

Transfer: European Review of Labour and Research

<http://trs.sagepub.com/>

CSR and corporate governance in Austria

Eva Angerler and Barbara Liegl

Transfer: European Review of Labour and Research 2008 14: 77

DOI: 10.1177/102425890801400108

The online version of this article can be found at:

<http://trs.sagepub.com/content/14/1/77>

Published by:



<http://www.sagepublications.com>

On behalf of:

etui.

European Trade Union Institute

Additional services and information for *Transfer: European Review of Labour and Research* can be found at:

Email Alerts: <http://trs.sagepub.com/cgi/alerts>

Subscriptions: <http://trs.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.com/journalsPermissions.nav>

Citations: <http://trs.sagepub.com/content/14/1/77.refs.html>

CSR and corporate governance in Austria

Eva Angerler* and Barbara Liegl**

E

Summary

This article deals with the political discourse on corporate social responsibility in Austria and presents two organisations that represent social partner organisations and NGOs promoting CSR, although they focus on different topics and elements of CSR. Standardisation, transparency and credibility are important aspects in a broad range of CSR initiatives. Codes of corporate governance are cited as an example of the problems faced when introducing voluntary instruments in the CSR context. Although many different organisations are participating in the CSR debate and have launched various initiatives, companies have not implemented holistic CSR measures aiming at sustainable development to a significant degree.



F

Sommaire

Cet article traite du discours politique sur la responsabilité sociale des entreprises en Autriche et décrit deux organisations chapeautant toutes deux des organisations des partenaire sociaux et des O.N.G. soutenant la RSE, mais s'intéressant à des thèmes et à des aspects différents de la RSE. La normalisation, la transparence et la crédibilité sont des points importants parmi un large éventail d'initiatives de la RSE. L'article fait référence à des codes de gouvernance des entreprises comme exemples des problèmes rencontrés lorsque sont introduits sur une base volontaire des outils en faveur de la RSE. Bien que bon nombre d'organisations différentes participent au débat de la RSE et aient lancé diverses initiatives, les entreprises n'ont pas mis en œuvre des mesures holistiques de RSE visant au développement durable à un niveau significatif.



* Expert on work and technology, Trade Union for Private Sector Employees and chair person of the board of Social Responsibility Network - E-mail: eva.angerler@gpa.at

** CEO, ZARA-Zivilcourage und Anti-Rassismus-Arbeit, member of the board of Social Responsibility Network - E-mail: barbara.liegl@zara.or.at



Zusammenfassung

Dieser Beitrag befasst sich mit dem politischen Diskurs über die soziale Verantwortung der Unternehmen (SVU) in Österreich. Es werden zwei Organisationen beschrieben, deren Mitglieder – Sozialpartner-Organisationen und NRO – die SVU fördern, wenn auch mit unterschiedlichen Schwerpunkten. Bei der Vielzahl der SVU-Initiativen spielen Standardisierung, Transparenz und Glaubwürdigkeit eine wichtige Rolle. Kodizes für Corporate Governance werden als Beispiel genannt für die Probleme, die sich bei der Einführung freiwilliger Instrumente im Zusammenhang mit SVU stellen. Trotz der Tatsache, dass sich viele verschiedene Organisationen an der Debatte über SVU beteiligen und vielfältige Initiativen ergriffen haben, haben die Unternehmen nur in beschränktem Umfang ganzheitliche und auf nachhaltige Entwicklung ausgerichtete SVU-Maßnahmen durchgeführt.



Keywords: corporate social responsibility, corporate governance, political instrument, stakeholders, social partners, Austria, transparency

Introduction

The issue of corporate governance is one of many elements in the Austrian debate on corporate social responsibility (CSR). Whereas CSR seems to focus on the social, environmental and economic dimensions, at the same time encompassing a broad range of stakeholders, corporate governance is seen as a cornerstone of social responsibility vis-à-vis a single group of stakeholders, namely investors (Leitsmüller 2004: 24). But the concepts of corporate governance and CSR are (ab)used by many different actors, ranging from federal ministries, enterprises, business owners and investors to social partner organisations, works' council members and NGOs. All these actors or groups of actors define these concepts according to their own aims, interests and values. As a result, there are no officially recognised or legitimised definitions of these concepts; rather they are constantly being reshaped, changed and transformed by actors discussing, criticising and promoting corporate governance and CSR as elements in different socio-political contexts.

The imbalance in terms of power and resources between the actors involved, as well as the diverse approaches, requirements and desired results, are some of the factors that explain the heterogeneous CSR landscape in Austria. These different demands and expectations make transparency in CSR processes an important issue, not only for companies that have committed themselves to CSR or corporate governance, but also for those actors who want to promote these concepts or to be taken seriously as independent 'watchdogs'. Several factors must be examined to explain the developments that have led to the current situation. The guiding questions are as follows: When and by whom was CSR introduced in Austria? Who are perceived as relevant

stakeholders in the various processes? Which actors see what dimensions of CSR as important, and what is their attitude to transparency and credibility? Last but not least, have CSR and corporate governance had any perceivable effects on business behaviour in Austria?

History of CSR

According to Strigl (2005: 125), discussion of sustainable development and its economic impact started in the late 1980s. Environmental issues ranked relatively high on the political agenda. A referendum in 1978 formed the basis for a definite policy against nuclear power plants, and a petition for a referendum in 1997 on genetic engineering was signed by 21% of the electorate, who spoke out against genetic modification. Besides, ideas such as the eco-social market economy, environmentally-friendly farming and the commercialisation of environmental products found political support with a view to promoting politically and economically responsible behaviour (Strigl 2005: 126). These projects emerged in reaction to new socio-economic conditions and obeyed the principles of a fair rather than a totally free market. These developments are clearly rooted in the environmental dimension of responsible corporate behaviour and were further promoted by the Greens, who entered parliament in 1986 (Pesendorfer and Lauber 2006). This new political competitor forced other political parties to continue to integrate environmental issues in their party programmes, and environmental protection benefited from a strong political will towards environmental legislation and top-down government-initiated programmes to improve and promote the implementation of environmental, risk, quality, and health and safety management systems (Strigl 2005: 131).

Besides environmental management systems, initiatives with a social dimension were introduced by public bodies, including the Family and Career Audit¹ and the federal award for women and family-friendly enterprises – introduced by the Federal Ministry of Health and Women² – the ‘Austrian Sustainability Portal’,³ which acts as a platform of exchange and is supported by the Federal Ministry for Agriculture, Forestry, Environment and Water Management, and the award for employing people with disabilities, the so-called Job-Oscar,⁴ sponsored by the Federal Social Agency (Strigl 2005: 127).

1 For more detailed information (in German) see: <http://www.familienallianz.at/fuer-Unternehmen.47.0.html> [accessed 07.01.2007].

2 Bundesministerium für Soziale Sicherheit und Generationen (s.a.), Bundeswettbewerb – ‘Frauen- und familienfreundlichster Betrieb’, Vienna: Bundesministerium für Soziale Sicherheit und Generationen: <http://www.bmsg.gv.at/cms/site/attachments/7/0/2/CH0124/CMS1060092843886/bundeswettbewerb2.pdf> [accessed 07.01.2007].

3 For more detailed information (in German) see: <http://www.nachhaltigkeit.at> [accessed 07.01.2007].

4 For more detailed information (in German) see: <http://www.joboskar.at/> [accessed 07.01.2007].

CSR Austria Initiative/respACT

Whereas these environmental and societal developments were promoted within the national political arena, the issue of CSR was introduced against the background of debates at EU level (Mark-Ungericht and Weiskopf 2004: 333). In 2002, the Federation of Austrian Industry, with the support of the Austrian government, founded the initiative CSR Austria, which was re-named respACT in 2005.⁵ The Austrian Federal Economic Chamber joined the initiative in 2003. Currently, the initiative has almost 40 full members, about 50 members who belong to the Austrian Business Council for Sustainable Development,⁶ which is affiliated to respACT, and two Federal Ministries – the Ministry of Social Security, Generations and Consumer Protection and the Ministry of Agriculture, Forestry, Environment and Water Management – as funding members.

The initiative is based on the assumption that social commitment of enterprises is an Austrian tradition, and so member companies are encouraged to promote their image by publicising their CSR activities and to see trust building as a precondition of economic success and growth. This Austrian tradition has been mainly shaped by SMEs; about 99% of Austrian companies have fewer than 250 employees and employ 60% of the national workforce (WKO 2005). But it has been particularly difficult to involve SMEs in the CSR debate and so respACT started to develop CSR tools for SMEs in 2006.

In 2003, the initiative drafted its CSR vision and invited about 120 representatives of businesses, NGOs, social partners and international organisations to discuss it. The cornerstones of the vision (respACT 2006) correspond to the definition laid down by the European Commission (2002: 5) that sees CSR as a concept in terms of which companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission 2002: 4). This broad definition allows different interpretations: respACT sees CSR as fulfilling an economic function and so enterprises can be asked to comply only with modes of behaviour that contribute to economic success (Mark-Ungericht and Weiskopf 2004: 336). The initiative emphasises the local dimension of CSR and does not necessarily see its relation to core business activities as essential. It clearly rejects attempts to incorporate transparent and verifiable minimum criteria and standards for the responsible organisation of core business activities (Mark-Ungericht and Weiskopf 2004: 339).

Social Responsibility Network

In response to the formation of the business-oriented initiative CSR Austria a loose platform of organisations representing the interests of employees, customers, clients and NGOs was established in 2003. It views globalisation as a power shift in favour of transnational corporations (TNCs), which exploit these global economic opportunities

5 For more detailed information (in German) see: <http://www.respect.at/> [accessed 07.01.2007].

6 For more detailed information (in German) see: <http://www.abcsd.at/> [accessed 07.01.2007].

at the expense of weaker groups (Mark-Ungericht and Weiskopf 2004: 339). CSR as a process of self-regulation might prevent the establishment of obligatory minimum social and environmental standards for international businesses. The Network prefers the European Commission's original position – it saw itself as a facilitator in bringing together different CSR instruments and as the preserver of a level playing field (European Commission 2002: 8) – as well as that of the European Parliament (2003: 22), which called for the monitoring of CSR practices.

The platform, which became an association known as the Social Responsibility Network (Netzwerk Soziale Verantwortung) in 2006, takes a holistic approach to CSR.⁷ In its view, responsible business behaviour must balance the social, economic and environmental dimensions of CSR as a sustainable and non-discriminatory management strategy and as part of its core business activities (Netzwerk Soziale Verantwortung 2006). Stakeholders such as employees, their representatives, NGOs and local or regional groups affected by an enterprise's economic activities must participate in the selection, implementation and monitoring of CSR activities. This broad definition of stakeholders is also represented in the network's membership. It consists of 25 civil society organisations, including NGOs in the fields of human rights, development cooperation, anti-discrimination and the environment, as well as trade unions, works councils and organisations representing consumer interests (Liegl 2006).

Companies which commit themselves to CSR must also comply with international standards on human rights, labour rights and environmental law, as well as with relevant national laws, collective agreements and company level agreements. CSR activities have to go beyond these legal norms and must not impede but rather promote the development of higher legal, social and environmental standards. Enterprises engaging in CSR should comply with these minimum requirements and should not confuse the concept of 'voluntary' with 'entirely discretionary'. CSR tools and goals can currently be adopted voluntarily, but have to relate to core business activities, aim at a holistic approach and make social responsibility a corporate culture value. The Social Responsibility Network sees transparency as an essential element of CSR processes, with sanctions when rules are broken. These requirements go well beyond the CSR concept of respACT.

The government's role

CSR and corporate governance are primarily reactions to debates initiated at EU level or to international and national scandals; the environmental dimension, on the other hand, was introduced into the debate on sustainable development early on, well before CSR and corporate governance. This early commitment to promoting environmental issues might be one of the reasons why the environmental dimension does not play so prominent a role in the current debates. The two organisations formed within the

⁷ For more information see: <http://www.netzwerksozialeverantwortung.at>

context of CSR reflect the typical Austrian social partner and dialogue structure, supplemented, but also shaped by NGOs siding with employees' organisations. There are therefore a number of arenas in which CSR activities are being pursued and discussed, focusing on the interests of employers, investors, employees, civil society and consumers, respectively. A holistic view balancing all dimensions of CSR has not yet been established anywhere. The most important stakeholders are represented, but representatives of the legislature and executive do not act as stakeholders in the development of CSR. Ministries fund various programmes and initiatives but are not actively involved in the shaping of CSR or the issue of voluntary versus obligatory standards. Nevertheless, it is a highly political discourse, as it can be used as an inherently political instrument, depending on the specific view taken of the relationship between the economy and society. CSR can be a guideline for responsible behaviour or a defensive instrument employed by the business community to escape new responsibilities emerging from the consequences of globalisation (Mark-Ungericht and Weiskopf 2004: 344). All these aspects of political discourse that are shaping relations between the economy and society, as well as the matter of what information is available to the various actors, enabling them to participate in the discussion and the monitoring of CSR, can be described in terms of the projects, initiatives and processes described below.

Transparency and credibility as key issues

The heterogeneity of the actors and the complexity of the CSR concepts they are promoting make transparency and credibility decisive factors in the positive development of CSR in the long term. Therefore, trade unions, other employees' organisations and most NGOs seek legal regulations. Such a regulatory framework should clearly define the content of CSR and make explicit what cannot be classified as CSR, who the stakeholders are and how their participation in CSR processes can be ensured; it should also lay down guidelines for monitoring/auditing and reporting. It should establish a level playing field for all and promote the permanent development of CSR.

Social responsibility implies the development and institutionalisation of structures that ensure sustainable protection and improved working and living conditions, as well as social justice. CSR should be measured by the extent to which corporate governance and policy, which are driven by business considerations, can be judged ethically sound. Accordingly, CSR cannot be restricted to in-house production or services but must be extended to the whole supply chain. Corporate social responsibility must be viewed in its entirety; exemplary environmental behaviour does not 'compensate' for neglecting workers' rights, and vice versa.

These general objectives should be linked to specific indicators in order to facilitate the transparent monitoring and evaluation of the various tools used in CSR processes. Codes of conduct, which enable companies to present themselves in CSR terms, particularly with regard to sustainability reporting (Kolm and Krenn 2005), appeared early, but they have not been very successful in positively influencing companies' behaviour.

Codes of conduct and the problem of transparency

Most TNCs have codes of conduct, generally issued in response to a negative image and a loss of trust in the wake of media reports on inhuman working conditions in company locations in less developed countries, restructuring processes involving mass redundancies and financial scandals. This has resulted in a proliferation of codes of conduct, which tend to lack transparency. Different subjects are put on the agenda, regulations differ in respect of their degree of commitment and often the codes contain very general statements, which are no more than recommendations. Existing standards, such as the OECD Guidelines for Multinational Enterprises, are ignored by most companies; employees, their representatives and NGOs are hardly ever involved, and processes for introduction and monitoring are rarely found. Therefore, the credibility of codes of conduct is increasingly coming into question. Moreover, there is a danger that any legal regulation will take the form of soft law.

Experience with codes of conduct and the results of studies on CSR implementation in Austria are similar. Most companies express a commitment to CSR and many publish codes of conduct, but they do not seem to feel responsible for providing information and therefore their measures lack transparency. Monitoring procedures allowing for stakeholder participation or comprehensive and easily understandable social reporting have not been developed in most cases.

A survey conducted by the Austrian Gallup Institute asked 150 first- and second-level managers about ethics and business. Around a quarter stated that their companies had drafted social or environmental statements; another quarter said that a leading manager was responsible for ethical questions; and almost 20% identified special programmes for gender and diversity or an ombudsman for ethical questions (Wiener Gruppe 2006: 9). In almost 50% of cases CEOs were said to be responsible for CSR, in 31% human resource managers and in 19% the public relations department (Wiener Gruppe 2006: 17). CSR measures rather concentrated on the economic dimension, while the balancing of social, economic and environmental management strategies was at best peripheral (Wiener Gruppe 2006: 18). A future standardisation of CSR and sustainability were definitely not regarded as something to be dealt with by labelling (see below) (15%) or legislative measures (11%) (Wiener Gruppe 2006: 21).

The study shows that corporate social responsibility in general is not particularly widespread, and that standardisation to improve transparency would not be welcome. In Austria questions concerning transparency – such as regulation or standardisation, the quality of the company's commitment, credibility, monitoring, auditing and comparability – have been put on the agenda under different circumstances, especially through the development of specific CSR instruments. In what follows, we discuss examples of such initiatives.

CSR guidelines

In 2004, guidelines were published on CSR implementation (Austrian Standards Institute 2004). An interdisciplinary and inter-organisational working group consisting, among others, of members of employers' and employees' organisations and NGOs, drafted these guidelines to provide principles and tools for the implementation of CSR activities within the framework provided by the Austrian Standards Institute. The guide primarily contains recommendations: only Austrian law or the legislation of other countries in which the company is or plans to become active are seen as binding. It aims at supporting the documentation, implementation, maintenance and improvement of CSR management systems and targets primarily enterprises but also associations, public institutions and municipalities (Strigl 2005: 136). So far no studies have been conducted on the application of these guidelines.

Participation in the development of the ISO-SR standard

In 2003, the International Standard Organisation (ISO) launched an initiative to develop the International Standard ISO-26000, a guidance document on social responsibility. It will be a voluntary framework for social responsibility (SR), providing definitions and methods for evaluation. One of the first decisions of the international ISO group was to substitute SR for CSR: every organisation, profit- or non-profit, should be covered by the standard. The standard will assist organisations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development. It must be consistent with existing documents, international treaties and conventions, and is not intended for third-party certification. Participants in the SR Working Group encompass six stakeholder categories: industry, government, consumers, labour, NGOs and 'others' (for example, services, support, research); they are also balanced in geographical and gender terms. In May 2006, it consisted of 315 participating experts and 52 observers from 64 member countries. The finalisation of ISO-26000 is planned for the end of 2008.

The Austrian Standards Institute, as a member of ISO, is participating in this international process. The Austrian working group which drafted the CSR guidelines is contributing its expertise and experience to the ISO process. The integrative and consensual procedures of the Austrian working group, which consists of employers' and employees' organisations, as well as NGOs, have been particularly useful in the standardisation of CSR. Despite the different interests and approaches the Austrian team succeeded in reaching a consensus. The Austrian example, with its high level of social dialogue, has been introduced into the international CSR debate (Grün 2004).

The imbalance in terms of resource allocation is evident in this international process, which affects the participation of experts from stakeholder categories with limited resources, such as developing countries, non-governmental organisations, consumers, but also the Austrian employees' representatives, who can participate only at national

level and try to ensure that the role of the employees and their representatives as a stakeholder group is taken into account by the SR guidelines, and that binding rules are not softened.

Stakeholder participation is a major challenge for the SR standardisation process. In the international process the ISO members differ with regard to their political systems, as well as their religious and ethnic diversity. Agreement on standards within the social dimension of CSR – for example, gender equality, child labour and association rights – is proving to be much more difficult than on environmental topics. Therefore, consensus management is very important if the gaps between North and South, and East and West, and among the different groups of stakeholders are to be overcome.

Sustainability reporting

Sustainability reports, an integrated form of reporting on a company's environmental, economic and social performance, are published worldwide. In Austria about a dozen companies have issued such reports.

The Austrian Chamber of Labour has examined ten Austrian sustainability reports, assessing them in accordance with the Global Reporting Initiative (GRI) guidelines. The reports received average scores. In some areas – such as strategy, organisational profile, ecological indicators and working conditions – high quality was present, but there were significant differences between individual companies. More 'unpleasant' information, such as about restructuring, management remuneration, performance and failures, as well as (the lack of) stakeholder participation is seldom given, at least in sufficient detail. The important questions of selecting and cooperating with suppliers are given little attention. Most companies do not see themselves as responsible for the whole supply chain in other countries and continents.

The areas of human rights, relations with the local community and product responsibility were rated below average. In most cases the companies described individual charity events, or the sponsoring of sports and cultural events as CSR activities; particularly in relation to human rights they often declared that such information was not relevant for their company.

A study conducted by the Ludwig Boltzmann Institute of Human Rights analysed the CSR activities of enterprises, with a focus on human rights. According to the experts interviewed, about 250 companies (0.08% of all companies in Austria) are involved in CSR activities, though only 43 (0.01%) engage in CSR with a human rights component. Activities aiming at stakeholders within the company outnumbered those targeted at external ones; in-house measures mainly focused on supporting disadvantaged groups, such as women, older people or people with disabilities, and on the promotion of health and safety in the workplace. Community development programmes and activities promoting education or health ranked highest (Lukas 2005: 11).

It is becoming evident that enterprises lack a clear vision of what CSR should include and how they should report on it. Reports on enterprise activities are, with few exceptions, nearly all positive and presented solely from an internal point of view. The critical voices of stakeholders, weaknesses or failures are not reported on. As a consequence, such reports have low information value and credibility, and risk reducing sustainability reporting to an image-building and public relations instrument (Samsinger and Schiessl 2004).

A number of stakeholder groups are therefore proposing voluntary CSR audits. These audits would assess whether companies advertised as CSR enterprises were really acting with social responsibility and so would enhance the credibility of sustainability reports. The international research project, 'Survey relating to a European system for corporate social responsibility (social aspect) auditor certification', asked whether CSR audits were desired in Austria, what they should look like and to what extent the issue of audits was being discussed in Austria. In order to find answers to these questions 20 experts representing groups for which the topic might be relevant were interviewed: auditors, consultants, financial analysts, protectors of consumer interests, representatives of professional associations, certification and accreditation companies, TNCs and SMEs.

The interviews showed that opinions – even within the same group of stakeholders – differed considerably. While some were sure that CSR cannot be measured and therefore CSR audits should not be introduced, others stated that highly standardised audits – for example, with ISO procedures – would be realistic. Consultants, financial analysts and protectors of consumer interests in particular were very interested in CSR audits. Investors also wanted as much information as possible about companies, enabling them to make a more realistic assessment and so reduce their risk (Strohmer 2005a and b).

The CSR quality label of Quality Austria

Quality Austria (QA),⁸ a publicly recognised organisation for training, certification and evaluation, has integrated CSR in its activities. It offers CSR management courses, which include evaluation and rating procedures, as well as CSR reporting. QA wants to ensure transparency and credibility by issuing a quality label for CSR in 2007. Quality labels are regulated by law in Austria and aim to distinguish quality products and services. Such labels are well established and the creation of a single label in the field of CSR is desirable; the proliferation of labels confuses consumers. This could pave the way for a uniform, credible and concrete guideline for CSR in Austria.

The quality label will focus on organisations that produce and sell products and that want to make CSR an important element of their organisation. Such organisations can apply for certification, and if they meet the criteria specified for the social, societal and

8 For more detailed information see: <http://www.qualityaustria.com> [accessed 07.01.2007].

environmental dimensions they will be awarded the quality label. This label rewards a genuine engagement in CSR and distinguishes awardees from competitors. Stakeholders such as trade unions will be involved in the monitoring process. This standard will also meet the needs of SMEs.

The role of consultants

An expert group of ‘CSR consultants’⁹ was formed within the Austrian Federal Economic Chamber, which aims to raise awareness of CSR in Austrian companies and to offer consultancy. The group considers itself as a platform for the discussion and further development of different approaches. In contrast to other employers’ initiatives, it supports CSR standardisation: the three dimensions of the triple-bottom approach – economic, social and environmental – should be linked to indicators encouraging the comparability of companies and the realisation of CSR principles. The CSR consultants not only support the standardisation initiative ISO-26000, but also see stakeholder dialogue as a fundamental method of realising CSR. Therefore they seek to exchange experiences with a broad range of stakeholder groups comparable to those involved in the ISO-26000 process. One further aspect is the establishment of standards for CSR consultants.

Corporate governance

Another element of the CSR debate related to transparency and credibility is corporate governance. This does not seem to involve such a broad range of stakeholders as the initiatives already analysed, however; for example, NGOs were not involved in the drafting of the Austrian Code of Corporate Governance. Only a few NGOs, such as attac, have been involved in the corporate governance debate.

The Austrian Code of Corporate Governance (Austrian Working Group for Corporate Governance 2006), which primarily targets Austrian listed companies, is an example of self-regulation without sanction mechanisms. The Code was drafted in response to a paper published by the Confederation of European Shareholders’ Associations (Euroshareholders 2000), codes published in Germany and Switzerland, and financial scandals, such as Enron, Worldcom, Parmalat and Adecco, as well as Austrian scandals such as the Riegerbank or Bank Burgenland (Gahleitner and Leitsmüller 2003: 1). The Code merges two documents drafted by the Institut Österreichischer Wirtschaftsprüfer and the Österreichische Vereinigung für Finanzanalysten und Asset Management; it was further refined by the Austrian Working Group for Corporate Governance led by a government appointee responsible for the capital market. The particular composition of this working group resulted in less binding, more general provisions (Schmalhardt

9 For more detailed information (in German) see: http://portal.wko.at/wk/format_detail.wk?AngID=1&StlD=151997&DstID=7276 [accessed 07.01.2007].

s.a.: 2); for example, representatives of the Chamber of Labour and the trade unions were involved in the process only at a very late stage (Leitsmüller 2004: 27). The authors of the Code see it more as a tool for promoting the development and revitalisation of Austrian capital markets than for governing and controlling company organs.

The Code includes the most important topics, but they are formulated vaguely and have a significant discretionary element:

- Compulsory provision of documents related to supervisory board meetings one week before the regular meeting.
- The compliance regulation, based on the stock exchange act which specifies minimum standards for dealing with insider information, should be introduced throughout the company.
- Disclosure of the shares owned (in the company) by members of the management board and the supervisory board.
- Publication in the business report of board members' remuneration.
- Recommendation that more than four meetings of the supervisory board should be convened each year.
- Establishment of an audit committee and a strategy committee within the supervisory board.
- It should be made clear that works' council members and investors' representatives have equal rights in the supervisory board.
- Recommendation concerning the composition of the supervisory board and members' qualifications.
- Recommendation concerning accounting standards.
- The independence of the auditors is stressed, and recommendations are included for the improvement of risk management.

Employees' representatives have criticised the lack of democratic legitimation for the Code, in contrast to the provisions in the Stock Corporation Act. Furthermore, no regulations or standards governed the introduction of the Code.

The results of studies conducted on levels of compliance with the Code are not promising: 50% of the enterprises listed on the Austrian stock exchange have committed themselves, but only one company has accepted the Code without reservations regarding the 'comply or explain' provisions (Schmalhardt s.a.: 3). A survey conducted by the Chamber of Labour shows that only 3% of the potential 1 000 enterprises have committed themselves, only 14 companies have published compliance statements on the Internet and few companies have reported on monitoring mechanisms (Leitsmüller 2004: 35-36). Gender mainstreaming, which is not addressed in the Code but should be a CSR issue, is not reflected in company organs: women's representation averages only 6% (Leitsmüller 2005: 25).

The study also shows that the Code has been implemented only in companies that already have a corporate governance culture. Companies seem to be using the Code to improve their image and to increase their share price, not to develop their corporate

governance culture. US scandals show that incentives to engage in illegal and immoral business practices must be eliminated and replaced by value driven rules. This would lead to a value management system that encompasses not only risk management, but also risk-relevant behaviour (Wieland 2002: 5). Companies incorporating value management would be more likely to introduce internal monitoring systems. These have so far not been established even by companies complying with the Code of Corporate Governance, as the Code does not include monitoring provisions. Effective monitoring systems would also guarantee better quality business reports, making possible external monitoring by relevant stakeholders, such as trade unions and NGOs. Stakeholders, especially employees and their representatives, should also participate in adapting the Code to specific company contexts and so in the implementation and further development of corporate governance culture. Experience shows that voluntary implementation of the Code without sanctions has not achieved the desired results and that therefore legal provisions must be imposed covering the main elements of the Code. Legislation would bring the government into the corporate governance debate and make political decision makers clearly responsible for the further development of corporate governance.

Conclusions

The transparency and credibility of CSR measures and tools are an important issue in Austria, although not all the relevant stakeholders favour promoting standardisation, monitoring and auditing, despite the fact that this would improve comparability and increase trust in the companies concerned. Although the political debate on social responsibility started in the 1980s, when it focused on environmental aspects and was promoted by a number of political parties, CSR was not introduced by national political decision makers. It emerged in response to developments at the EU level and to international and national scandals. The various scandals and companies' subsequent attempts at image building make transparency and credibility an important concern. Employers' and employees' organisations view CSR differently, as do NGOs, which embody a broad range of civil society interests. The two organisations that have been established within the Austrian CSR context – respACT and the Social Responsibility Network – represent the social partner and dialogue structure. This traditional structure is expanded by the representation of NGOs in the Social Responsibility Network. They represent different stakeholder interests and therefore have different attitudes towards the definition of CSR, standardisation, monitoring and auditing. Most of the actors represented in these two organisations are also involved in a broad range of CSR activities and initiatives being developed in Austria.

Although their interests differ, the various organisations – especially those representing the social partners – have cooperated in the drafting of such documents as the CSR Guidelines, which provide tools for implementing and/or monitoring CSR. Other initiatives range from developing standards for the qualifications of CSR consultants to a CSR quality label providing transparent and credible guidelines for CSR in Austria.

Studies show that the lively CSR debate within the CSR community has so far not led to much interest on the part of enterprises in implementing CSR, although there are some examples of companies slowly making progress in CSR and corporate governance. The Code of Corporate Governance is an example of how voluntary measures in the field of CSR develop when a legal framework is lacking and ‘voluntary’ is interpreted as ‘discretionary’ or even ‘anything goes’. Legal provisions are a necessary precondition for the further development of both corporate governance and CSR, but they must be complemented by incentives guaranteeing a change in the value systems of corporate governance cultures, balancing economic, social and environmental goals.

It remains to be seen whether the planned institutionalisation of dialogue between respACT and the Social Responsibility Network will lead to the promotion of a holistic and transparent CSR approach, aiming at sustainable development and social cohesion, or whether the shift in the EU-level debates in the direction of economic growth and job creation will block such development. By 2006, the Commission had ceased to lead the debate, in which NGOs and the trade unions became marginalised; the nature of CSR has shifted from substance to process and what would represent an adequate framework for CSR has been denounced by companies as likely to constrain economic actors and weaken their competitiveness in global markets (De Schutter 2006). In 2007, the Commission started to split its competences regarding CSR among DG Employment and DG Enterprise, a further step towards shifting the influence away from employees’ organisations and NGOs to enterprises.

References

- Austrian Standards Institute (2004) *Corporate Social Responsibility – Guidance for the Implementation of Corporate Social Responsibility – CSR Guidelines*, Vienna: Austrian Standards Institute, ON-V 23.
- Austrian Working Group for Corporate Governance (2006) Austrian Code of Corporate Governance, Vienna. http://www.wienerborse.at/corporate/pdf/CorporateGovernanceKodexengl_2.pdf [Accessed 10.12.2006]
- De Schutter, O. (2006) ‘Corporate Social Responsibility: the EU Debate’, speech at a conference on CSR in the EU 10: Expectations versus Realities, organised by the Global Alliance for Responsibility, Democracy and Equity of the Environmental Law Service and the League of Human Rights, Prague, 15 September 2006.
- European Commission (2002) Communication from the Commission concerning *Corporate Social Responsibility: A business contribution to Sustainable Development*, COM(2002)347, final, 2 July 2002, Brussels.
- European Parliament (2003) Report on the Communication from the Commission concerning *Corporate Social Responsibility: A business contribution to Sustainable Development*, (COM(2002)347 - 2002/2261(INI)), final A5-0133/2003, 28 April 2003.
- Euroshareholders (2000) Euroshareholders Corporate Governance Guidelines 2000, Brussels, February 2000. <http://www.wfic.org/esh/Guidelines.pdf> [Accessed 10.12.2006]

- Gahleitner, H. and H. Leitsmüller (2003) 'Corporate Governance Diskussion als Antwort auf Bilanzskandale?', *Arbeit und Wirtschaft*, 1, Vienna.
http://www.arbeit-wirtschaft.at/servlet/ContentServer?pagename=X03/Page/Index&n=X03_1.a_2003_01.a&cid=1191422923421 [Accessed 23.02.2008]
- Grün, K. (2004) 'Corporate Social Responsibility – eine Herausforderung für die Normung', in P. Köppl and M. Neureither (eds.) *Corporate Social Responsibility. Leitlinien und Konzepte im Management der gesellschaftlichen Verantwortung von Unternehmen*, Vienna.
- Kolm, P. and M. Krenn (2005) *Gesellschaftliche Verantwortung von Unternehmen. Die Soziale Dimension*, Positionspapier, Vienna.
- Leitsmüller, H. (2004) 'Was bringt Freiwilligkeit? CG-Kodes in Österreich', *Wirtschafts- und Sozialpolitische Zeitschrift*, 27 (1), 19-42.
- Leitsmüller, H. (2005) *Corporate Governance Kodex: Die praktische Anwendung des Kodex an der Wiener Börse 2005*, Vienna: Kammer für Arbeiter und Angestellte.
http://wien.arbeiterkammer.at/pictures/d31/Corporate_Governance_Studie2005.pdf [Accessed 10.12.2006]
- Liegl, B. (2006) 'Das Netzwerk Soziale Verantwortung (NeSoVe) vertritt die Interessen der StakeholderInnen', *Thema des Monats*, 11/2006.
<http://www.nachhaltigkeit.at/reportagen.php?id=1#k16> [Accessed 10.12.2006]
- Lukas, K. (2005) *Corporate Social Responsibility und Menschenrechte – was tut sich in Österreich? Menschenrechtsrelevante Aktivitäten österreichischer CSR-Unternehmen*, Vienna: Ludwig Boltzmann Institut für Menschenrechte.
<http://www.univie.ac.at/bim/php/bim/get.php?id=178> [Accessed 10.12.2006]
- Mark-Ungericht, B. and R. Weiskopf (2004) 'The struggle for definition. The public debate on Corporate Social Responsibility in Austria and the space of responsibility', *Wirtschaftspolitische Blätter*, 3, 331-352.
- Netzwerk Soziale Verantwortung (2006) *Positionspapier*, Vienna.
- Pesendorfer, D. and V. Lauber (2006) 'Umweltpolitik', in H. Dachs, P. Gerlich, H. Gottweis, H. Kramer, V. Lauber, W. C. Müller and E. Tálos (eds.) *Politik in Österreich: Das Handbuch*, Vienna: Manz, 663-674.
- respACT Austria (2006) *The Austrian Economic Sector's Guiding Vision for Corporate Social Responsibility: Economic Success. Responsible Action*.
http://www.respect.at/respect/article_detail.siteswift?so=all&do=all&c=download&d=article%3A2142%3A3 [Accessed 10.12.2006]
- Samsinger, R. and E. Schiessl (2004) *Nachhaltigkeitsberichterstattung in Österreich nach den Richtlinien der Global Reporting Initiative (GRI) 2002*, Wien Kammer für Arbeiter und Angestellte.
- Schmalhardt, H. (s.a.) *Public Corporate Governance in Österreich – Wer führt die Diskussion?* <http://www.lrh-v.at/downl/Artikel%20PCG.pdf> [Accessed 10.12.2006]
- Strigl, A. (2005) 'Austria – concerted action towards sustainable development', in A. Habisch, J. Jonker, M. Wegener and R. Schmidpeter (eds.) *Corporate social responsibility across Europe*, Berlin: Springer-Verlag, 125-140.
http://dyn.boku.ac.at/oin/_artikel/concerted%20action%20towards_sd.pdf [Accessed 10.12.2006]

- Strohmer, S. (2005a) *Studie über ein Europäisches Zertifizierungssystem für CSR-Auditoren (sozialer Aspekt) (SYCACSR)*, Nationaler Projektbericht Österreich, Forschungs- und Beratungsstelle Arbeitswelt Wien.
- Strohmer, S. (2005b) 'Kommen jetzt CSR-Audits?', *Kompetenz 10*, Gewerkschaft der Privatangestellten.
- Wieland, J. (2002) 'Werte Management und Corporate Governance', Working Paper 03/2002, Konstanz: Fachhochschule Konstanz. http://www.kiem.fh-konstanz.de/pdf/Working%20Paper%2003_2002%20Wertemanagement%20und%20Corporate%20Governance.pdf [Accessed 08.01.2007]
- Wiener Gruppe für Integritätsmanagement und gesellschaftliche Verantwortung (2006) *Ethik und Ökonomie – Widerspruch oder Komplement?*, Vienna. http://www.respect.at/site/article_detail_border.siteswift?so=all&do=all&c=download&d=article%3A2357%3A2 [Accessed 23.02.2008]
- WKO (2005) KMU-Daten für Österreich. <http://wko.at/Statistik/kmu/WKO-BeschStatK.pdf> [Accessed 10.12.2006]