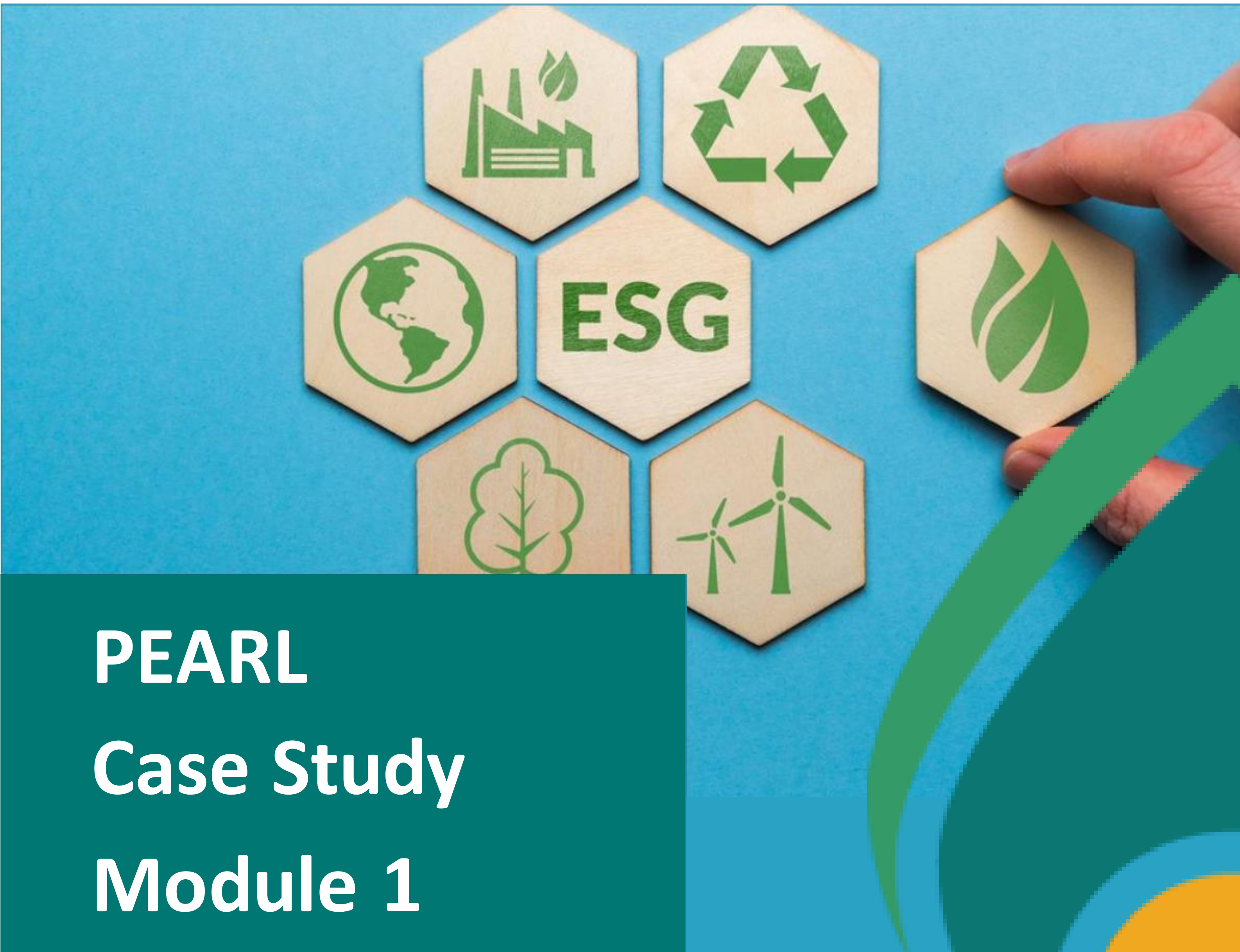
Promoting ESG Awareness
+ Risk Literacy in SMEs



PEARL
Case Study
Module 1

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Case Study Identification

Case Study Title: "Is Good Intent Enough?" – Bursa FoodPack's First Encounter with ESG

Partner Institution: Bursa Uludağ University

Country: Türkiye

Sector /Industry: Food Processing & Packaging

SME Profile:

Company size (micro / small / medium):
Medium-sized (155 employees)

Ownership structure (family-owned, partnership, etc.):
Family-owned

Market scope (local / regional / international):
International (Supplying frozen and canned goods to European retail chains)

2. Relevant PEARL Curriculum Module(s)

*(**Select one primary module and, if relevant, secondary modules:** Module 1 – Introduction to ESG, Module 2 – ESG Onboarding, Vision and Responsibility, Module 3 – ESG Risk Analysis and Materiality Assessment, Module 4 – ESG Strategy and Implementation, Module 5 – Reporting, Communication and Branding, Module 6 – Sustainable Financing and Funding Options for SMEs)*

Primary Module:

Module 1 – Introduction to ESG

Secondary / Supporting Modules (if any):

Module 5 – Reporting, Communication and Branding

3. Learning Purpose of the Case

What ESG challenge, decision, or dilemma does this case illustrate?
This case illustrates the common misconception among SME leaders who equate traditional Corporate Social Responsibility (CSR) or "charity" with strategic ESG management. The core dilemma is the transition from a "goodwill-based" business model to a "system-based" management model required by global value chains.

Why is this case relevant for SMEs?
Many long-standing SMEs feel that their historical reputation for honesty and local charity is sufficient for sustainability. This case highlights why international buyers now demand "data over intuition" and how ESG serves as a "license to operate" in the modern global market.

Which competence gaps (knowledge, skills, attitudes) does it address?

Knowledge Gaps: Understanding the three pillars of ESG and their distinction from traditional philanthropy.

Skills Gaps: Ability to identify and categorize existing business activities into the ESG framework.

Attitude Gaps: Moving from a defensive "we are already good" stance to a proactive "we need a measurable system" mindset.

4. Case Context and Background

Provide a concise but concrete description of the SME’s situation:

Inside the modern facility of Bursa FoodPack, where the rhythmic sound of packaging machines usually signaled success, a heavy silence filled the General Manager's office. Yavuz Bey, the company's founder, read the sentence in the email from one of Europe’s largest supermarket chains for the third time: "Your ESG Maturity Score: 32/100 (Insufficient).

"Yavuz Bey dropped the tablet onto the desk in frustration. "Mert, look at this!" he called out to his son, Mert Bey, the Operations Director. "Are these people mocking us? They marked us as 'weak' in social responsibility and environmental impact. I’ve given thirty years to this factory! What about the thousand food boxes we distributed to the villages last winter? What about the scholarships we give to our employees' children? We are the gold standard for 'honest merchants' in this city. Now a computer program tells us we are 'weak'?"

Mert Bey walked over and placed a hand on his father’s shoulder. He knew how seriously his father took the responsibility of 155 employees. "Dad, your kindness and our deep-rooted honesty are our greatest assets. But this report speaks a different language. They aren't questioning your conscience; they are questioning the factory’s system."

Yavuz Bey looked out the window at the trucks waiting for shipment. "What system, Mert? Is there anyone who hasn't received their salary on time? No. Does a single spoiled package leave this door? No. What more do they want?"

Mert flipped through the pages of the report. "Look, Dad, under the 'Environmental' heading, there’s a question: 'Do you have a tracking system for waste heat recovery in your production line?' We say we are 'good,' but we don’t have the meters to prove how good. Then they move to 'Social'; they asked for the square meters per person in the seasonal workers' housing and their digital health records. We say 'everything is fine,' they say 'show us the records'."

Yavuz Bey frowned. "So, if we put everything on paper and install sensors everywhere, will we suddenly become a 'more ethical' company?"Mert Bey smiled slightly. "It’s not just about ethics, Dad; it’s about measurability. We need to translate your 'old-school' philanthropy into their 'modern management' language. They no longer just look at how much profit a company makes or how much it gives away; they look at how much damage it does to the world while making that profit and how transparently it manages that process. If we don’t get this new E-S-G identity card, these trucks won't be carrying goods to that supermarket chain next year."

Yavuz Bey took a deep breath, staring back at the low score on the report. "So you're saying the 'new rules' have arrived, and these rules aren't just for show—they are our export visa..."

Mert nodded. "Exactly, Dad. It’s time to prove our integrity with data. The livelihood of 155 people and the future of those villages depend on it."

5. ESG Challenge / Problem Statement

Clearly describe the central ESG-related issue, for example:

***Task 1* (Categorization):** Analyze Yavuz Bey’s "goodwill" activities (food boxes, scholarships, local farmer support). Using Module 1 terminology, categorize them under **Environmental (E), Social (S), or Governance (G)**. Do these activities count as "Strategic ESG" as they are, or do they need to be systematized?

***Task 2* (Risk Analysis):** List the "Reputational," "Financial," and "Operational" risks for Bursa FoodPack if they refuse to transition to an ESG-based management model.

***Task 3* (Persuasion):** Act as an ESG Consultant. Draft a 3-point argument to convince Yavuz Bey that "measurability" (installing sensors/keeping records) is not a lack of trust but a strategic tool for **Operational Efficiency** and **Market Retention**..

6. Data, Evidence, and Inputs

(Use realistic but simplified data where needed)

(ESG-related qualitative information, Basic quantitative indicators (where applicable), Stakeholder inputs or assumptions, Regulatory or market references (e.g. CSRD, VSME, customer demands)

Not needed for this case

7. Suggested Tools from the PEARL Toolbox

Indicate which PEARL tools can be applied in this case and how?

- *Onboarding Tool for Internal Decision-Makers(M2)*
- *Stakeholder Analysis (Internal & External) (M2)*

To address the financial dilemma in this case and secure the "Green Loan" approval for Kerim Bey, learners are expected to actively utilize the following tools from the PEARL Toolbox:

Tool 1: Onboarding Tool for Internal Decision-Makers (M2): To be used to guide the initial conversation with Yavuz Bey, shifting the mindset from "compliance as a burden" to "ESG as a strategic necessity.
Application in the Case: This is the primary tool Mert should use to manage the "generational transition" of ideas. It provides a structured framework to move Yavuz Bey from a defensive posture to an active leadership role in ESG.
Action: Mert can use the tool to highlight the "Cost of Inaction" (losing 40% of export revenue) versus the "Value of Action" (securing long-term contracts and improving operational efficiency).
Output: A signed "ESG Commitment Statement" by Yavuz Bey, signaling to the 155 employees that the company is officially entering a new era of management.

Tool 2: Stakeholder Analysis (M3): To identify and prioritize the demands of the European supermarket chain and understand why they require specific ESG data to comply with international regulations.
Application in the Case: This tool directly addresses Yavuz Bey's question: "What more do they want?" It provides the "language of data" that Mert needs.
Action: Mert and the quality team use the checklist to audit current practices. For example, they can tick off the "Employee Scholarships" (Social) but identify the missing "Waste Heat Tracking" (Environmental) and "Formal Board Minutes" (Governance).
Output: An Initial ESG Gap Analysis Report that gives the company a concrete "To-Do" list to improve their score from 32 to a passing grade.

Tool 3: ESG Onboarding Checklist for SMEs (M2)
Application in the Case: This tool directly addresses Yavuz Bey's question: "What more do they want?" It provides the "language of data" that Mert needs.
Action: Mert and the quality team use the checklist to audit current practices. For example, they can tick off the "Employee Scholarships" (Social) but identify the missing "Waste Heat Tracking" (Environmental) and "Formal Board Minutes" (Governance).
Output: An Initial ESG Gap Analysis Report that gives the company a concrete "To-Do" list to improve their score from 32 to a passing grade.

8. Suggested Solution

This guide is designed for instructors to lead a high-impact discussion on the transition from traditional business ethics to the modern ESG framework. It provides specific answers and pedagogical strategies for the Bursa FoodPack case.

Task 1: Categorization of Current Activities (The "Philanthropy vs. ESG" Audit)
The instructor should guide students to realize that while Yavuz Bey is an ethical businessman, his activities are **unstructured**. Students must classify his claims into the PEARL framework:
Social (S) - Charity vs. System:
Food Boxes/Scholarships: These are **Corporate Social Responsibility (CSR)**. To make them **ESG**, they must be part of a formal "Community Engagement Policy" with measurable outcomes (e.g., "Supporting 50 local families to improve food security by 20%").
Insurance/Salaries: This is **Baseline Compliance**. In ESG, students should look for "Beyond Compliance" metrics, such as a "Living Wage Policy" or "Gender Pay Gap Analysis.«
Environmental (E) - The "Missing" Link:
Yavuz Bey mentions "good intentions," but the case identifies a lack of **Waste Heat Recovery** and **Water Management** data. Students should point out that in the food sector, "E" is about resource efficiency, not just planting trees.
Governance (G) - From "Patron" to "Board":
Yavuz Bey makes decisions based on his "conscience." Students should suggest moving toward a **Transparent Governance** model where decisions are documented, risks are mapped, and succession planning (like Mert's role) is formalized.

Task 2: Risk Analysis of "Inaction" (The Cost of Staying the Same)
Students must identify that "doing nothing" is a high-risk strategy. The discussion should focus on three levels:
Market Risk: The immediate threat of losing the European supermarket contract (which accounts for a significant portion of revenue). In the global supply chain, "No ESG Data = No Contract."
Reputational Risk: As a 155-employee company, Bursa FoodPack is a "visible" player. If a competitor adopts ESG first, FoodPack will be perceived as "outdated" or "non-compliant," making it harder to attract young talent (who prioritize purposeful work).
Regulatory Risk: Even if the client doesn't demand it, upcoming regulations like the **EU Green Deal** and **CBAM** will eventually force these changes. Proactive adoption is cheaper than reactive crisis management.

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8. Suggested Solution

Task 3: The Persuasion Strategy (The "Mert Bey" Argument)

Students should draft a "Letter to the Founder" using these three strategic arguments:

Argument 1: Efficiency is Profit. "Dad, installing sensors to track waste heat isn't about bureaucracy; it's about finding out where we are losing money. ESG is just a modern way to run a lean, profitable factory.«

Argument 2: Future-Proofing the Legacy. "You built this company for 30 years. My job is to make sure it lasts another 30. ESG is our 'Export Visa.' Without it, we are locked out of the markets you worked so hard to enter.«

Argument 3: Verification is Trust. "In the old days, a handshake was enough. Today, the world is too big for handshakes. Data is the 'digital handshake' that proves to the world we are as honest as you say we are.«

Instructor's Facilitation Tips:
The "Vicious vs. Virtuous" Cycle: Start the class by asking, *"Is Yavuz Bey a bad person?"* (The answer is no). Then follow up with, *"Is a good person enough to run a global company in 2026?"* This helps students understand that ESG is about **professionalization**, not a judgment of character.

Role-Play: Have one student play the "Skeptical Founder" (Yavuz) and another the "Visionary Successor" (Mert). This helps bridge the **Attitude Gap** identified in the learning purposes.

The "Data" Hook: Emphasize the quote: *"If you can't measure it, you can't manage it."* This is the bridge between the two generations in the story.

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9. Expected Learning Outcomes

After working on this case, which KSAs will learners be able to develop?
(Aligned with Related competences (ref.PEARL framework)

Knowledge: Grasps the historical evolution of ESG and why it has become a survival factor for SMEs.

Skills: Can analyze traditional business practices and convert them into reportable ESG metrics.

Attitude: Views ESG as a catalyst for institutionalization and long-term growth rather than a bureaucratic burden.

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