

Corporate Social Responsibility – a challenge for companies

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The Dialogue & The Background

The Green paper defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” as they are increasingly aware that responsible behaviour leads to sustainable business success.

The initiative CSR Austria was founded from the federation of Austrian Industry, the Chamber of Commerce Austria and the federal ministry for commerce and labour as an essential contribution of the economy for the Austrian sustainability strategy. In this initiative companies try to create guideline for responsible societal behaviour. The economy invites therefore representatives of the society and the social partnership for a dialogue.

The aim

The aim of the whole process is to create for companies guidelines for responsible societal behaviour.

The CSR guidelines

To create a guideline is the first step for an active plan in which the desired direction of development of a system (field of business, companies) get established. To create a guideline

means to create a “visionary picture” about a desired situation for the future. It is concerned always the whole development of a system and is therefore very complex with its statements. Contrary the targets and how to achieve them get more and more concrete, step by step. Indicators are instruments which helps to see if the measures were successful or not. This indicators should get easy handled for the companies.

Generally it can be said that the functions of a guideline are orientation, coordination, motivation and legitimation.

This means:

The guidelines for CSR shows on the basis of sustainable development – economical successful, fair in social matters, and also with a concern to the environment, a long term desired direction of development of the Austrian economy. It offers a framework of orientation for every company and his individual management concept. The guidelines of CSR should motivate Austrian companies to check their social responsibility and corresponding to the challenges (Globalisation, customer binding, financial security, environmental protection, Image, expanded risk-management) to create it.

Of course the guidelines for CSR are just a framework where every company can itself build up its visions and strategies.

This means also:

The CSR guidelines can not entails concrete targets and indicators. These aspects have to be worked out form every company and this means an own management process included the culture (corporate culture, regional culture), societal and also economical challenges and possibilities. The therefore necessary indicator set has t to be set up on international and national knowledge and they have to be easy handled.

CSR means also the dialogue with representations of interests which have the job to communicate between economy and public and government.

The advantage

The advantage of CSR for companies

Who knows the trend for tomorrow knows also the market for tomorrow!

The use of CSR as a tool for companies strategy and public relations brings economical success, because economy and stock exchange know more and more that sustainable oriented companies are companies for the future. The Triple Bottom Line Reporting is well known, beside figures of the balance sheet and R&D capacities, also information and facts about the company as a corporate citizen is included. Moreover CSR is an efficient instrument of how to bind your workers to your companies. Last but not least also the consumers have

a big say, an international survey brought the result that 70 % of the consumers make their decision whether to buy a product or not on the basis if the company shows societal responsibility or not.

More advantages are: an advantage in the personnel market, to get the best workers, to improve the relationship to your customers and also more security to shareholders and owners.

The advantage of CSR for the public

The economic progress brought prosperity to a lot of people and therefore they have the opportunity to create their way on their own. It seems that financial and social lives are secure for many people. Nowadays it is essential to ask about your own identity and individuality.

Therefore it is more and more necessary to create conditions of work in which high qualified workers can use their know-how. To feel good

in your job is a very important fact in order to employ the best and most creative workers.

CSR helps the companies to include the needs of society in their companies strategy.

The CSR guideline (draft)

Preamble and considerations

It will be a big challenge for Austria to use the chances of the European enlargement in the following years. Moreover it will be a big challenge to create together with the other EU-members the new framework of globalisation in a positive way. The main target is the aim of the EU to make Europe until 2010 to the most competitive and the most dynamical Economic Community in the world. An economic community which can combine an economic growth with more and better jobs and a high social solidarity. (Lissabon Strategy)

The European Council has at his meeting in Göteborg 2001 the Lissabon Process (Integration of economic and social policy) and the Cardiff-Process (Integration of environment and all topics about politics) integrated to the European Sustainability Strategy.

The creation of the Austrian Sustainability Strategy, which were settled from the Austrian government, is an important first step to define the Austrian contribution for a sustainable environmental-, living- and location quality. The initiative CSR Austria is a contribution from the economy to the Austrian Sustainability strategy.

We understand sustainable development as a magic triangle which includes a balanced and fair treatment of the three parts: economy, ecology and social:

- A good economical development can not take place if the environment suffers and the social system is disturbed
- Environmental problems can only be solved if the economy grows, production takes

place where it is ecoefficient and when the global poverty can be reduced.

- Social fairness and therefore the balance between different economically developed countries can not be reached if the economy is lame and the living standard is in danger.

CSR is a concept which serves the companies as a framework, on voluntary basis, to integrate social and environmental affairs in their entrepreneurship and in their relationships with their stakeholders. Companies recognize that responsible behaviour leads to sustainable economical success.

The three dimensions

Economic Dimension

The responsibility of companies is to make profits. Nevertheless consumers and public insist on more transparency and they want that companies take social responsibility as “Corporate Citizens”.

Because of globalisation the expression “Corporate Social Responsibility” means that companies have to take societal responsibility and beside making profit they have also to show a trustworthy engagement for the society.

The economic dimension includes a fair competition, concrete aspects of Corporate Governance and also Supply Chain Management. The basis of fair competition is the truth about costs and legal methods and means. Illegal practices in order to reduce costs break not only the law, they also influence health and security of the workers.

Corporate Governance is concerned with rules for the management and control of listed companies. Through transparency it should be reached to have a better trust into the companies. It is important that the basic attitude of good leadership more and more gets dominated from entrepreneurial responsibility. Successfully Supply Chain Managements means

to find fields for cost reducing. CSR means to convince also suppliers that societal means are better than others.

Social Dimension

The company can transform and create their own strategy. That means especially the treatment with their staff: how to combine family and job, what about continued education, jobs for elder people and handicapped people, health and security for their staff. Therefore it is important to take into consideration the rules of the ILO.

Also important is to respect cultural differences and to pay attention to the rules of international human rights. To adapt the structure and development are necessary to solve these social problems.

Ecological Dimension

The Ecological dimension includes all parts of the precautionary principal and the ecoefficiency . The challenges for companies are to use the production factors ecoefficient and to achieve the maximum profits and at the same time to offer the best use for consumers.

The precautionary principle means for companies and their managers to take responsibility seriously for the following generations. Only if this happens the natural resources can be preserved and the societal stability can be assured under the aspect of economical success.

Ecoefficiency combines economical and ecological interests and it is the basis for sustainability. Ecologically efficiency can not be reached in a short period of time it requires therefore a consequent treatment and a long term commitment an all parts of a company and management levels. How to save climate and a responsible climate policy are because of good reasons an essential part of the global

environmental and sustainability policy. Many companies have therefore especially in the last decades a number of successful means created in order to use energy very efficient.

Transformation

In order to be a good company it is nowadays not only the Shareholder Value but also the Stakeholder Value important. Through this relation of this both concepts investors find the truth worth of a company.

Because of this reason the Triple Bottom Line Reporting has established as an instrument for a sustainable company rating, beside the financial aspects business reports includes nowadays also information and figures concerning a societal responsible and environmental protective leadership. Only because of this Shareholders and Stakeholders can recognize the truth worth of a company.

Many companies have, on basis of the Global Compact of the UN and other companies headlines created special ,on their branches and production adopted, “Codes of Conducts”. They show the ethical companies behaviour and they are a basis for workers and management but also for business partners, suppliers and consumers.

The active and far-sighted Stakeholder Dialogue is nowadays a proof for trustworthy, transparency and crisis stability of companies because it helps to react before crises and to develop concrete and suitable solving. The word Stakeholders contains more than the word Shareholders, it includes all parties who are interested in a company. Stakeholders have also influence on the company, for example consumers who buy their products. But also shareholders, workers, Non-Profit-Organisations, medias, authorities are part of the stakeholders.