

CSR – Background and recommendations of Oeko-Institut Results of IMPACT – an EU research project

For approximately ten years (voluntary) Corporate Social Responsibility (CSR) activities have become increasingly important throughout the EU. It is often assumed that the CSR activities of companies have positive effects on the economy, society and the environment. CSR is, among other things, expected to make a contribution to meeting the strategic goals of Lisbon and Gothenburg. These goals include strengthening the competitiveness of the EU and fostering environmentally sustainable development and job quality.

The definition of CSR used by the European Commission is broad in scope: Since 2011 CSR is understood simply as the “responsibility of an organisation for the impacts of its decisions and activities on society.” Specifically, this could mean such corporate measures as reducing energy consumption, introducing flexible working hours and ensuring fair remuneration for employees.

The IMPACT project

Up to now the empirical evidence, tools and methods have been lacking to enable assessment of the impact of voluntary CSR activities. That is, the measures which companies undertake to be more sustainable that go beyond the legal requirements. This was a key goal of the IMPACT project funded by the European Commission. The project examined what contribution the voluntary CSR measures of companies makes to a more sustainable society. Using a method developed by Oeko-Institut a team of European researchers conducted extensive surveys and evaluated existing and new data. The impacts on the environment and job quality in particular were analysed.

Key results of the project

1. High relevance of CSR in companies

It is standard nowadays that a company – irrespective of its size – has an active CSR policy and for most companies it is substantially more than a voluntary measure undertaken to reap competitive and image gains. Indeed, more than 90 per cent of the small and medium-sized companies surveyed engage in CSR activities.

The survey of international companies from the automotive, telecommunications, retail, textile building and information and telecommunications technology (ICT) sectors shows that there is awareness of almost all sustainability issues specified.

2. Gap between awareness and activity is large

Nevertheless this frequently does not result in the companies getting active in the respective areas. Our data evaluation shows that corporations are often aware of the problems associated with the use of critical raw materials in the automotive industry or water consumption in the clothing industry, but they have no concrete measures in place to conserve water or to ensure a more conscious use of critical raw materials.

3. CSR measures have slight positive effects on society

What benefit does society actually derive from almost every small, medium-sized and large company being active in the field of CSR? Have the voluntary CSR measures of companies improved job quality? Have better jobs come about, have salaries become fairer and have greenhouse gas emissions fallen?

The surveys and data analyses conducted within the scope of the IMPACT project show that CSR has a discernible effect, but one that can only be described as slightly positive. This is the result of a comparison of CSR-specific data of 2007 and 2010. Bearing in mind that not only voluntary measures but also other factors influence the result, it must be assumed that the contribution to society made by voluntary CSR activities is very slight.

The question of whether CSR results in economic profit cannot be answered in a general way by the research project; it can only give a definite answer with regard to each specific sustainability issue. The analysis examines what the economic effect is when a company adopts a measure to improve its environmental or social impacts.

4. General standards for measuring CSR are lacking

Oeko-Institut believes action needs to be taken with regard to the companies' collection and evaluation of data. The IMPACT study shows that up to now there has been no standard, systematic approach to what internal data of companies is collected and how. This becomes even clearer when companies want to quantify the effects that their measures have on society, which has scarcely been possible up to now. The Global Reporting Initiative (GRI) is – in Oeko-Institut's view – a good, but not sufficient approach to helping companies select relevant measures and assess their impacts.

5. Clear definition of each step needed

The most successful CSR activities undertaken by companies are – as project results demonstrate – those which companies implement step by step, which identify the right adjustments to be made, and which draw a clear line between the impacts within the companies and the impacts on society. Only in this way can companies comprehend the internal and social impacts of their CSR measures, determine the effectiveness of these measures and re-adjust the direction of their efforts in case of doubt. But companies cannot do all this by themselves. If the relevant data are comparable, clear standards are needed.

6. More regulation desired

Several results of the study indicate that relying on the self-commitments and voluntary activities of companies is not enough to bring about social changes that are sustainable overall. The “soft” CSR incentives in Germany favoured by policy up to now do not have a significant impact. These include, for example, CSR awards, information and network platforms. Oeko-Institut is thus calling on policy-makers to make better use of the available instruments, intervene more in a regulatory capacity and, when necessary, not to shy away from tougher measures like minimum standards or prohibitive rules (bans).

- For example, introducing binding reporting – at least for companies of a certain size – could be useful. It creates not only transparency and comparability, but also gives – according to the results of the IMPACT project – greater attention to sustainability issues and incentives for tackling them.
- The introduction of minimum standards could also increase awareness of the problem, get companies to commit to CSR activities and also leave room for voluntary measures.

7. It's the results that matter

Experts at Oeko-Institut are calling for one goal always to be kept in mind: How can the greatest possible benefit for society be best achieved? Voluntary CSR can make an important contribution, but only as one means alongside others. The measures (voluntary ones, regulation, positive/negative incentives, etc.) which are the most suitable for each sector have to be decided issue

by issue. Voluntary measures, and regulatory or other policy instruments complement each other and should not to be understood as an “either/or” decision. Voluntary CSR activities and policy instruments like positive or negative incentives or, in the toughest case, also laws and bans are not mutually exclusive. Even in the case of issues that are tightly regulated (e.g. the use of chemicals or safety at work) it was possible to identify voluntary measures which go beyond the – already high – legal minimum.

Information on the project’s methodology

The IMPACT study consists of seven work packages in which 17 European research partners were involved. It was funded by the European Commission. Oeko-Institut is responsible for all project management and ensuring that quality standards are met. Furthermore the institute is actively involved in conceptual and empirical research questions and synthesizes the results so as to generate a forecast for the future. The project methods include:

- An econometric analysis. More than 5,000 small and medium-sized companies and more than 2,000 large companies formed the basis of this analysis.
 - For the case studies 19 large European companies from the automotive, retail, clothing, building and the ICT sectors were given a written questionnaire to fill out.
 - 5 CSR networks were analysed. The aim was to obtain information on whether companies and other organisations are enlisted in sustainability networks and clusters and whether such co-operations have a positive influence on the sustainability efforts of the participating companies.
 - In a Delphi study 500 experts were surveyed once by writing. This method is designed to develop good forecasts on future developments.
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Further information:

[Oeko-Institut’s press release from 17 September on “IMPACT” project](#)

[More information on IMPACT is available on the European Commission’s project website](#)

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Oeko-Institut is a leading independent European research and consultancy institute working for a sustainable future. Founded in 1977, the institute develops principles and strategies for ways in which the vision of sustainable development can be realised globally, nationally and locally. It has offices in three cities in Germany: Freiburg, Darmstadt and Berlin.