

Rhetoric and Realities: Analysing Corporate
Social Responsibility in Europe (RARE)

Press Release
15th January 2006



In the course of 2006, a consortium of seven leading European research institutions conducted **surveys on Corporate Social Responsibility (CSR) in selected European industries** – the banking, oil and fish processing sectors. In addition, CSR activities specifically among **SMEs** were surveyed in the automotive supply chains in Austria and Hungary. CSR issues focussed on include the mitigation of climate change, minimizing the risk of chemicals, sustainable fisheries, promotion of gender equality and countering bribery. The survey results are a core part within the research project “Rhetoric or Realities – Analysing Corporate Social Responsibility in Europe” (RARE), which is funded by the European Commission within the 6th Research Framework Programme (www.rare-eu.net).

The reports now available at <http://www.rare-eu.net/index.php?id=4> **cover** the elements necessary to integrate CSR into day-to-day corporate activities – from the creation of a vision to its implementation, monitoring and the measurement of impact. Response rates ranged from 19.5% (fish processing sector, 8/41 companies) and 28% (SMEs in automotive sector, 15/53) to 47% (banking sector, 17/36 companies) and 60% (oil sector, 9/15 companies).

The **main findings** include:

- **Terms and concepts:** Companies in the different sectors have preferences for different terms when describing their responsibilities towards society and the environment. For example, while the oil companies preferably use the terms ‘Corporate Responsibility’ and ‘Corporate Social Responsibility’, fish processors also strongly employ the term ‘Business Ethics’. The concept of CSR, which is promoted by the European Commission in their CSR Strategy, has hence not (yet) become generally established. Large companies and SMEs across all sectors view their voluntary activities on social and environmental issues above all as a means to ensure compliance with mandatory legislation rather than to go beyond compliance, as is foreseen in the Commission’s CSR concept.
- **Issues:** In the different sectors, different prominence is given to the issue areas that we looked at and no common pattern may be denominated. While the countering of bribery is the strategically most important issue in the oil and banking sector, followed by the mitigation of climate change in the oil sector and the promotion of gender equality in the banking sector, the fish processing sector attributes no strategic relevance to these issues and focuses on sustainable fisheries issues and on chemicals issues instead. The SMEs surveyed consider as most important environmental impact reduction – however, not including climate change – and the countering of bribery. These findings imply that there is not one general level of

issue importance, but that issue importance varies with the sectors and is tightly related to the companies' core business, rather than to their wider sphere of influence.

- **Implementation:** The focus on core business is mirrored when analysing CSR implementation (instrument use, activities, organisational set-up), though the relation between the implementation efforts and the strategic importance assigned to the issues is not always consistent. Only few of the respondent SMEs in the automotive sector, for example, carry out any anti-bribery measures despite the importance they generally attribute to the issue.

A differing 'maturity' of the industries with regard to CSR can be deduced among others from the widely varying use of CSR instruments. While the surveyed companies in the banking and oil sectors use an average of 17 instruments per company, the fish processing sector lags behind with 9 instruments. The SMEs polled tend to make use of less and of less formalized CSR instruments. Among the standardised instruments they favour management systems, above all ISO 9001 and ISO 14.000. Banks prefer as CSR instruments forms of stakeholder engagement and cooperation, company specific codes of conduct, and non-financial reporting based on the Global Reporting Initiative. Oil companies, on the other hand, preferably endorse the Global Compact, the OECD Guidelines for Multinational Enterprises, the Responsible Care Initiative, ISO 14001, and the Global Reporting Initiative. In the fish processing sector, the FAO Code of Conduct for Responsible Fisheries, the Marine Stewardship Council certification, and the Hazard Analysis and Critical Control Point (HACCP) system are most popular.

- **Performance and impact:** When it comes to CSR performance, it emerges that the respondents from the fish processing and the oil sectors are rather reluctant to assess their CSR performance as gathered over the last years. To the extent they evaluate how their social and environmental performance has improved through CSR, this evaluation is cautiously optimistic, at least with regard to the issues the companies attribute strategic importance to. Respondents from the banking sector more confidently assert that their impacts range from rather high in the area of countering bribery to medium in mitigating climate change and promoting gender equality. In comparison, the SMEs in the automotive sector are most reserved when it comes to claiming CSR impacts and identify progress above all in the environmental field. Respondents from the oil, banking and fish processing sectors assess differently which CSR instruments contribute most to their CSR performance. While in the fish processing sector, for example, the MSC label is regarded as very important, oil companies view 'company-specific' instruments as most effective to improving CSR performance.

The reluctance of many of the companies surveyed – with the exception of banks – to specify performance improvements is among others caused by the fact that few companies at all systematically measure their own performance. Evaluation is hampered by a lack of key performance indicators (KPIs) which ought to be monitored over a specific period of time. This is problematic as measurement is the basis for judgements on the social or environmental impacts achieved by CSR activities as well as for systematic review and improvement processes.

On the basis of these results, the RARE researchers as a next step will carry out **in-depth case studies** in selected companies to further inquire into CSR impacts and success factors.

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