

CORPORATE SOCIAL RESPONSIBILITY – STATE OF THE ART in AUSTRIA

Austria is ranked 9th in the "National Corporate Responsibility Index 2003" published by "AccountAbility".¹

In the beginning of 2002, discussions about corporate social responsibility (CSR) by the Federal Ministry for Economic Affairs and Labour and the Federation of Austrian Industry initiated the programme "CSR Austria" together with the Austrian Chamber of Commerce as another partner. In a stakeholder dialogue, business representatives and politicians met representatives of social partners, international organisations and NGOs to base the guiding CSR vision for Austrian businesses upon the motto: "*Economic Success – Responsible Action*" (published and presented in December 2003).

During this process, CSR Austria has been engaged in a number of workshops, round tables and publications to discuss and inform social responsibility of businesses together with a broad audience and supported by effective work with the media. The Austrian Business Council for Sustainable Development and the Austrian Institute for Sustainable Development established the Austrian Business Academy for Sustainable Development with the focus on training in corporate sustainability in the spring of 2004.

According to a study by CSR Austria, in 2003 three-quarters of the Austrian companies have a system of values based upon their specific profile, which is, in most of these cases, documented as a company's vision or its mission statement. Indeed, only some of the largest companies publish social and environmental reports.²

Concerning the Austrian Code of Corporate Governance, established in October 2002, the CSR Austria Study has shown that 59% of the Austrian enterprises know the discussion about corporate governance. 16% of the companies taking part in the study have signed the Code. The reasons for not signing are for every second company "not enough utility", followed by "too much bureaucracy" (43%), "no demand on the side of clients, banks or investors" (36%) and "not enough orientation on the needs of SME" (36%).

According to the CSR Austria Study, 97% of the companies in Austria were engaged in activities in any kind of corporate citizenship in 2002. As far as small enterprises are concerned, one third was engaged in an amount up to 2.500 EUR, the second third between 2.500 and 5.000 EUR and the most active third with more than 5.000 EUR. The first third of middle-sized enterprises has invested up to 7.000 EUR into corporate citizen activities, followed by a second third with up to 15.000 EUR and a final third engaged with over 15.000 EUR in one year. The appropriate limit values of large companies are 12.000 and 45.000 EUR. Cash donations are the most popular field in corporate citizenship with 93% of the Austrian companies, followed by donations in goods (85%). 68% of the enterprises signed sponsoring contracts with non-profit organisations while another 58% of businesses supported them in the field of corporate volunteering.²

Small enterprises consider the positive impact on their business due to CSR only in 12% - a number doubled considering middle-sized and large companies. Reasons for not improving their engagement in corporate citizenship are the missing financial resources (68%), too less or too unclear use of the engagements in relation to its expenditures (53%) and lack of time resources (46%).



Important industries in Austria are based on nature, like tourism and forestry. 315 enterprises are active in the environmental technology industry reaching 2.5 billion Euro profit a year. Industries such as biomass technology, energy efficiency and solar technology secure 16.000 jobs, together with the sector of environmental services the number of jobs is 85.000. The export quote of these environmental enterprises is at 60%, which can be regarded as a proof for high quality and competitive ability.

Considering fair trade initiatives, there are 68 world shops in Austria, of which 62 are members of the Austrian World Shop Association. Besides, fair trade labelled products are available in more than 1.500 supermarkets.

In spite of the fact that Austria's consumers are on the world top concerning waste separation with over 100 kilogram packing per person in one year (source: www.argev.at), the OECD Report in 2003 showed that private consumers exhibit constantly rising values. OECD stated a better environmental responsibility particularly in the industry and energy supply sectors, while the traffic sector remained on constantly high level. The report comes to the result that Austria could not get closer to the Kyoto goal of a 13% reduction from greenhouse-effective gases until 2010. Nevertheless, the Environmental Sustainability Index (ESI), which measures the environmental performance of 122 countries, has listed Austria, at once, at place 8 and at number 5 in Europe (ESI 2001).

In 2002, private investing in ethical funds has reached 1.4 billion EUR, which is 0.4% of the Austrian funds volume. Ethic funds have no long tradition in Austria, but this kind of investment is thought to be just at the beginning. Following Austria's daily newspaper for economics (*WirtschaftsBlatt*), the total number of funds with ethical, environmental or sustainable orientation available in Austria has been 46 in the autumn of 2003.

A study of the Austrian Gallup Institute in 2002 shows that 34% of the Austrians and 58% of investors orientated in environment, are interested in an index for the social and environmental sustainability of Austrian companies. 34% of the investors without shares in Austrian companies are willing to invest in Austrian companies as soon as their social responsibility has been proofed. Indicators to measure CSR are developed in a current dialogue between the Stock Exchange in Vienna and the University for Economics at an open web platform. According to the Austrian Association of Financial Analysts, over a dozen of the 40 companies in the prime market at the stock exchange in Vienna already would fulfil the criteria of a CSR index. Currently it is planed to start the CSR Index with 12 up to 17 members. Important Austrian companies such as Erste Bank, Voestalpine and UNIQA already have shown their interest.³

According to the CSR Austria Study, the main reasons for Austrian businesses to support non-profit organisations are in three of four cases the ethical and moral persuasion of management (concerning the owners in 38%), while one quarter believes in a positive impact for their business success, 23% are motivated for corporate citizenship due to their staff. Public pressure leads to engagements in 6% and defaults of the parent company in 3%.²

Only 14% of the companies plan their corporate citizenship activities in a strategic way. 52% of the decisions are made regarding the enterprise's politics but without a strategic analysis.



32% of the companies are engaged in corporate citizenship without any strategic relation to their business. These points reinforce the importance of implementing an information campaign concerning CSR in Austria with a special focus on the win-win strategy of corporate engagement as well as developing training materials on the subject in order to professionalize small and middle-sized companies and NGOs on CSR.

¹ AccountAbility and the Copenhagen Centre, *"Responsible Competitiveness Index 2003 – Aligning Corporate Responsibility and the Competitiveness of the Nations"*, 2003

² NPO-Institut an der Wirtschaftsuniversität Wien, imug Beratungsgesellschaft, *"Gesellschaftliche Verantwortung österreichischer Unternehmen, Studie im Auftrag der Initiative CSR Austria, Gesellschaft für Personalentwicklung"*, 2003

³ Österreichisches Gallup Institut, *"Kapitalmarkt in Österreich, Studie im Auftrag des Bundesministeriums für Wirtschaft und Arbeit"*, 2002

Source:

FO.FO.S - Forum for Supporting Self-Employment and SME, Vienna, May 2004



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