shows that enterprises with 50-99 employees are significantly more likely to believe that marketplace activities have a positive financial impact. The same applies to enterprises that communicate their CSR activities.

The table below shows how large a proportion believes that marketplace activities in general have a positive financial impact for enterprises that have/have not implemented a given marketplace activity.

Respondents who have implemented specific activities consistently estimate to a greater extent that marketplace activities in general have a positive financial impact. The greatest difference is seen in relation to responsible customer relations and use of product labelling schemes.

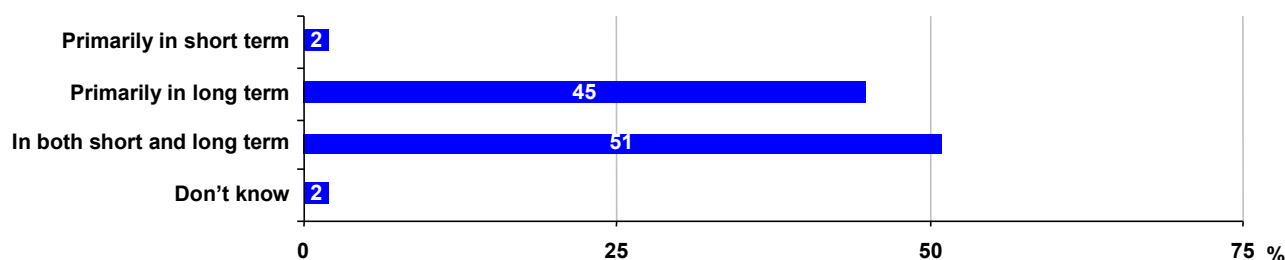
The table therefore illustrates that those enterprises which have implemented specific marketplace activities are also most likely relatively speaking to believe in the overall positive impact of such activities.

**Table 9.3 Proportion who estimate that marketplace-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Responsible customer relations	68%	44%	+ 24%
Use of product labelling schemes	74%	53%	+ 21%
Dialogue with and involvement of the enterprise's customers in important decisions on the enterprise's work processes and products	67%	52%	+ 15%
Product responsibility	66%	51%	+ 15%
General ethical business practice	60%	56%	+ 4%
Other	65%	58%	+ 7%

The figure below shows whether respondents who believe that marketplace activities have a positive financial impact feel that impact in the short term, long term or both short and long term. As the figure shows, the majority (51%) feels the impact in both the short and long term. Fifty one percent feel the impact primarily in the long term, while 2% feel it primarily in the short term.

**Figure 9.3 Timeframe for positive financial impact of marketplace activities (n=129)**



*The question was: Does the enterprise feel the positive financial impact in the short or long term?*

Only one of the respondents who believe that marketplace-related CSR activities have a positive financial impact was able/wanted to answer the question about how large the annual positive financial impact of such activities is. The respondent quantified the impact as DKK 4,000,000.

Very few respondents (n=9) answered the question about the timeframe for negative financial impact. Consequently there is great statistical uncertainty in respect of the results. Six out of the nine respondents feel the negative financial impact of marketplace-related CSR activities primarily in the short term. Two feel it in both the short and long term, while one feels it primarily in the long term.

None of the respondents who believe that marketplace-related CSR activities have a negative financial impact was able/wanted to answer the question about how large the annual financial impact of such activities is.

## 10 Supply-chain-related CSR

This section looks at supply-chain-related CSR activities, the last of the five areas to be examined in this report. Twenty two per cent of respondents have implemented supply-chain-related CSR activities (see section 3).

**Supply-chain-related CSR** is directed back up the value chain, with the emphasis being on the relationship between the enterprise and its suppliers, and the enterprise's responsibility with regard to the conditions under which the raw materials and semi-manufacturers used in the enterprise's own products are produced. After all, the conditions in suppliers' operations can ultimately affect the profile of the enterprise's own products with regard to environmental or social responsibility.

The results reproduced in this section are based exclusively on the replies from those respondents who gave supply chain activities either 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> priority out of the areas where they have implemented activities.

First of all the section examines what characterises the enterprises that have implemented supply chain activities. It then takes a closer look at the prevalence of different supply chain activities and their impact.

### 10.1 Characteristics of SMEs with supply chain activities

The multivariate analysis of enterprises' supply-chain-related CSR activities suggests the following overall conclusions:

- The most important factors affecting *whether* enterprises have supply chain activities are (a) *industry*, (b) *type of business*, and (c) whether the enterprise *communicates* its corporate social responsibility externally.
- *Number of employees* and *organisational assignment* of responsibility for CSR, on the other hand, are of no measurable importance with regard to whether enterprises have supply chain activities.

The table below describes the results of the multivariate analysis of supply chain activities in more detail.

**Table 10.1 Characteristics of enterprises with supply chain activities**

#### Industry

- The largest proportion of enterprises with supply chain activities is found in the hotel and catering industry and among trade and servicing enterprises.
- The smallest proportion of enterprises with supply chain activities is found among enterprises concerned with real property/business services.

#### Type of business

- The largest proportion of enterprises with supply chain activities is found among branch businesses and public limited companies.
- The smallest proportion of enterprises with supply chain activities is found among sole traders.

#### Communication of supply chain activities

- There is a larger proportion of enterprises with supply chain activities among enterprises that communicate their activities externally.

## 10.2 Prevalence and impact of supply chain activities

The following takes a closer look at the prevalence of different supply chain activities and their impact.

The table below shows the prevalence of different supply-chain-related CSR activities. It appears from the table that the most widespread supply chain activity is the *formulation of ethical, social or environmental requirements for suppliers* (54%). The *involvement of suppliers in important decisions* is also widespread among enterprises (48%) that have supply-chain-related CSR activities. In addition, around a quarter of enterprises (24%) *share experience with and upgrade suppliers*.

**Table 10.2 Specific supply chain activities**

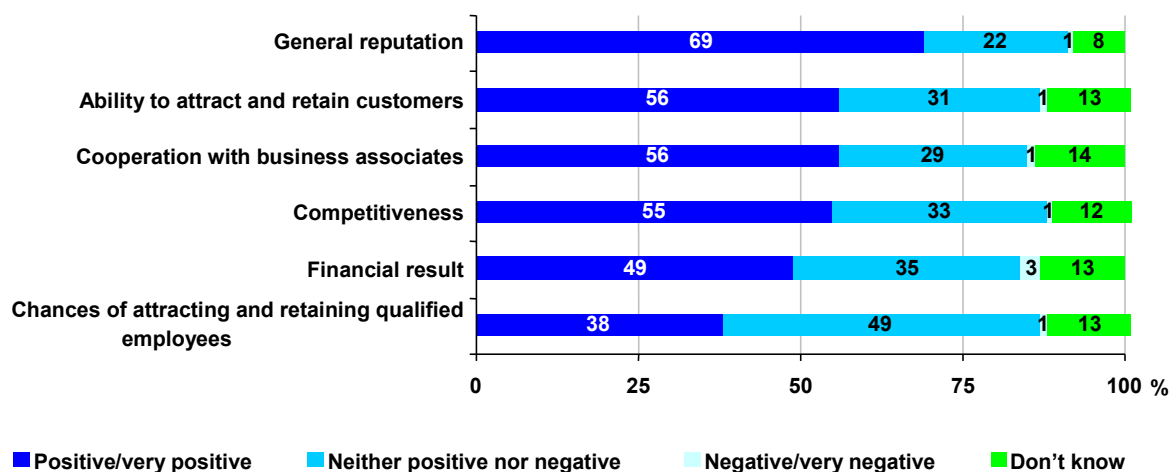
<b>Which specific activities has your enterprise implemented in order to demonstrate corporate social responsibility in relation to its SUPPLIERS?</b>	
Formulation of ethical, social or environmental requirements for suppliers	54%
Dialogue with and involvement of the enterprise's suppliers in important decisions on cooperation between the enterprise and supplier	48%
Sharing experience with and upgrading suppliers	24%
Other	10%
Don't know	17%
Total	153%
N	144

*Note: The figures add up to more than 100% because it is possible to give more than one answer to the question.*

From the point of view of industry, *trade and servicing enterprises* are significantly more likely to formulate ethical, social or environmental requirements.

The figure below shows how respondents assess the impact of supply chain activities. When it comes to the supply chain too, the largest number of respondents relatively speaking (69%) are of the opinion that such activities have a positive impact on the *enterprise's general reputation*. This is a consistency tendency in all five areas. Fifty six per cent are of the opinion that such activities have a positive impact on *ability to attract and retain customers*. The smallest number relatively speaking (38%) estimate that such activities have a positive impact on the *chances of attracting and retaining qualified employees*.

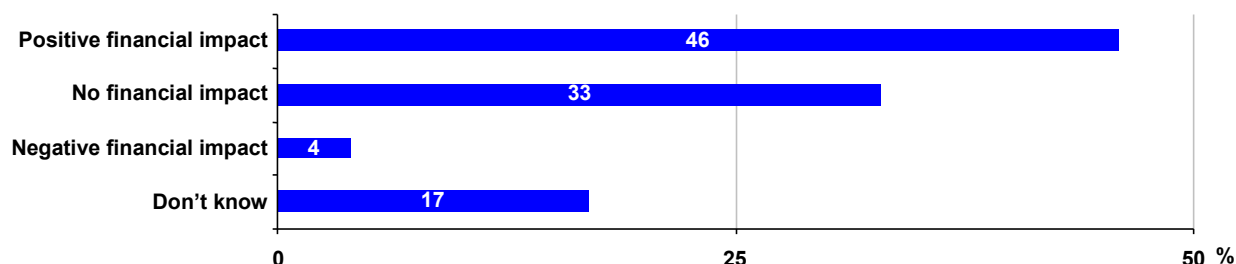
**Figure 10.1 Impact of supply chain activities (n=144)**



*The question was: How do you assess the impact of supply chain activities in relation to the enterprise's...*

Figure 10.2 shows that the largest number relatively speaking (46%) are of the opinion that supply chain activities have a positive financial impact. Thirty three per cent are of the opinion that such activities have no financial impact, while 4% believe that they have a negative financial impact. The replies follow the same pattern as for workforce, environmental and marketplace activities.

**Figure 10.2 Financial impact of supply chain activities (n=144)**



The question was: *If the enterprise's profits from supply-chain-related corporate social responsibility are compared with costs, would you estimate that the activities in general have a positive or negative impact on the enterprise's overall result (its bottom line).*

*Trade and servicing enterprises* are significantly more likely to believe that such activities have a positive financial impact. In addition, enterprises that *communicate* their CSR activities have a significantly more positive attitude to financial impact. None of the respondents who believe that supply-chain-related CSR activities have a positive financial impact was able/wanted to answer the question about how large the annual positive financial impact of such activities is.

The table below shows how large a proportion believes that supply chain activities in general have a positive financial impact for enterprises that have/have not implemented a given supply chain activity.

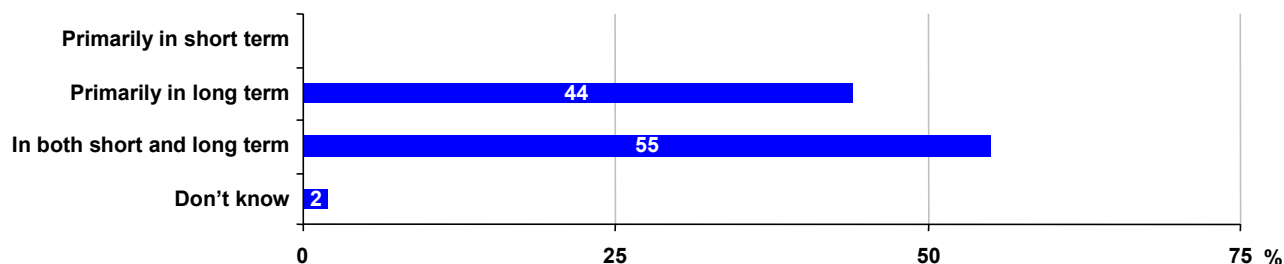
It is consistently the respondents who *have* implemented specific activities who are more likely to believe that supply chain activities in general have a positive financial impact. The largest difference is seen in relation to *sharing experience with and upgrading suppliers*. The table therefore illustrates that those enterprises which have implemented specific supply chain activities are also most likely relatively speaking to believe in the overall positive impact of such activities.

**Table 10.3 Proportion who estimate that supply-chain-related CSR activities in general have a positive financial impact for enterprises that have/have not implemented specific activities**

Specific activity	Activity implemented	Activity NOT implemented	Difference (percentage points)
Sharing experience with and upgrading suppliers	81%	46%	+ 35%
Dialogue with and involvement of the enterprise's suppliers in important decisions on cooperation between the enterprise and supplier	61%	48%	+ 13%
Formulation of ethical, social or environmental requirements for suppliers	60%	48%	+ 12%
Other	62%	54%	+ 8%

The following figure shows how respondents who are of the opinion that supply chain activities have a positive financial impact assess the timeframe of the impact. It appears from the figure that the majority (55%) believes that the impact makes itself felt in both the short and long term. Forty four percent believe that the impact makes itself felt primarily in the long term, while none believes that it makes itself felt primarily in the short term.

**Figure 10.3 Timeframe for positive financial impact of supply chain activities (n=66)**



*The question was: Does the enterprise feel the positive financial impact in the short or long term?*

When it comes to the supply chain too, very few respondents (n=6) answered the question about the timeframe for negative financial impact. Consequently there is great statistical uncertainty in respect of the results. Four out of the six feel the impact primarily in the short term, while two feel it in both the short and long term.

None of the respondents who believe that supply-chain-related CSR activities have a negative financial impact was able/wanted to answer the question about how large the annual negative financial impact of such activities is.

## 11 Survey method

This section gives an account of the method used. First the questionnaire is explained. This is followed by a look at the target group and composition of the random sample, then data collection and drop-out. Finally, data processing and analysis are described.

### 11.1 Questionnaire

The survey took the form of an Internet-based questionnaire survey.

The questionnaire for the survey was drawn up by the Danish Commerce and Companies Agency and TNS Gallup in collaboration. The questionnaire and results from phase 1 of People & Profit represented an important foundation for drawing up the questionnaire for phase 2.

A draft questionnaire was sent to the reference group for the People & Profit project for consultation: the Confederation of Danish Industries (DI), the Danish Construction Association, the Danish Employers' Confederation (DA), the United Federation of Danish Workers (3F), the National Labour Market Authority, the Danish Association of Managers and Executives, the Central Organisation of Industrial Employees in Denmark, Danish Commerce and Service, the Danish Chamber of Commerce (HTS), the Confederation of Danish Trades Unions (LO) and the Union of Commercial and Clerical Employees in Denmark (HK). The reference group's comments were then incorporated in the questionnaire.

TNS Gallup then pilot-tested the questionnaire. For the pilot test Gallup recruited 10 respondents, chosen at random, who were sent a link to the questionnaire. Once the questionnaire had been completed, the respondents were phoned up again and asked about the technical quality of the questionnaire, the subjects covered by the survey, the questions, the reply categories and the terminology.

Based on the pilot test, Gallup drew up a validation memo summarising the participants' general and specific comments on the questionnaire. Gallup made some adjustments to the questionnaire in collaboration with the Commerce and Companies agency on the basis of this validation memo. The final questionnaire is enclosed as appendix 1.

### 11.2 Target group and composition of random sample

The target group for the survey was made up of small and medium-sized enterprises (SMEs). In phase 1 of People & Profit small and medium-sized enterprises were defined as enterprises with up to 250 employees and annual turnover not exceeding 50 million Euros or assets not exceeding 43 million Euros.<sup>4</sup>

TNS Gallup did not have full access to information on turnover and assets when taking the random sample, as such information is only available for enterprises that have statutory duty to provide it and so is not available for a representative cross-section of all SMEs in Denmark. The financial part of the definition was therefore omitted, with SMEs being defined in this survey as *enterprises with between 10 and 250 employees*.

The specific respondent in each enterprise was someone who knew about the enterprise's CSR activities. This person might be from the enterprise's management, HR department or sales and purchasing function, for example.

For the survey TNS Gallup took a sample of enterprises (the survey's random sample) with 10-250 employees from Købmandsstandens Oplysnings Bureau (KOB). The sample was taken at random based on the following parameters: number of employees, industry, geographical location, type of business and age. The full sample from KOB contained 20,350 enterprises with a representative distribution based on these parameters.

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<sup>4</sup> Source: "Summary report: People & Profit – Phase 1", Danish Commerce and Companies Agency, August 2005.

As KOB only contains information on the number of employees at each place of work, the random sample's information on number of employees was double-checked as part of the telephone recruitment of respondents. To this end the respondent was asked for the number of employees nationwide, with those who said more than 250 being excluded from the survey.

In addition, only enterprises set up prior to 2004 were included, as the most recent financial information from Statistics Denmark, which was to be used in the analysis, is for 2003.

With regard to industry distribution, the sample was taken on the basis of the NACE code system. Enterprises were distributed between a number of industries, which are listed in the table below, by agreement with the Commerce and Companies Agency.

**Table 11.1 List of industries in the random sample**

Industry category	Types of enterprise	NACE codes
Manufacturing	Food and drink manufacturing; textile industry, timber industry, chemical industry, rubber and plastics industry, etc.	151110-372000
Trade and servicing enterprises	Wholesalers and retailers of motor vehicles, raw materials, food, drink, textiles, domestic goods, machinery, etc.	501010-505020 511100-519000 521110-527490
Real property / business services	Leasing of real property, motor vehicles, machinery; IT service providers; data processing; research and development; law firms; firms of architects and engineers; advertising and marketing agencies, etc.	701100 701200 702020-748790
Building and construction	Site preparation, building and construction, building services, etc.	451100-455000
Transport	Railways; bus and tram operators; taxi firms; shipping; aviation; freight handling and storage; travel and tourist agencies, etc.	602200-612000 621000-623000 631100-632120 632240 633010-634090 641100-642040
Hotels and catering	Hotels, campsites, restaurants, public houses, canteens and catering firms	551010-555200
Extraction of natural resources	Extraction of crude oil and natural gas; coalmines, lignite fields and peat cutting, etc.	101000-145000

### **11.3 Data collection and drop-out analysis**

The survey took the form of an Internet-based questionnaire survey. The participants in the survey were recruited over the telephone by TNS Gallup's interview department.

The interview department contacted 4,178 enterprises in the target group, 2,840 (68%) of which agreed to take part in the survey. These 2,840 enterprises were sent an email containing a link to the questionnaire, which could then be completed over the Internet.

An email reminder was planned for those respondents who did not complete the questionnaire by the deadline. This was changed to a telephone reminder in view of the tight schedule for the survey. TNS Gallup received 1,071 valid replies, a response rate of 38%.

The representativeness of the survey is reflected in how the respondents are distributed in relation to the population (i.e. all small and medium-sized enterprises in Denmark) with regard to a number of background variables.

In any mapping of CSR activities it should be investigated whether enterprises with a lot of CSR activities were more likely to reply than enterprises with not many activities. Therefore TNS Gallup carried out a drop-out analysis.

The figures below show the distribution of the population and respondents for industry, geography, number of employees and type of business respectively. The values for the population were calculated on the basis of the representative random sample of 20,350 enterprises in total taken from KOB.

The figure below shows distribution according to industry.

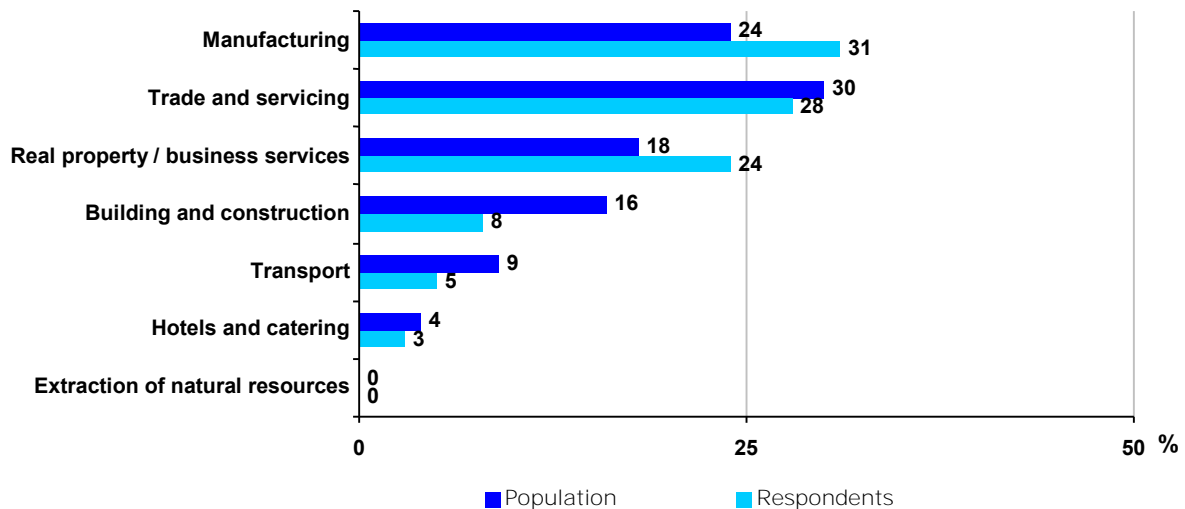
Replies from manufacturing enterprises and enterprises in real property/business services are overrepresented. Replies from building and construction enterprises and transport enterprises, on the other hand, are underrepresented.

Seen in relation to how likely the various industries are to have implemented CSR activities (see section 3.1), replies from those industries that are least and second most likely respectively to have implemented CSR activities are overrepresented.

Replies from those industries that are most and second least likely respectively to have CSR activities, on the other hand, are underrepresented.

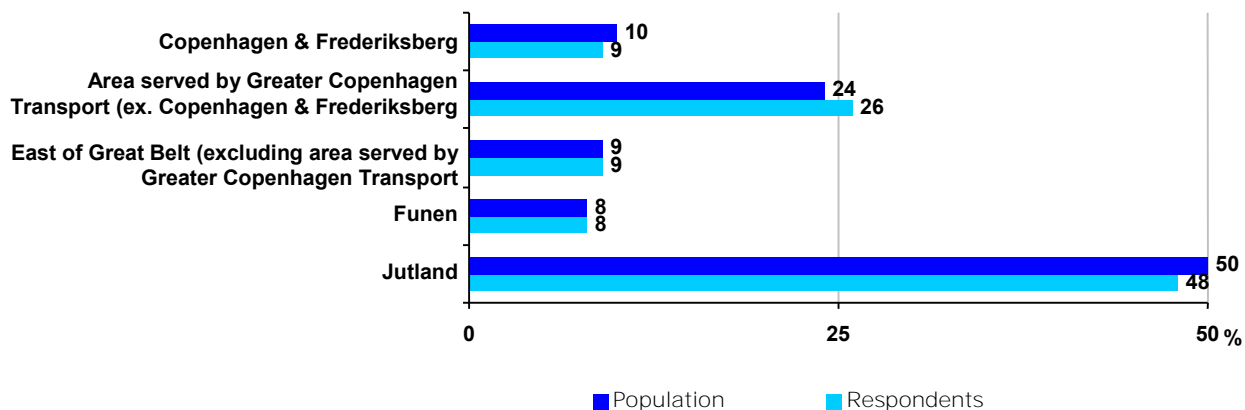
As the industry-related distortions can therefore be said to balance each other out in a way, there are no grounds for assuming there to be systematic industry-related distortions in the mapping of the scope of CSR activities.

**Figure 11.1 Distribution according to industry**



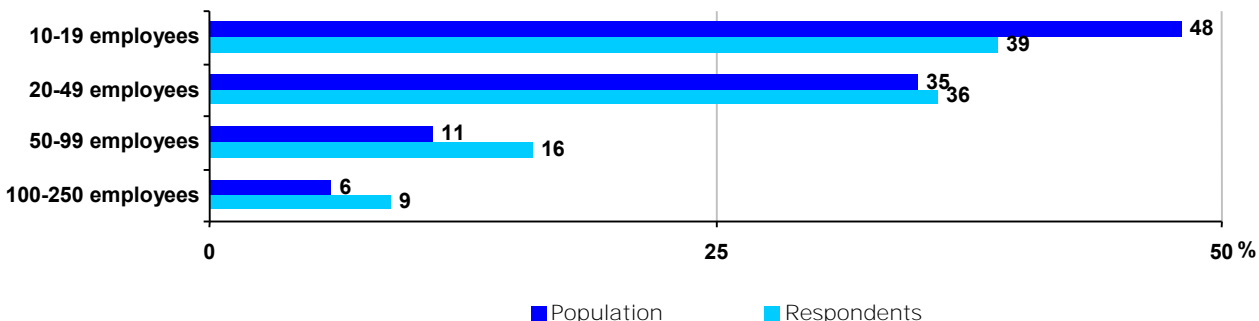
The next figure shows the geographical distribution of population and respondents respectively. It appears from the figure that the geographical distribution of the respondents is largely identical to that of the population. Therefore, from a geographical point of view, there are no distortions in the survey results.

**Figure 11.2 Geographical distribution**



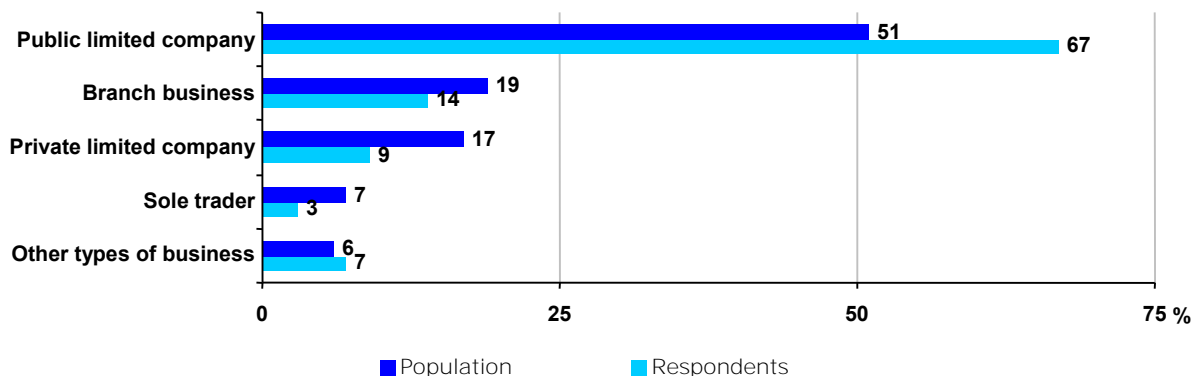
The figure below shows the distribution for number of employees. It appears from the figure that replies from large SMEs (50-250 employees) are overrepresented, while replies from the smallest SMEs (10-19 employees) are clearly underrepresented. Seen in relation to how likely the various industries are to have implemented CSR activities (see section 3.1), replies from those industries that are more likely to have CSR activities are overrepresented. Replies from those industries that are less likely to have CSR activities, on the other hand, are underrepresented. There is thus a certain amount of size-related distortion in the mapping of the scope of CSR activities.

**Figure 11.3 Distribution according to number of employees**



As the final element in the quantitative drop-out analysis, **Figure 11.4** shows the distribution of the population and respondents for type of business. The figure shows that replies from public limited companies are clearly overrepresented, while replies from private limited companies and sole traders are underrepresented. Seen in relation to how likely various types of business are to have implemented CSR activities (see section 3.1), replies from enterprises that are, on average, likely to have CSR activities are overrepresented. At the same time, replies from enterprises that are less likely to have CSR activities are underrepresented. There is thus a slight distortion in the mapping of the scope of CSR activities with regard to type of business.

**Figure 11.4 Distribution according to type of business**



By way of a supplement to the quantitative drop-out analysis, TNS Gallup carried out a qualitative drop-out analysis in order to throw light on the reasons for the failure to answer the questionnaire. The qualitative drop-out analysis was carried out among a cross-section of those respondents who were reminded by telephone. A total of 66 respondents were involved.

Of the 66 respondents, 15 did not want to take part in the survey (despite previously agreeing to do so). The overriding reason given by these respondents was that they did not have time, were too busy, etc. Only a very small number cited the subject matter of the survey and the length/content of the questionnaire as the reason for not wanting to answer the questionnaire. None of the respondents gave lack of relevance as the reason. The qualitative drop-out analysis does not, therefore, suggest systematic drop-out.

**11.4 Data processing and analysis**

Statistics Denmark was involved in the processing and analysis of data. This is because only Statistics Denmark has access to the enterprises' accounting information. Statistics Denmark was therefore responsible for those parts of the analysis that involved financial key figures.

From a purely practical point of view, this was done by TNS Gallup supplying a data file with the information collected for each enterprise (identified by CVR number). Statistics Denmark then enriched the data file with its own data and carried out a number of cross-tabulations and multivariate analyses specified by TNS Gallup.

As the information involved is confidential, financial enrichment of the data was done in completely anonymised form. This means that only Statistics Denmark can trace the financial information to the individual enterprise.

In the case of some of the enterprises several places of work are linked to the enterprise's CVR number, which means that they do not have independent accounting figures. Such enterprises, which represent a third of all respondents, have not therefore been included in the cross-tabulations and multivariate analyses that involve accounting information, as this would have given a misleading picture. The analyses that involve accounting information are therefore based on replies from fewer enterprises (n=714) than the other analyses.

In the data processing of the results the reply distributions for all the questions were analysed for correlations with industry, number of employees, geographical location, type of business and age of enterprise as standard. The report only comments on statistically significant correlations.

These correlations were revealed by carrying out a significance test (Chi<sup>2</sup> test) on the data material. A correlation between two variables is defined as significant if it is more than 95% certain. In other words, the result for a given group differs from the result for all respondents with 95% certainty.

It should be noted that the percentages do not always add up exactly, but may deviate by one or two percentage points. This does not affect the accuracy of the figures and is the result of working with rounded figures.

Two types of multivariate analysis were carried out on the data material:

- One included only non-financial information.

The purpose of this analysis was to identify and characterise enterprises that have CSR activities. To be specific, this was done by analysing the data for correlations with industry, number of employees, geographical location, type of business and age of enterprise.

By way of a supplement to this analysis, separate multivariate analyses were carried out for each of the five areas (workforce, environment, stakeholder engagement, marketplace and supply chain). In these analyses geographical location and age were replaced with two new variables: organisational assignment of responsibility for CSR activities and external communication of CSR activities respectively.

The purpose of these analyses was to identify and characterise enterprises that have CSR activities within the area in question.

- The other analysis involved financial information for the enterprises and was therefore carried out by Statistics Denmark.

The purpose of this analysis was to identify which factors determine an enterprise's profit.

To be specific, the analysis was carried out by analysing the enterprise's profit ratio for a correlation with the enterprise's CSR activities (based on both the number of activities implemented and the areas in which the activities had been implemented) and at the same time checking for correlations with industry, number of employees, geography, age of enterprise, turnover and level of exports. The technique used was linear regression.

Appendix 2 contains the statistical models for CSR activities that resulted from the multivariate analyses (which only included non-financial key figures).

Appendix 3 deals with the multivariate analyses involving accounting figures carried out by Statistics Denmark.