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**“CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF**  
**AUSTRIAN ENERGY SECTOR”**

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Author's Declaration

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## 1. Introduction

The concept of Corporate Social Responsibility became very popular during the last century and grabbed the attention of scholars, media, and practitioners. Every modern company claims to be socially responsible and to act in a sustainable manner. The term CSR embodies many different dimensions, which might be understood and implemented in a different way depending on the industry and the economic development.

The energy and electricity industry is a central business sector, which provides huge monetary gains for the economy of a country. However, its production might cause massive negative effects on the environment and the society. For that reason, the implementation of the CSR concept in the energy industry is crucial for the future wellbeing of the society.

The current study investigates the actual implementation stage of the CSR concept in two of the biggest Austrian energy companies. The study delivers reliable theoretical ground and compares the CSR strategies of WIEN ENERGIE and VERBUND. The comparison of the two CSR strategies provides a base for an improvement of the CSR approach of both companies and a benchmark for the industry as a whole.

The study is structured as follows: The first chapter discusses the evolution of the CSR concept from its early stage until the modern time, emphasizing the CSR presence in the Austrian economy. The second chapter presents the understanding of the CSR theory in its economic, environmental, and social dimensions. After presenting the research question and technique, the empirical part of the study describes and compares the CSR strategies of the two energy companies based on the triple bottom line theory.

## 2. Evolution of the CSR concept

### 2.1 Early history

The history of the CSR concept dates back to early 1916, when John M. Clark first talked about business responsibilities in the *Journal of Political Economy*. Later, in the year 1931, Professor Theodore Kreps held the course “Business Activity and Public Welfare” at Stanford University, which set the basis for many present courses in the field of CSR. After the Great Depression, the ideas of corporate responsibility were often mentioned in the *Harvard Business Review*. For instance, during 1951, in the columns of *Harvard Business Review*, the chairman of the company Standard Oil (present EXXON) Frank Abrams defined the duties of the managers. He claimed that the manager was responsible for the balance among all interest groups by maintaining equality. (Frederick, 2006)

- The 50s

The modern era of corporate social responsibility began with the publishing of the first book on the topic in the year 1953 by the Professor of Economics at Williams College, Howard R. Bowen. In his book “Social Responsibilities of the Businessman”, he discusses the increasing social awareness after World War II and proposes the first definition of the term “social responsibility of a businessman”. (Bowen, 1953)

- The 60s

In the 1960s, social responsibility was seen as additional corporate activity that was supplementary to the economic perspective of the business. (McGuire, 1963) Henry Manne, on the other hand, associated social responsibility purely with voluntary actions. (Manne & Wallich, 1972)

The most widespread definition of social responsibility in the 60s was given by William Frederick. During this period, the moral issues had a significant influence over the business; therefore, he considered the increase of the economic and social welfare as the main goal of every corporation. (Frederick, 2006)

- The 70s

The early 70s were marked with the theory of the Nobel laureate Milton Friedman, who claimed that the only purpose of the corporation was gaining profit. (Friedman, 1970)

During the next decade, many scholars, such as Harold Johnson (1971) or Eilbert and Parket (1973), found different dimensions within the term “social responsibility” and argued about the statement of Milton Friedman.

The first theoretical model in the history of corporate social responsibility was introduced by Archie B. Carroll (1979). He suggested a definition of CSR that included four levels of responsibilities – economic, legal, and ethical. According to his three- dimensional model, identifying the social issues and implementing the responsibility levels was the core for creating a corporate philosophy orientated towards socially responsible behavior.

- The 80s

Remarkable for the evolution of CSR theory was the stakeholder theory proposed by Freeman (1984). He distinguished internal stakeholders such as owners, customers, employees, and suppliers; and external stakeholders, including government, competitors, consumer advocates, environmentalists, special interest groups, and media. According to the stakeholder approach, the involvement of all stakeholder groups in the socially responsible activities is a prerequisite for the successful CSR.

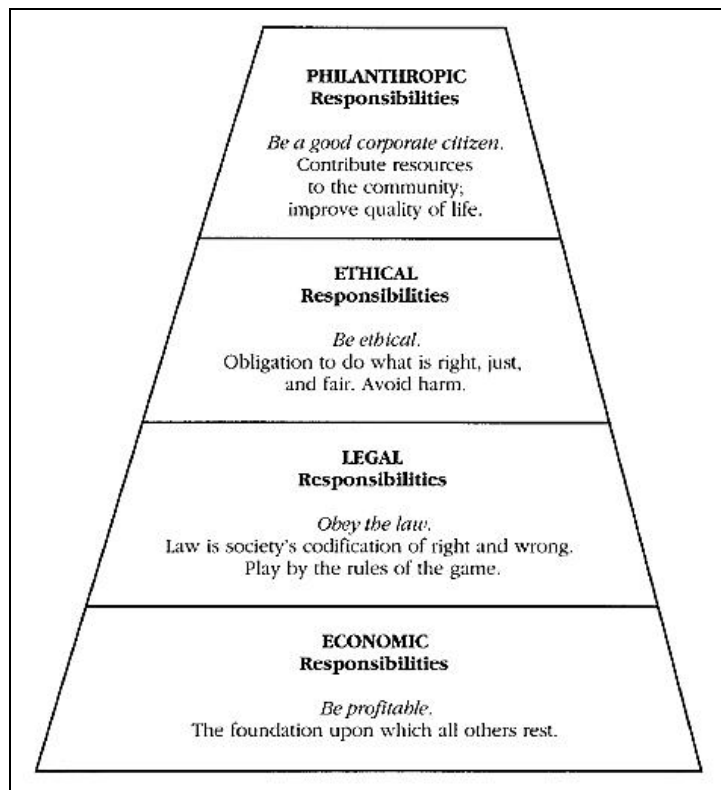
Another scholar of the 80s, Epstein, found the linkage between social responsibility and business ethics. He asserted that those concepts were not only correlated with each other, but they are also overlapping in terms of ideas and goals. (Epstein, 1987)

- The 90s

The next significant phase in the development of the CSR theory began in the early 90s with the theory of CSR pyramid by Archie Carroll. He presented his CSR conceptual model as pyramid. (Carroll, 1979)



Figure 1: The Carroll's CSR pyramid



Source: Carroll, The Pyramid of Corporate Social Responsibility: Toward the Moral, 1991

The base of the pyramid is consistent with the capitalistic theory of Milton Friedman (1970) and represents the primary motive of doing business as gaining profit. The economic responsibilities of the corporation, according to Carroll, suggest profit maximization via operative efficiency and strong competitiveness.

The second layer of the pyramid includes the legal considerations in terms of governmental regulations and restrictions. Although the legal and economic responsibilities are depicted as different levels of the pyramid, they occur parallel to one another and represent the term “social contract”, introduced by Carroll.

The ethical responsibilities are correlated with the legal considerations, but they go a step further by recognizing the ethical values of the stakeholder groups and the evolving social issues as relevant for a moral corporate performance.

The top of the pyramid depicts the philanthropic responsibilities of the corporation in terms of voluntary and charity activities, which improve the social welfare. (Carroll, 1991)

The Carroll's pyramid is one of the most significant theories in the history of CSR, but it is also criticized by several scholars. For instance, Wayne Visser investigated the Carroll's pyramid in the context of African reality and noticed that the model is not suitable, as the pyramid layers might include different responsibilities in the context of different cultures. (Visser, 2005)

Nalband and Al Kelabi criticized the Carroll's theory once again and redesigned his model in a Universal model which included three further layers in the bottom of the pyramid: beliefs, values, and assumptions of the stakeholders. Nevertheless, the two scholars disapproved of the Carroll's order of responsibilities, and they set the legal considerations as the bases in the hierarchy. (Nalband & Al Kelabi, 2014)

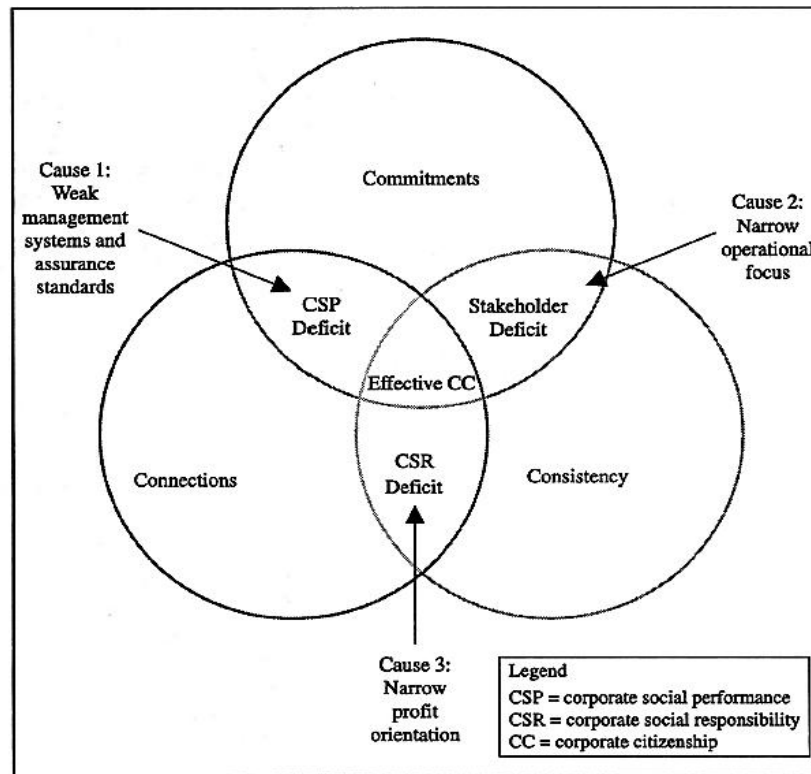
However, the Carroll's pyramid was fundamental for the CSR evolution during the 90s. Shortly after the Carroll's theory, Elkington introduced his Triple Bottom Line model, which was considered to be essential for the CSR theory. The TBL theory embraced social, environmental, and economic responsibilities also known as people, planet, and profit (3P theory). According to Elkington, if the corporation's activities are based on the three pillars of the TBL, then this corporation behaves socially responsibly. (Elkington, 1998)

- The 21st Century

The CSR concept continues its evolution during the 21st century. The Elkington's 3P theory served as the foundation for Marcel van Marrewijk and Marco Werre's development of their 4P model. Additionally to the people, planet, and profit dimensions, Marrewijk and Werre included principles. They created the 4P matrix, where the 4P elements were divided into subcategories, which assisted the measurement of the corporation's CSR activities and its motives for socially responsible behavior. (Marrewijk & Werre, 2003)

A novel CSR model was introduced by Meehan and Richards in 2006. The scholars developed the 3C-SR approach, based on former theoretical concepts, which overcame the limitations of the classical CSR theories and incorporated managerial ideas. The 3C-SR model encompassed commitment, connections, and consistency in all ethical and social activities. (Meehan, Meehan, & Richards, 2006)

Figure 2: The 3C-SR Model



Source: Meehan, J., Meehan, K., & Richards, A. (2006). Corporate Social Responsibility: the 3C-SR model

The graphic depicts the 3C-SR model as follows; the first circle contains the first three layers of Carroll's CSR pyramid: economic, legal, and ethical responsibilities. Those responsibilities are integrated into the company's mission and strategy and therefore represent the corporation's objectives and commitment. The second circle represents the simulation's commitment to socially responsible business and emphasizes the importance of an adequate relationship structure with the stakeholders in order for value creation to be achieved. The third component of the 3C-SR model refers to the stable behavioral manner, which increases credibility and creates a socially responsible image for the corporation. The model represents the new perception of the CSR concept as instrumental for building a competitive advantage based on socially responsible actions. (Meehan, Meehan, & Richards, 2006)

## 2.2 CSR evolution in organizational context

The CSR concept was strongly discussed in the theoretical literature over the last century, but it also gained the attention of many global organizations. Therefore, the following chapter traces the development of the CSR concept from the global organizational perspective.

- **European Commission**

The sustainable business practice is one of the main objectives within the European Union. Therefore, the promotion of the CSR concept plays a significant role in maintaining the social market economy. The European Commission sets the foundations of the CSR policies with the 2001 Green Paper and the establishment of the European Multistakeholder Forum on CSR. The expansion of the CSR policy in 2006 initiated the formation of the European Alliance for CSR, which successfully developed practical tools for the businesses to implement the CSR concept. (European Commission web site, 2015)

The European Commission continues the development of the CSR policy in accordance with the EU initiatives and improves the CSR definition. According to the new EU strategy, CSR motivates the companies to act responsibly by considering the possible impact on the society. (European Commission web site, 2015)

The development of the new EU strategy for CSR is a program that seeks the improvement of the business practices within the Member States. The new EU strategy for CSR aims to achieve improvement in several dimensions, such as trust in business, market disclosure, integration, global training, and research. (European Commission web site, 2015)

The European Commission expands the scope of its CSR initiatives and develops further policies and directives such as “Action Plan for sustainable consumption and production (SCP) and sustainable industrial policy (SIP)”; “The Ecodesign Directive”; and „Europe 2020”; which aim for sustainable growth and social welfare. (European Commission web site, 2015)

- **United Nations**

United Nations initiatives towards sustainable business began in the 40s with several conventions and declarations regarding human rights, health organization, and

discrimination. In the 70s, the UN expanded their recommendation fields with the enforcement of the their Code of Practice for Transnational Organizations, which contained principles for business ethics and production standards. (Katsoulakos, 2004)

During the World Economic Forum in Davos 1999, the UN Secretary General Kofi Annan claimed that the globalization should work for everyone; otherwise it could not be applicable at all. (UN Secretary General Kofi Annan) This statement represented the main idea behind the UN Global Compact, which came into force a year later. (UN web site, 2015)

The UN Global Compact encompasses ten principles that encourage the corporations to behave in a socially responsible manner. The first two principles discuss the human rights and their protection. The further principles examine the problems in regard to labor; additionally, guidelines for environmental, responsible actions are introduced in Principle 7, 8, and 9, while the last tenth principle promotes the anti-corruption actions. (UN Global Compact web site, 2015)

The new UN Global Compact Strategy of 2014-2016 was initiated during the Rio +20 Corporate Sustainability Forum (2012) and aimed to stimulate progress in the CSR actions. (UN Global Compact, 2015)

- **OECD**

The establishment of the Organization for Economic Cooperation and Development in September 1961 was a milestone for the global socio-economic growth. The main goals of the Organization were to promote a sustainable economic development of the member states and to maintain financial stability. (OECD web site, 2015)

Significant contribution to the evolution of the CSR concept was made in 1976 with the enforcement of the OECD Guidelines for Multinational Enterprises, which contained voluntary recommendations for multinational corporations and governments of the member states. During the years, the guidelines have been revisited several times, and the last 2011 edition encompasses principals for sustainable corporate behavior in different fields: „employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.” (Multinational Guidelines web site, 2015) The implementation of the guidelines from the

OECD member states aims for an increase in the positive corporate impact towards economic and social prosperity. (OECD web site, 2015)

- [International Organization of Standardization](#)

The International Organization for Standardization (ISO) develops international voluntary standards regarding different global problems. On the first of November 2010, the Organization introduced the standard for social responsibility, ISO 26000. The development of the standard was done via a “multi-stakeholder approach”, which required consideration of the ideas of all stakeholder groups regarding social responsibility. (ISO web site, 2015)

The ISO 26000 also provides one of the most widespread definitions of social responsibility, which claims that the responsibility of an organization is to contribute to sustainable development considering the stakeholders’ requirements and ethical norms. (ISO web site, 2015)

- [Global Reporting Initiative](#)

The Global Reporting Initiative was established in 1997 as a non-profit organization, which stimulated the sustainability reporting. The GRI creates “Sustainability Reporting Framework”, which aims to equalize the reporting practices of the corporations in terms of sustainability. The Framework proposes principles and standards concerning the economic, social, and environmental performance of the company. Furthermore, the GRI stimulates the voluntary sustainability reporting and thereby supports the publication stakeholders’ relevant information. (GRI web site, 2015)

The Framework contains Reporting Guidelines and Sector Guidance. The Guidelines are support the companies in the process of the report creation and encompass the main principles for preparation of the documents and their disclosure. The first version of the Guidelines was published in 2000, and since then, it has been modified several times in accordance with the changes in the Reporting Framework strategy. The latest G4 version of the Guidelines includes two main sets of principles; the first defines the content of the report, and the second defines the quality of the report. The Sector Guidance, however, organizes the specific sector-related issues and makes the reporting methods more comprehensive. (GRI web site, 2015)

- ## CSR Indices

The evaluating of the companies' sustainability behavior has been a crucial incentive for the introduction of social responsibility indices on the market. (Katasacolus)

The most widely known index is Dow Jones Sustainability Indexes (DJSI), which was first introduced in 1999. The DJSI serves as a benchmark for the sustainable economic, social, and environmental performance of the companies and provides the stakeholder with reliable information. (Sustainability Indices web site, 2015)

A further example of a sustainability index on the market is the FTSE4Good Index Series, which is proposed by FTSE Group in 2001 and measures the corporate social responsibility performance of global companies. (FTSE4Good Index Series web site, 2015)

Likewise, the US financial service provider MSCI Inc. launched sustainability indices (MSCI Global SRI and MSCI Sustainability), which provide a standard for sustainable companies' performance. (MSCI web site, 2015)

## 2.3 CSR definition

The historical and organizational evolution of CSR helps us to gain some understanding about the concept, but finding a generally accepted definition of the term CSR is not an easy task. During the years, many scholars have tried to identify the core idea behind the CSR concept and to determine the exact definition.

One way of finding the most accurate definition of the term CSR is chronological analysis of the CSR theories. In 2011, Shafigur Rahman, for instance, divides the development of CSR into 6 periods and identifies specific CSR dimensions in each of them. That way, he creates the ten dimensional concept of CSR, which summarizes the essentials of all previous CSR definitions. (Rahman, 2011)

Another interesting approach for identifying a reliable CSR definition was used by Alexander Dahlsrud in 2006. After a careful literature review, the scholar identified 37 existing definitions of the term. In his study, he carefully examines the content of those definitions and detects 5 dimensions, which are continuously repeated: environmental, social, economic, stakeholder and voluntary (Dahlsrud, 2006). In the next step of his study, he utilizes the option "frequency counts" in the internet search engine Google and explores the repetition of the different dimensions. The results show that the environmental dimension is most rarely used in comparison with the other four. Nevertheless, all five dimensions represent the core of the CSR definition and are

continuously repeated according to the frequency counts; therefore, they characterize the term “CSR“ in the most accurate way. (Dahlsrud, 2006)

## 2.4 CSR in Austria

The following subchapter traces the development of the CSR concept on the Austrian economic field.

The European Commission introduced the concept in Europe with the publishing of the Green book on CSR in 2001. The first official debate about CSR in Austria was in 2002, when the Ministry of Economic Affairs and Labor and the Federation of Austrian Industry designed the initiative “CSR Austria”. The main goal of the initiative was to promote the CSR concept and to foster an open and transparent dialogue between the business and society. The CSR guidance developed by the Initiative assists the corporations in their CSR activities and introduces the society to the the main CSR ideas.

Later in 2004, the Austrian Standards Institute published official CSR standards, which contained central advice and directions for the Austrian companies on how to implement CSR in their operating procedures and to create open dialogue with the communities. (Austrian Standards, 2015) Important points in the CSR standards were:

- Implementation of CSR concept
- Social involvement
- Build and sustain corporate reputation
- Minimization of liability risk
- Long-lasting business viability (Köppl & Neureiter, 2004)

### • TRIGOS

The “TRIGOS” award was launched in 2003 from business representatives and NGOs. This CSR award measures the CSR engagement of the company in every aspect. “TRI” stands for “three” and incorporates the three pillars of the CSR: economic, environmental, and social. The aim of TRIGOS is to honor the best and most effective CSR companies and to introduce the patterns of success to the wide public. Over the past eleven years, about 1600 Austrian companies have applied for the award, and about 200 were honored nationally and regionally. The laureates are examples in the political, economic, and social scene for



successful and effective implementation of the CSR ideas and create a better corporate image, increasing the trust in the Austrian companies.

Moreover, TRIGOS works in cooperation with the Initiative “CSR Austria” and its follower “respACT” and spreads the idea that social involvement of the companies will also guarantee their economic success. (TRIGOS web site, 2015)

- **RespACT**

“RespACT” is a follower of the Initiative “CSR Austria” and develops the idea for socially responsible business practice, hence the shortened title stemming from the phrase “**responsible action**”. These actions imply social responsibility in the areas of leadership, organization, market, employees, environment, and society. “RespACT” helps the member-companies to achieve their environmental and social goals. The “RespACT” members are convinced that economic success and social and ecological responsibility are inseparable. Therefore, the companies should act responsibly in the market and towards employees, society, and the environment. According to the vision of “RespACT”, CSR should not be seen only as a public relations tool, but also as a management principle based on the standard for sustainable development. (RESPACT web site, 2015)

### 3. The Triple Bottom Line Theory

The previous chapter presents the most crucial CSR theories during the early and modern development of the concept. One of those theories is the Triple Bottom Line, which will be used as a basis for the current research.

The Triple Bottom Line is one of the crucial theories that clarifies the CSR concept. Based on previous sustainability and CSR theories, Elkington introduced the Triple Bottom Line in the late 90s. Since then, the TBL was considered essential, as it embodied the core dimensions of the CSR concept. The Triple Bottom Line implies that the corporate social behavior of a company requires simultaneous actions in all three dimensions: economic, environmental, and social. (Elkington, 1998)

The three bottom lines or dimensions within the TBL often appear in the literature as the 3P's concept - People, Planet, Profit, where People refer to social welfare, Planet to sustainable environmental development, and Profit to economic growth. The balance between the three bottom lines, or the three P's, is the key strategy that leads the company towards socially responsible corporate behavior. (Bergmans, 2006)

In his novel work "Cannibals with Forks", Elkington clarifies the scope of each bottom line and introduces key indicators that measure the responsible performance of the enterprise.

- The Economic Bottom Line represents the economic prosperity or the initial goal of each company. In order for the company to be socially and economically responsible, its economic capital in terms of financial, physical, human, and intellectual capital should be maintained and developed. According to Elkington, the company's reports provide the needed information and indicators for measuring the economic activities.
- The Environmental Bottom Line introduces the actions towards preservation of the natural capital. The effectiveness of those actions is measured via complex indicators. Elkington proposes some indicators that might be used in the assessment of the company's environmental activities, such as pollution emissions, waste generation, and consumption of the natural resources, abandonment costs, and green investments.

- The Social Bottom Line embraces the actions related to the maintenance and improvement of the social capital in terms of human health, abilities, and ethical issues. The employment rights, working conditions, privileges for women, political involvement, and community bonds are some of the proposed indicators that might be used in the context of the social bottom line.

In his book “The New Sustainability Advantage”, Bob Willard uses an attention-grabbing metaphor and presents the Triple Bottom Line theory as a three-legged stool. The three legs of the stool are the three pillars of the theory;– profit, planet, people, which exist separately but simultaneously, and without the synergy between the three legs, the stability of the enterprise will be jeopardized. (Willard, 2012)

Figure 3: Corporate Sustainability Three-Legged Stool



Source: Willard, B. (2012). The New Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line.

In addition to the three-legged stool metaphor applied for the enterprise, Willard also claimed the equality of the terms “sustainability”, “CSR”, and “Triple Bottom Line” in the business context. (Willard, 2012)

The Triple Bottom Line serves as a framework for many scholars and organizations to investigate the influence of the company’s CSR practices over the value creation chain. The division of the TBL components facilitates the development of further theories about the linkage between the three dimensions and the company’s CSR strategies. (Brown, Dillard, & Marshall, 2006)

### 3.1 Economic dimension

#### 3.1.1 Financial performance and CSR

The linkage between CSR activities and economic performance has been investigated by many scholars during the last several decades, but the empirical results have not always been homogenous. The variety of indicators characterizing the connection between CSR and financial performance lead to different results, and therefore, there is no generally accepted assertion about their interdependence.

Several scholars examined the existing studies and attempted to classify them into different categories according to their results. First, Griffin and Mahon divided 62 existing studies into three categories, with positive, negative, or no correlation between CSR and financial performance. Later, Roland Roman with his colleagues from the University of Pittsburg reexamined the categorization of Griffin and Mahon and included new studies into the matrix, concluding that the positive correlation between CSR practices and economic growth occurs most often in the literature. (Roman, Hayibor, & Agle, 1999)

A relatively recent study by Pieter van Beurden and Tobias Goessling in 2008 claims that the relationship between CSR and financial performance is clearly positive, and those studies that find negative or no correlation are only a few. (van Beurden & Goessling, 2008)

The reason for the mixed results regarding the correlation between CSR and financial performance is the difference in the measurement techniques. (Brown B. , 1998) Philipp Schreck, in his book “The Business Case for Corporate Social Responsibility”, categorizes the various approaches used by scholars for measuring the connection between CSR and financial performance. He identifies three main groups of measuring techniques in the literature: perception-based measures such as subjective personal assessment; performance-based measures in terms of various indices; and content analysis of internal and external publications. (Schreck, 2009)

The performance-based measures occur most often in the literature; however, the researchers choose diverse indices to measure the CSR and the financial performance of the company.

Corporate social performance is measured via different techniques. For instance, George Balabanis investigates the interconnectivity between CSR and financial performance in the context of large British companies, using crucial economic and CSR indicators. He regresses the CSR index and economic data for nearly 60 enterprises in order to test the hypothesis of interconnectivity. He forms the CSR index using rankings for thirteen different CSR activities within the companies. Some of those activities are: CSR disclosure, involvement in community projects, environmental activities, encouraging women, and others. (Balabanis, Phillips, & Lyall, 1998)

Additionally, Perston chooses three social performance reputation ratings by “Fortune Survey” in order to measure the CSR performance, namely: “Community and Environmental Responsibility (CERESP); Ability to Select and Retain Good People (PEOPLE); Quality of Products and Services (PSQ)”. The scholar searched for a positive or negative correlation between the reputation ratings and the chosen financial indicators. Remarkably, there was no negative result in the correlations computed; therefore, the hypothesis for positive relation between CSR and financial performance was confirmed. (Perston, 1997)

At the 10th bi-annual conference of the European Association for Comparative Economic Studies (EACES) in 2008, two Italian researchers presented their innovative approach for investigation of the correlation between CSR and financial performance. In order to include a company in the sample of their study, they found the point of intersection of two out of three internationally accepted CSR indices (Domini 400 Social Index, Dow Jones Sustainability World Index, FTSE4Good Index) and created an aggregate index. (Poddi & Vergalli, 2008)

Alternatively, the financial performance is measured via accounting and capital market measures. The accounting measures used most often in the literature are:

- **ROE** - Return on equity represents the net income over the shareholder's equity and measures the profitability of every unit shareholder's equity. (Poddi & Vergalli, 2008) ROE is used by many scholars analyzing the influence of the CSR over the financial performance. (McWilliams & Siegel, 2000)
- **ROA** - Return on assets is computed by dividing the net income over the total assets and represents the profitability of the companies' assets. The ratio is often used in

the literature (Balabanis, Phillips, & Lyall, 1998), and it facilitates the comparison of different companies in the same industry. (Poddi & Vergalli, 2008)

- **ROCE** - Return on capital employed is measured by dividing the earnings before interest and taxes (EBIT) over the capital employed, where the capital employed includes those assets that are necessary to maintain the business or the total assets minus the current liabilities. (Poddi & Vergalli, 2008)

The capital market measures, conversely, depict the situation on the market and the place of a single company among the others.

- **Beta coefficient** - Beta coefficient, for example, is coefficient, which represents the correlation between the expected return of a signal stock portfolio and the expected return of the market as a whole. The beta coefficient measures the exposure of the stock portfolio to the idiosyncratic risk on the market; therefore, it is suitable for analyzing the companies' position on the market. (Poddi & Vergalli, 2008)
- **Market capitalization** - The market capitalization measures the size of the company and is calculated by multiplying the outstanding shares with the price per share. The simplicity of the indicator makes it suitable for analyzing the financial position of the company by many scholars. (Balabanis, Phillips, & Lyall, 1998)

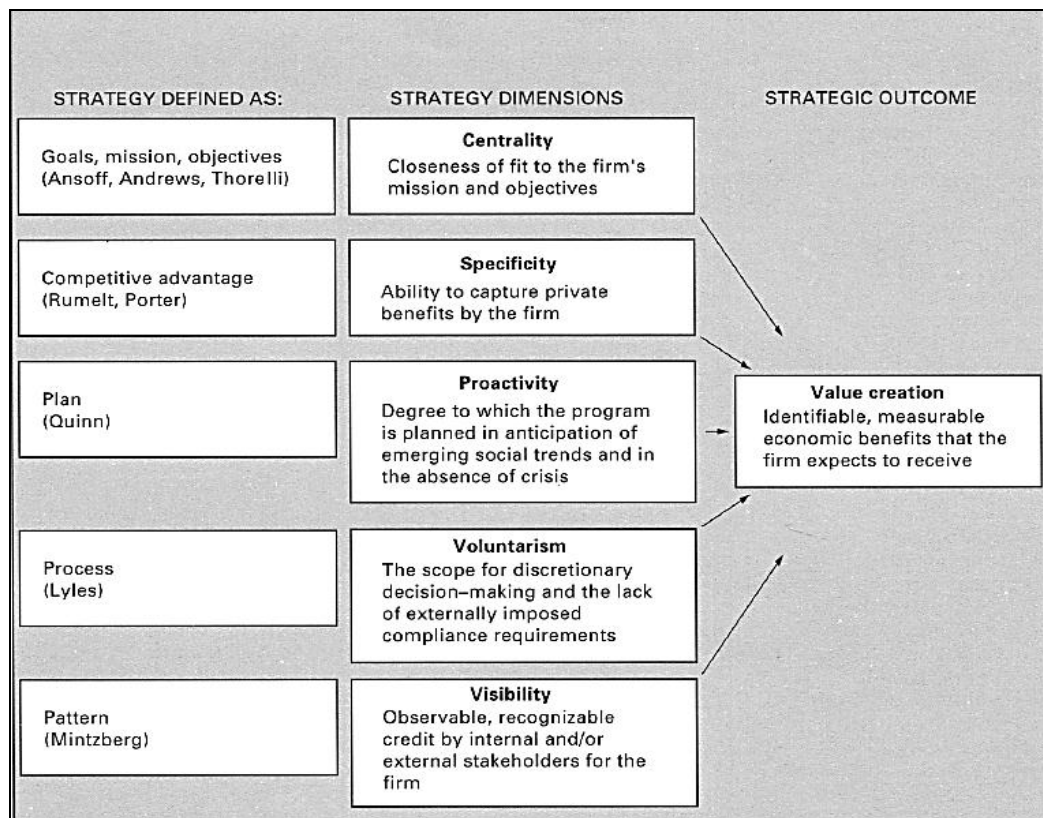
### 3.1.2 Factors

The connection between the CSR practices and the financial performance of the company appears to be positive, but many scholars continue to investigate how the CSR activities become beneficial for the companies' strategies.

Lee Brucke, for instance, introduces five crucial properties of the company's CSR activities that link the company's positive economic outcome and the social benefit. The first factor for the jointly positive effect is "centrality", which measures to what extent the company's CSR activities match its financial goals and its mission. Specificity of the CSR activities is the second factor influencing the company's economic growth. The specificity implies that producing specific socially responsible products or services can bring more benefits for the enterprise and the society rather than the non-specific common goods. Proactivity is the third factor for a strategic CSR, which suggests that the innovative socially responsible behavior, in accordance with expected changes, will bring economic benefits for the company. Furthermore, the voluntary CSR activities are those that increase the company's

financial profits and contribute to the social welfare. Visibility of the CSR activities and the business as a whole is crucial for the expected outcomes. As there might be positive and negative visibility, the company should give prominence to its image and to its connections to stakeholders. The outcome of the CSR behavior containing those factors improves the economic growth of the company and creates value. (Burke & Logsdon, 1996)

Figure 4: How strategy is linked to CSR



Source: Burke, L., & Logsdon, J. (1996). How Corporate Social Responsibility Pays Off

The process of identifying the impact of the CSR activities over the company's financial performance has induced many discussions in the literature. For instance, McWilliams recognized two groups of empirical researches; one focused on short term financial performance, and the other focused on long term financial performance. Both groups of studies investigated the linkage between CSR and a company's economic growth using CSR indices and accounting measures, leaving out the origin of this correlation. (McWilliams & Siegel, 2000)

There is a gap in the literature that examines the interconnectivity between CSR and financial performance, as most of the scholars leave out the factors influencing this

relationship. (Rowley & Berman, 2000) The current research, therefore, summarizes some of the most crucial ones.

- **Corporate reputation**

Corporate reputation is defined as the perception of the stakeholders towards the company. (Weiss, Anderson, & MacInnis, 1999) The financial performance of the company is mostly dependent on its corporate reputation towards its stakeholders. The image of the company is built according to the level of CSR activities in the company, which are positively correlated with the company's financial performance. (Orlitzky, Schmidt, & Rynes, 2003) According to Neville, the corporate reputation is the outcome of socially responsible behavior, which has the highest impact over the economic performance of the company. He determines a direct and positive correlation between financial performance and corporate reputation. (Neville & Bell, 2005) Furthermore, the price-earnings ratio exceeds the standard levels for companies with a better corporate reputation defined by the variable corporate social responsibility. (Little, Ph., & Little, 2000)

- **Disclosure**

A key factor for improving the corporate reputation is the availability of information regarding the CSR activities of the company. In 1985, Arie Ullmann, 1985 found a positive correlation between social disclosure and financial performance in many studies. (Ullmann, 1985)

- **Stakeholders**

According to the stakeholder theory, there are several stakeholder groups, which can be divided into internal and external. The goals of the company are to satisfy the demands of all stakeholder groups. (Freeman, 1984) Based on the stakeholder theory, Bernadette Ruf and Krishnamurthy Muralidhar investigated the relationship between CSR and financial performance and found that there were both immediate and consequent positive effects over the firm's economic indicators by improved corporate social behavior. (Ruf & Muralidhar, 2001) The CSR activities make the relationship with the stakeholder groups stronger, and therefore there are less transaction costs, which improves the financial performance of the company. (Barnett, 2007)



- Consumers

CSR activities influence the buying behavior of the consumers. In one regard, the consumers are considering the level of corporate social responsibility as important criteria when making the purchase. Conversely, there is a negative bias recognized in the buying behavior of the consumers, which means that low CSR has stronger effect on the purchasing intentions than the positive CSR. (Mohr & Webb, 2005) CSR affects not only the consumers' evaluation of the company, but also the brand attitude, and it increases the buyers' identification with the company. (Lii & Lee, 2011) The improved consumers' satisfaction via positive CSR increases the market value of the company, and consequently, its financial performance. (Luo & Bhattacharya, 2006)

- Management

The quality of the management within the company may improve the firms' financial performance in the context of corporate responsibility. (Waddock & Graves, 1997) The CSR practices are dependent on the managerial decisions; moreover, the CSR strategy positively influences the relationship with the stakeholders and is therefore positively correlated with the overall company's performance. (Waddock & Graves, 1997) In 1999, Graves and Waddock once again empirically tested their previous hypothesis and proved the dependency of the management quality, stakeholder relationship, and CSR activities. They found robust signals for the linkage between management quality, financial, and CSR performance. (Graves & Waddock, 1999)

### 3.1.3 Key Economic Elements

Successful CSR strategy requires specific actions that should be undertaken in order to reach the desired performance improvement. Those actions are defined as elements of the CSR strategy, and they differ in each of the three Triple Bottom Line's dimensions. The economic dimension aims for a better financial performance, which could be reached via a variety of techniques. In 2003, Marrewijk and Werre presented an oversimplification of those techniques and created a matrix, which incorporated the elements of the CSR strategy. The most general economic elements included prices in terms of offering fair price and shareholder value, which implied strategic actions towards shareholder satisfaction (Marrewijk & Werre, 2003)

## 3.2 Environmental dimension

### 3.2.1 Environmental performance

Environmental performance is gaining even more attention in the recent years. There are different concepts about the meaning of environmental performances, its content, and a measurement. For instance, according to the study of Douglas Lober, 1996, there is no universal definition of the term “environmental performance“ and “greenness” of the company. Some scholars see the environmental performance as the level of pollution emissions or the side effect of companies’ production processes. (Stanwick, 1998) Denis Patten (2002) and Zaim (2003) also explain the environmental performance as the intensity of the toxic emissions, while King and Lenox (2001) use the term “total facility emissions”, which combines the emissions due to the industry and those due to the lack of an environmental friendly management. (King & Lenox, 2001)

Crucial for understanding the environmental performance of the company is finding the most suitable way for measuring it. In the context of environmental performance, there is not only a lack of a universal definition, but there is also no generally accepted measuring technique. Ilinitich and Soderstorm identify three main categories of measuring approaches: practice-orientated, theoretical, and empirical. (Ilinitich & Soderstrom, 1998)

The first claimed that standardized measuring techniques were developed by the Coalition for Environmentally Responsible Economics (CERES) in 1989. In the 90s, some scholars created different tools for measuring environmental performance, such as Arthur Andersen's Eco Accounting principles, the Metcalf’s performance measurement matrix, and Epstein’s environmental scorecard. (Ilinitich & Soderstrom, 1998)

Table 1: A comparison of systematic environmental performance measurement approaches

Ceres' Principles (Callan and Thomas, Metcalf et al. (1993) 1996, p. 27–29)		Epstein (1996), p. xxvii
1. Minimize pollutants	Set environmental goals	Corporate strategy Product design Capital budgeting systems Strategy implementation
2. Conserve resources		
3. Reduce Wastes		
4. Conserve Energy	Conduct audits Communicate information Employee training Organization/staffing Develop indicators Track performance Measure compliance Measure effectiveness	
5. Reduce risk		
6. Market safe products		
7. Compensate for damage		
8. Disclose potential hazards		
9. Obtain management commitment		
10. Evaluate progress		

Source: Ilinitich, A., & Soderstrom, N. (1998). Measuring corporate environmental performance

The theoretical approach, however, is mainly associated with four dimensions, which explain in detail the theory behind the efficient environmental performance. (Lobar, 1996) The four dimensions include output, resource, process, and consistency. (Ilinitich & Soderstrom, 1998)

The third empirical approach for measuring the environmental performance is characterized by the allocation of the company's CSR processes and outcomes into its internal system, stakeholders' relations, external impact, or internal compliance. (Ilinitich & Soderstrom, 1998)

Furthermore, the measurement of environmental performance is associated with a vast amount of environmental information; therefore, there are various indicators that facilitates the environmental assessment of the corporations. In the literature, there are mainly two types of indicators; Jasch classifies them into performance and condition indicators. (Jasch, 1999) On the one side, the environmental performance indicators depict the managerial effort towards environmental friendly activities. On the other, they depict the input and output of the companies' operations in terms of environment. The environmental condition

indicators illustrate the impacts that a particular company has over the environment. (Jasch, 2000)

The indicators or indexes might differ in practice, as they measure different outputs considering specific internal and external conditions. For instance, Färe and Grasskopf create an index that measures the company's capacity to produce its outputs parallel to its emissions' reduction activities. (Färe & Grosskopf, 2006)

### 3.2.2 Factors

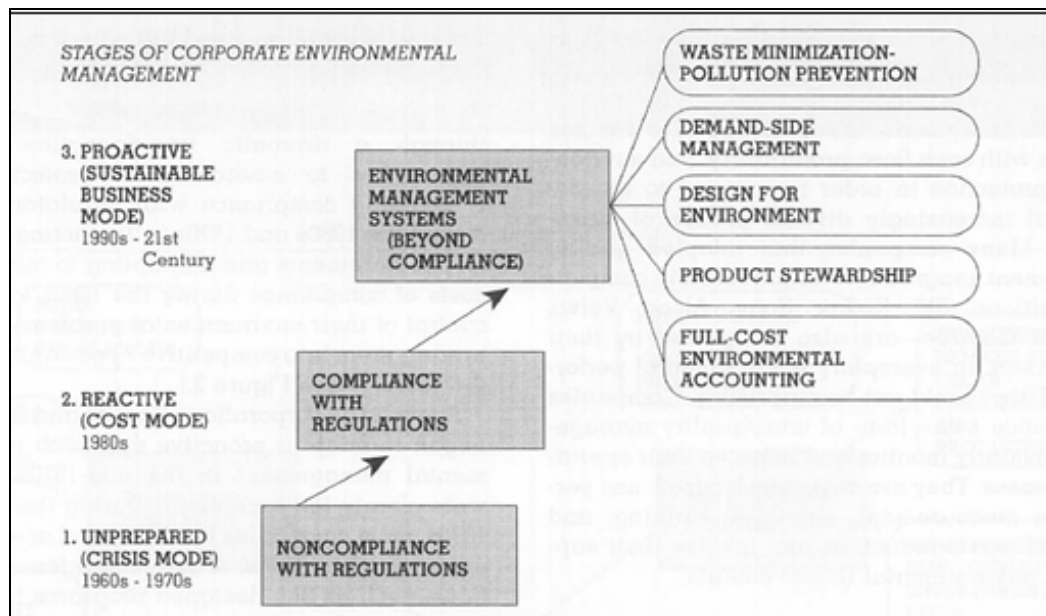
In the environmental context very few of the existing scientific papers investigate the factors influencing the environmental performance of the company. Therefore, the following subchapter summarizes the most significant ones.

- Management

The quality of the internal management of the organization has a significant impact not only over the company's financial performance, but also over its environmental performance. The existence of a good environmental management system (EMS) could both lead the company to a better position in comparison with its competitors and improve its environmental performance. (Iraldo, Testa, & Frey, 2009)

The development of the environmental management has experienced different stages, resulting in the current proactive phase, where the EMSs are deeply integrated in the corporate strategy and play a significant role for the company's performance. (Berry & Rondinelli, 1998)

Figure 5: Stages of Corporate Environmental Management



Source: Berry, M., & Rondinelli, D. (1998). Proactive Corporate Environmental Management: A new industrial revolution

Environmental auditing is also crucial for efficient environmental performance. The integration of auditing mechanisms and bonding the audit results with employees' compensations prevents any principle-agent problems and improves the environmental performance of the company. (Sinclair-Desgagne, 1997)

- **Stakeholders**

The Freedman's stakeholder theory is also valid in the context of environmental performance. The interaction between the company and its stakeholders influences the behavior of the organization towards the environment and the exploitation of the natural resources. The external stakeholder groups, such as government, competitors, community, and customers, have the strongest influence over the environmental performance. The community might differ in terms of geographical, economic, and political status and preferences; therefore, the community's forces towards the environmental practices of a company have different intensity. For instance, a higher population density and a higher income within the community leads to less toxic emissions from the companies. (Kassinis & Vafeas, 2006) Furthermore, the organization's pro-environmental practices depend on the government and the legislative organs, since they possess the control over basic natural resources necessary for the business. (Tang, 2012)

- Low and Regulation

The requirements for environmental friendly production, the limits for toxic emissions, and the fines and penalties for violating the law are the main motives for companies to act in an eco-friendly manner. The law and regulations induce the companies to invest in CSR and pro-environmental activities, which improve their environmental performance and place the companies in advanced positions among its competitors. (Ilinitich & Soderstrom, 1998)

### 3.2.3 Key Environmental Elements

The CSR strategy within the company requires particular actions in order to be successful and to improve the overall company's performance. The elements of the CSR strategy in the environmental context might be presented as the actions taken by the company towards an improved environmental performance considering the relevant factors. Those key environmental elements are specific for each company and industry, but there is a rough generalization made by Rangahanatan in 1998. According to his study, the used materials in terms of quality and quantity, the consumed energy, the non-product output, and the release of pollution; are the key elements for every company's environmental performance. (Ranganathan, 1998)

### 3.3 Social dimension

#### 3.3.1 Social performance

The moral and ethical expectations and standards set in the society lead the behavior of every socially responsible organization. Implementing those ethical norms in the organization and production practices of the company shapes its social performance. (Logsdon & Yuthas, 1997) According to Griffin (2000), social performance is the effect of the companies' organizational practices considering the social environment. (Griffin, 2000) A more precise explanation claims that the companies' social performance trials the relationship between the corporation and its stakeholders considering relevant social issues. (Ranganathan, 1998)

In the recent years, the social issues hold the attention of an increasing number of companies, but still there is no clear technique of measuring the outcomes from the social involvement of the organizations. Some researchers attempt to create generally accepted principles for measuring social performance. For instance, the Barry Mitnick (2000) constructs a matrix system, which measures the corporate social performance of the company. He first identifies performance areas and then proposes possible measurements for the corporate social performance of the company. (Mitnick, 2000)

Table 2: System Performance Domains and CSR measures

<b>SYSTEM PERFORMANCE DOMAINS:</b>	<i>Guidance/ Norm-setting</i>	<i>Consumptive/ Contributory</i>	<i>Process</i>	<i>Activity</i>	<i>Outcomes</i>	<i>Summative/ Combinatorial</i>
<b>CSP MEASURES:</b>	Analysis of mission statements	Measures of hiring goals	Measures of diversity in workforce	Social audits of activities, including philanthropy	Measures of the political knowledge of employees	Reputational measures: KLD, Fortune, and so on
	Codes of conduct for various company activity areas	Information disclosure in hiring practices	Measures of corporate misconduct such as white-collar crime	Percentage of pre-tax earnings to charity	Measures of an unpolluted environment	
	Subscription to external guides or sets of principles:	Measures of purchasing restrictions	Degree of cooperation with regulators	Toxic Release Inventory (TRI)	Measures of a good economic environment	
	Adherence to Sullivan principles		Reporting on regulatory fines	Social disclosure in annual report	Civil cases brought against the corporation	
	Adherence to Valdez principles					

Source: Mitnick, B. (2000). Commitment, Revelation, and the Testaments of Belief: The Metrics of Measurement of Corporate Social Performance

The social performance measurement in the practice is done via reliable, comparable, and consistent codes of conduct created by different institutions. Codes of conduct are principles that lead the behavior of an organization. Some examples for codes of conduct are: FLA workplace codes of conduct, SA8000, ILO standards, and ETI standards. (Chatterji & Levine, 2005)

Furthermore, there are universal benchmarks that provide investors with universal information about the social performance of the company. Some of the most often applied indices in the practice are: MSCI SRI Indices, FTSE KLD 400 Social Index, FTSE4Good, and Dow Jones Sustainability Indexes. (Chatterji & Levine, 2005)

### 3.3.2 Factors

The factors influencing the companies' financial and environmental performance also influence its social performance, but are considered from a slightly different perspective; therefore, in the following section, we focus on the social aspect of the already discussed factors.

- Corporate reputation

The corporate reputation was defined as an important factor influencing the social performance of the company. In one aspect, it might be used as a measure for socially responsible behavior. In another, it directly influences the evaluation of the company from all its stakeholders and therefore improves not only the social, but also the economic performance. The positive corporate reputation attracts potential employees and improves their job satisfaction and association with the company. (Riordan, Gatewood, & Bill, 1997)

- Management

The management commitment to social and ethical responsibilities has a vast influence over the social performance of the company. The ethical commitment of the management is accumulated from external and internal factors. In one aspect, the political and social norms force the implementation of ethical programs within the company. In another, the top management commitment to ethics influences the behavior within the organization, as the other managers and employees implement the executives' ideas and therefore improve the companies' social performance. (Weaver, Treviño, & Cochran, 1999)



- Stakeholders

The Freeman's stakeholder theory is also valid in the context of social performance. The companies' means for participation in the social issues is managing their stakeholder relations. Managing the issues associated with the company's primary stakeholder groups has a direct effect over the social performance of the firm. (Clarkson, 1995)

The employees are the stakeholder group considered to be repeatedly mentioned in the context of social issues. The CSR practices both increase the attractiveness of the company and influence the employees' organizational commitment. The employees' job satisfaction incites an improved working performance and, consequently, aggregates a positive effect for the company. (Rupp, 2006)

### 3.3.3 Key Social Elements of the CSR strategy

Analogical to the economic and environmental dimensions, the social aspect of the CSR strategy also incorporates some key elements that might be considered present in most of the socially responsible companies. Employment practices, in terms of actions towards good working conditions; community relations; ethical engagement and in ethical stakeholder relations; and providing fair working conditions and social products, which improve the social welfare, are the main elements in the social dimension that improve the performance of the company. (Ranganathan, 1998)

Those general elements are divided into further sub-elements, which facilitate planning and assessment of the undertaken actions. A model of a subelements matrix that incorporates all three dimensions of the CSR strategy was introduced by Marrewijk and Werre in 2003. (Marrewijk & Werre, 2003)

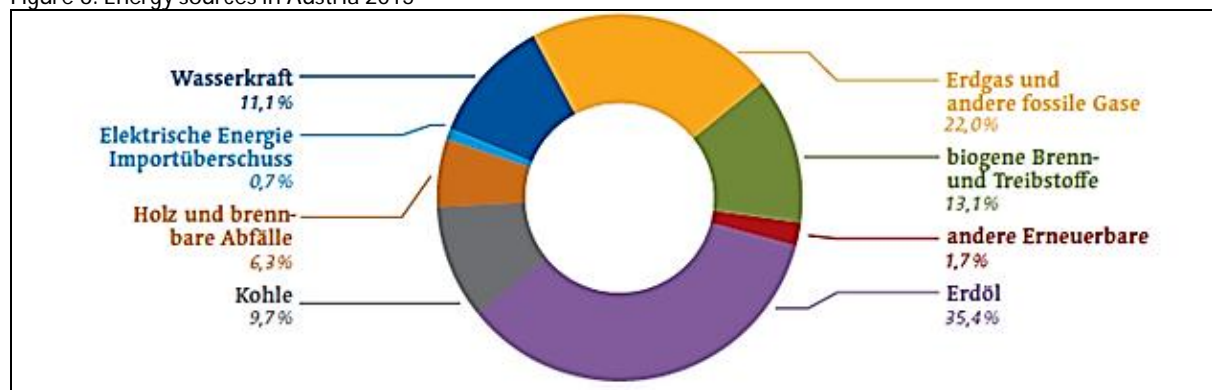
#### 4. Austrian Energy sector

The history of the Austrian energy sector begins in 1886 with the illumination of the city Scheibbs in Lower Austria. In 1900, the electrical trams in Vienna were the reason for the establishment of the company “Städtische Elektrizität Wien”, which is now known as “Wiener Stadtwerke”. The steam power plant in Simmering was the first large-scale plant in Austria. (Energie Österreich web site, 2015)

In the year 1999, Austria entered the European Union, which led to liberalization of the energy market and acceptance of the EU requirements and legal framework. The Austrian energy market is characterized by majority of public ownership. A different energy supply company operates in every Austrian state. (Energie Österreich web site, 2015)

Currently, Austria has diversified its energy sources and possesses a flexible energy-mix.

Figure 6: Energy sources in Austria 2015



Source: BML Ministerium web site, 2015

The gross energy consumption for 2015, according to the preliminary energy balance of Statistik, Austria is 1,424,600 Terajoules, which include energy produced from all energy sources in the country's energy mix. (BML Ministerium web site, 2015)

A further aspect in the Austrian energy sector is the oil and gas extraction. The amount of oil reserves on the Austrian territory is 50 Mio. Barrel (2011). In Austria, there are two companies in the field, OMV JSC and RAG JSC. (BML Ministerium web site, 2015)

The current research investigates the CSR strategy in the energy sector due to the high significance of the industry for the Austrian economy. The Austrian Institute of Economic Research investigated the contribution of different branches to the overall economic development of the country for 2015 and reported that gross value provided by the energy sector was +12.7. (Statistik Österreich web site, 2015)

## 5. Research question and sample

### 5.1. Research question

Currently, the CSR concept is widely discussed in the practice. Most large companies worldwide have CSR or a sustainability department managing the company's CSR strategy and activities. During the last decade on the Austrian scene, Corporate Social Responsibility has gained the attention of an increasing number of practitioners and is often included in the firms' strategy and vision. The purpose of this study is to find if the CSR strategy is integrated in the Austrian companies and, in particular, in the Austrian energy suppliers and producers.

The main question leading the research is:

**To what extent are the biggest energy companies in Austria involved in economic, social, and environmental CSR activities?**

To answer the research question, three hypotheses will be tested. The first, zero hypothesis, eliminates any CSR involvement of the Austrian energy companies:

**H1: The companies in the Austrian energy sector do not engage in any corporate social activities.**

The second hypothesis states that the energy providers in Austria not only involve themselves in sustainable activities, but they actually integrate the CSR concept into their regular business practices.

**H2: The CSR concept is the fundamental business strategy of the Austrian energy companies.**

The third hypothesis goes a step further and examines the CSR involvement in the context of the Triple bottom line.

**H3: The Austrian energy companies are involved equally in all three dimensions of the CSR strategy: economic, environmental, and social.**

In order to analyze the research question and to test the hypotheses, an investigation of the whole process of CSR involvement is required, starting with the implementation within the regular business strategy, analyzing the main factors influencing the corporation's CSR activities, and finally, examining the possible effects of the CSR involvement. Hence, the research question might be divided into several subquestions:

- **How CSR activities are implemented parallel to the regular business strategy?**

In answering this question, we will acquire deeper understanding of how the CSR strategy is put into practice. We will be able to recognize the goals and obstacles which arise during the CSR implementation process. Moreover, we will identify the reasons which force a company to implement or not to implement the CSR concept.

Further question arising from the leading research problem is:

- **Which are the main factors influencing the CSR strategy from the economic, environmental, and social perspective?**

Analyzing the key factors will make clear what factors influence the decision of the company to engage into CSR activities or not. The factor analysis is conducted via the following table based on the above discussed theories.

Table 3: Summary factor analysis

<b>Factor</b>	<b>Financial dimension</b>	<b>Environmental dimension</b>	<b>Social dimension</b>
Corporate reputation	<ul style="list-style-type: none"> <li>• Financial image</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental image</li> </ul>	<ul style="list-style-type: none"> <li>• Image - stakeholder</li> </ul>
Management	<ul style="list-style-type: none"> <li>• CSR strategy: managerial decisions</li> </ul>	<ul style="list-style-type: none"> <li>• EMS</li> <li>• Environmental auditing</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical programs</li> <li>• Top management model</li> </ul>
Disclosure	<ul style="list-style-type: none"> <li>• Financial disclosure</li> <li>• CSR disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Manifest social activities</li> </ul>
Key Stakeholder Group	<ul style="list-style-type: none"> <li>• Consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Government</li> <li>• Community</li> </ul>	<ul style="list-style-type: none"> <li>• Employees</li> </ul>
Law and Regulation	<ul style="list-style-type: none"> <li>• Restrictions</li> <li>• Legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Permits, Fees, Penalties</li> </ul>	<ul style="list-style-type: none"> <li>• Political norms</li> <li>• Social norms</li> </ul>

Source: Own illustration based on factors theory

Furthermore, by comparing two of the main energy companies in Austria, the following subquestion might be answered:

- **What is the effect of CSR involvement over the company's business success?**

The answer of this question will provide us with knowledge of the consequences arising from CSR activities in all three dimensions and will help us understand why companies engage or do not engage in CSR.

## 5.2. Methodology

After stating the research question, the following chapter presents the methodology used for gathering the required data. As already mentioned, the purpose of this study is to investigate the CSR strategy and its implication in the real life and ,more specifically, in the companies from the Austrian energy sector.

### 5.2.1 Sample

The selection of the companies, which represents the Austrian energy sector, is done using different resources. Two important characteristics of the companies are considered in the selection procedure:

The net sales of the companies in the energy sector are compared. The net sales give an accurate picture of the companies' profitability and presence on the market; therefore, it was chosen as selection criteria. "Advantage Austria" , the official international business and economic portal, and the TrendTOP 500 Ranking provide the needed information about the net sales of the top Austrian energy companies. According to their statistical data, VERBUND JSC and WIEN ENERGIE LTD are the companies with the highest net sales in EURO for 2015. Therefore, these companies are selected for the purposes of this study as well. (Advantage Austria web site, 2015)

The public recognition is an important criterion as well. Therefore, the reputation ranking of the companies should be taken into account during the sample selection. The Austrian Business Academy for Sustainable Development and the Center for Corporate Citizenship Austria (CCCA) conduct an assessment considering basic performance indicators of 100 Austrian companies. Among the top 10 companies with the highest ratings are VERBUND

JSC and WIEN ENERGIE LTD. Therefore, according to this criteria the same companies will be included in the sample. (CCCA Rating web site, 2015)

### 5.2.2 Research approach

The specifics of the topic require a careful investigation of the publicly available information; therefore, the most appropriate approach for the purposes of this research is a case study analysis. This method will contribute to the in-depth investigation of each company included in the sample in terms of its CSR strategy. By the means of the case study method, only the relevant and significant information about the real-life applications of the managerial and organizational procedures will be collected and analyzed. (Yin, 2013) As the case study might be used for the main research purposes; exploratory, descriptive, and explanatory; it is considered as a suitable method for the needs of the present research.

Furthermore, aiming for the highest possible reliability of the research results, the CSR Questionnaire was developed and sent to the companies' experts responsible for the CSR management. Considering the corporate secret restrictions, the companies' insiders are able to answer the questionnaire and to give more accurate information, which contributes to the trustworthiness of the research results.

## 6. VERBUND JSC

This chapter aims to provide a short overview of the company and its foundation and development during the years. Furthermore, the vision and the strategy of Verbund AG will be briefly described as an introduction for the core of the chapter, where the CSR strategy in all three dimensions will be analyzed.

### 6.1 History

The long history of VERBUND can be divided into eight periods. The first period starts with the foundation of the company in 1947. At first, it was named “Österreichische Elektrizitätswirtschaft- AG”. After the Second World War, a nationalization wave spread among the biggest sectors of the Austrian industry. The nationalization procedures of the energy sector started with the admittance of the “2. Nationalization Act”, which implied that almost all of the energy producers should be nationalized. The “Österreichische Elektrizitätswirtschaft- AG” got the name “Verbundgesellschaft” and had the task of coordinating and being actively involved in the reconstruction of the Austrian electricity supply system. “Verbundgesellschaft” was almost entirely owned by public authorities and was therefore closely regulated. Furthermore, the investments of the company were possible only via state subsidiaries; therefore, the early years of VERBUND were marked with a strong lack on capital. Nevertheless, by the end of the 40s, VERBUND was able to put two power plants into operation: the annual storage power plant in Tyrol and the Drau power plant in Carinthia. (VERBUND JSC Company History web site, 2015)

In the beginning of the 1950s, there was still a lack on financial capital; however, in 1953 the first energy bonds were issued, which provided significant financial benefit to the energy sector. Furthermore, the Marshall Plan, also known as the European Recovery Program, made a significant amount of financial resources available to Europe, including Austria. Those financial resources made possible the construction of some of the biggest power plants. During the last years of the decade, the Salzburg plant of Kaprun, the Danube power plant-Ybbs-Persenbeug, the Enns power plant of Hieflau, and the Salzach power plant were built. The industry’s growth continued in the 60’s as well. The boom of the economy led to increased demand on electricity, and therefore, many new power plants were built. The Aschach power plant in Upper Austria, the power plant in Wallsee-Mitterkirche and two big Danube power plants in Tyrol were commissioned during the

period. However, the enormous electricity demand could not be covered only by domestic production; therefore, Austria relied once again on imported electricity. The solution was atomic power, and the first nuclear power plant was built 1968 in Tullnerfeld, Lower Austria. (VERBUND JSC Company History web site, 2015)

The new decade started with the foundation of the "Gemeinschaftskernkraftwerk Tullnerfeld GmbH", where VERBUND had the majority ownership. During the decade, another huge nuclear power plant was built in Zwentendorf. At that time, the Austrian population did not consider the nuclear power as an appropriate solution of the energy supply problem, and they even voted on a referendum against the commissioning of the Zwentendorf power plant. Moreover, due to the strong social opposition, the Austrian government was forced to ban the nuclear energy. In the 1970s, there was growth of the hydropower production in Austria, and three power plants on Danube were built (VERBUND JSC Company History web site, 2015)

The next decade was very important for the company, as it was privatized by 49% during the IPO process. Furthermore, VERBUND acquired shares of some of the biggest power plants owned by the public authorities. Additionally, during the 1980s, VERBUND focused its production in the coal-fired power plants, which implemented environmental protection procedures. The hydropower was important for the company, but there was a strong opposition from environmental movements, which led to the freezing of some of the biggest Danube hydropower plants and declaring the regions to national parks. (VERBUND JSC Company History web site, 2015)

In the beginning of the 90s, VERBUND was able to commission the Freudeneau hydropower plant. This power plant met the environmental expectations and won the population's approval on a referendum. 1995 was a notable year for the Austrian energy sector, as the joining into the EU led to liberalization of the sector. Therefore, VERBUND was stood against high competition. In order to stay on the top of the energy sector in Austria, VERBUND focused on the electrical power. The company also made the first steps towards internationalization, and by the beginning of the new century, it was well prepared for the upcoming open electricity markets. VERBUND was a powerful competitor even after the opening of the markets, as it was the largest hydropower producer in Europe. The company doubled its electricity distribution quickly and increased its business activities on international scale. The company also joined the retail market and for couple



of years became one of the top electricity providers in Austria, offering clean hydropower to every household. (VERBUND JSC Company History web site, 2015)

In 2010, "Österreichische Elektrizitätswirtschafts-AG" was renamed to the present „VERBUND JSC“. The company was mostly focused in clean energy production, such as water and wind power. Furthermore, the company expanded its business activities and increased its investments into natural resources and environmentally friendly facilities. (VERBUND JSC Company History web site, 2015)

## 6.2 Vision and strategy

The main vision of VERBUND is to provide sustainable electricity using innovative approaches. The company is a well known international provider whose key business involves hydro-energy production. In order to fulfill its goals, the company develops a suitable strategy in compliance with its vision and sustainable, forward-oriented business solutions. VERBUND's business strategy includes eight key dimensions. The first two dimensions, on which the strategy is built, are excellent and profitable investment and expansion in domestic and foreign markets. The company invests in business models, which bring sustainable profit; it aims to expand its businesses in developing countries. Further key dimensions, which build the VERBUND's strategy, are the sources the company uses. VERBUND focuses its electricity production mostly on clean energy and invests in hydro, thermal, and wind power. The business strategy of VERBUND aims for stable distribution of clean and quality energy. For that purpose, it develops an independent subsidiary (APG), which secures the company's distribution channels. The innovativeness is also a key dimension within the business strategy, as the company supports research and development actions in the area of the clean energy. (VERBUND JSC Corporate Mission web site, 2015)

### 6.3 CSR

The vision and strategy of VERBUND, meant to provide sustainable electricity naturally, lead to the conclusion that the company actively involved itself in CSR activities. According to VERBUND's Sustainability Report 2014, sustainability is an essential trademark for the company. Hence, the zero hypothesis is rejected and the analysis of the CSR concept in the case of VERBUND goes a step further and investigates the three dimensional concept. The following chapter is based on the information from the Sustainability Report of 2014 and the questionnaire completed by the company's insider expert in the Sustainability department. (VERBUND JSC Sustainability Report 2014, 2014)

The first steps towards CSR involvement were taken in early 2002, when the company's management decided to implement the CSR principles in its business strategy. Moreover, the first Sustainability report was also published in 2002. The board of the management set the goals and policies towards corporate responsible actions and made all that information available for the stakeholder groups in the annual sustainability report. The substructure of the VERBUND Managing Board is the Sustainability Board, which includes members of the Managing Board, the divisions' managers, and the chief officers. The Chairman of the Managing Board also manages the Sustainability Board. The key responsibility areas of the Sustainability Board are to set the sustainability goals and objectives, to deliver them to all company's divisions, and to observe the compliance with the set goals. Part of the Sustainability Board is the Sustainability Committee, which is responsible for the Sustainability report. The main task of the Committee is to endorse the sustainability or CSR concept within the whole VERBUND Group and to report the sustainability projects, new investments, and research practices to the Managing Board.

The first steps of the integration of CSR strategy within the business are difficult, since the future benefits should be presented in the best possible way in order to overcome the short-term negative effects. The main obstacles in the implementation process include the lack of awareness for the sustainability dimensions and potential higher costs during the implementation phase. In the case of VERBUND, the CSR concept with all three dimensions is integrated in the company's business strategy and represents the basis for the company's goals and intentions in an economic, environmental, and social perspective. The company has a long term sustainability orientation and therefore undertakes the necessary

actions to improve its economic, environmental, and social performance by investing in a variety of projects and programs. (Appendix 1)

### 6.3.1 Economic dimension

VERBUND operates in a corporate responsible manner; therefore, it invests in innovative production while reducing the CO<sub>2</sub> emissions. The implementation of CSR strategy in the economic activities of the company is done by aiming for a better economic performance and future business success. The main goals in the economic context for the company are to improve its key economic ratios and its operating numbers. The strategic goals are set for the year 2020, and in particular, stand for an increase of the ROCE ratio to more than 7,5% ; increase of the relation funds from operations and net debt to more than 31%, and decrease of the relation net debt and EBITDA to less than 3. Furthermore, in 5 years, the company aims to increase its brand awareness with more than 70% and to reach a high company reputation with values higher than two according to the Fortune reputation index. Moreover, VERBUND strives to increase its customers' satisfaction and to a leader on the electricity market, preserving its image and avoiding corporate scandals or compliance cases. (Appendix 1)

Those goals are dependent not only on the company's actions, but also on the external factors. The economic performance during the past years is marked with light decrease in comparison with the previous years. The following table illustrates the development of the economic indicators for the last 3 years.

Table 4: Key economic figures Verbund JSC

Key figure	Unit	2012	2013 <sup>5,6</sup>	2014 <sup>5</sup>
Revenue <sup>1</sup>	€m	3,174.3	3,266.5	2,834.8
EBITDA <sup>2</sup>	€m	1,235.4	1,301.4	808.8
Adjusted EBITDA <sup>4</sup>	€m	1,277.9	1,159.6	889.6
Operating result (EBIT) <sup>2</sup>	€m	900.2	148.3	384.4
Group result <sup>2</sup>	€m	389.3	579.6	126.1
Adjusted Group result <sup>4</sup>	€m	625.4	384.2	216.0
Net debt/EBITDA	X	2.7	2.8	5.0
Free cash flow after dividend <sup>3</sup>	€m	-164.4	546.7	-133.6
ROCE <sup>2</sup>	%	6.3	4.8	3.2
(Proposed) dividend per share	€	0.60	1.00	0.29
Payout ratio <sup>2</sup>	%	53.5	59.9	79.9
Dividend yield	%	3.2	6.4	1.9
Closing price VERBUND share 31/12/	€	18.76	15.52	15.30
Electricity sales volume <sup>1</sup>	GWh	47,483	50,276	50,823

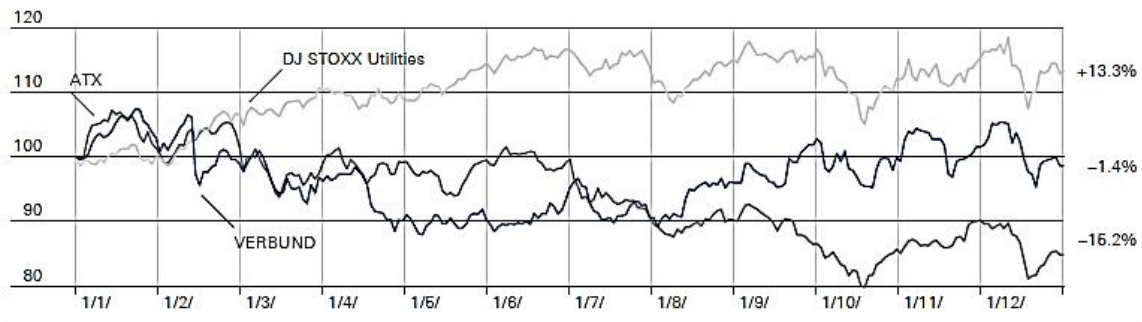
Source: VERBUND JSC Sustainability Report 2014

The analysis of the indicators demonstrates a strong decline in the economic performance of the company in 2014 in comparison with 2012 and 2013. The negative trend in the revenues is due to lower sales price, while the decline in the EBITDA comes from non-recurring effects such as impairment tests and sale of affiliates shares. The company considers EBITDA as one of the most significant indicators, which illustrates the economic profitability and the sustainable business success. (VERBUND JSC Sustainability Report 2014, 2014)

Furthermore, some of the key performance ratios mark a negative development of the year 2014. The Return On Capital Employed (ROCE) decreased by 0.4 % in comparison since 2013 due to the negative change in EBITDA. However, the group return was less than the weighted average cost of capital (WACC), and therefore, the share prices of the company

also declined by the end of 2014. The share prices of the company developed similarly to the local financial market. (VERBUND JSC Sustainability Report 2014, 2014)

Figure 7: Development of share prices Verbund JSC



Source: VERBUND JSC Sustainability Report 2014

The VERBUND shares experienced a short upward movement in the beginning of the year, while the share price in the last months of 2014 were strongly influenced by the negative earnings projections. The opposite development of VERBUND share prices to the DJ STOXX Utilities index is due to fact that the market index includes Spanish utility companies, which are regulated and subsidized by the government and therefore experience better performances. (VERBUND JSC Sustainability Report 2014, 2014)

Additionally, due to the cost-cutting programs, which aim increase of the efficiency, there were personnal cutoffs, therefore both fix and variable personnel expenses decreased. Nevertheless, VERBUND acts responsibly and invests significantly in pension benefits and health insurance for its employees. (Appendix 1)

The goals that the company has set for its sustainable economic development require certain actions, especially in the volatile economy. The investment plan of VERBUND includes capital of 870 million Euros, which will be invested in growth and maintenance for the period 2015-2017. The company plans to expand the high-voltage grid in Austria and to increase the efficiency of its plants. Furthermore, the company plans to expand its wind power facilities and to complete its ongoing thermal power projects. VERBUND is also innovative on the financial market, as it issued the first green bond in November 2014. The earning from the bond will be invested in hydro- and wind power plants and in projects for increasing the energy efficiency. (VERBUND JSC Sustainability Report 2014, 2014)

The company succeeded in preserving its sustainable orientations during 2014, and the Oekom sustainability rating agency gave VERBUND the status “prime”. VERBUND is also included in several sustainability indices for 2014:

- VÖNIX Österreichischer Nachhaltigkeits-Index
- ESI Excellence Europe
- FTSE4GOOD Europe Index
- FTSE4Good Global Index

Analogical to the literature discussed in the first part of the current research, there are numerous important factors that influence the decisions of the company and its CSR actions. From an economic perspective, there are several crucial factors in the case of VERBUND.

According to VERBUND’s sustainability report of 2014, the company’s management makes its decisions in accordance with the corporate vision and strategy. Therefore, the investment projects and efficiency programs commence, aiming for sustainable economic performance and positive corporate image. The management team realizes the necessary short-term negative cash flow effects from involving itself in sustainable projects, which leads to better future performance. (Appendix 1)

VERBUND not only aims for sustainable economic performance, but also for transparency for all its actions. Each year since 2002, the company publishes a sustainability report, which is available for all stakeholder groups. Furthermore, the company issues a Code of Conduct, which includes lobbying activities and anti-corruption principles. The high transparency is also maintained by providing information about financial plans and control of all regulated activities. (Appendix 1)

In terms of the key stakeholder group, the customers have the major impact on a company’s economic performance. The customers’ satisfaction influences the sales of the company, and therefore, its overall economic success. VERBUND puts much effort in satisfying its customers and conducts a survey every year that investigates the fulfillment of the customers’ needs. Based on that survey, VERBUND modifies its services and expands its product mix according to its customers. Therefore, for the last couple of years, the satisfaction of the VERBUND’s customers has reached its highest levels. (Appendix 1)

Further factors that influence the CSR practice of the company in the economic context are the legislative restrictions. The energy sector is associated with high regulation and governmental interference in terms of tariffs and prices, but in terms of CSR activities, there are no specific regulations, and the sustainability practices are voluntary. Nonetheless, the Federal Energy Efficiency Act (EEffG) is worth mentioning, as it aims for an improvement of the energy efficiency. VERBUND is obligated both to act towards improvement of the energy efficiency and to report for those actions. According to the EEffG, the large energy companies are also audited every 4 years, and therefore, potential energy savings have to be discovered and put into action. (Appendix 1)

### 6.3.2 Environmental dimension

The second pillar of the CSR concept is the environmental dimension. As already mentioned, VERBUND is involved in all three dimensions of the CSR and therefore sets a particular goal for each of them. In the environmental context, the company aims to reach 100% environmentally friendly energy production or to produce only hydro- and wind power. The 2020 goal plan also aims for reduction of the CO<sub>2</sub> emissions to less than 10g/kWh. Moreover, by 2020, the company intends to have all of its assets certified according to the ISO 14001 international standards. (Appendix 1)

The environmental performance of the company, in contrast to its economic performance, suggests an improvement in comparison to the past couple of years. The table below illustrates the most significant indicators measuring the environmental performance of a company. (VERBUND JSC Sustainability Report 2014, 2014)

Table 5: Electricity generation key figures Verbund JSC

Key figure	Unit	2012	2013	2014
<b>Electricity generation (net, total)</b>	<b>GWh</b>	<b>35,228</b>	<b>35,539</b>	<b>34,030</b>
from hydropower	GWh	30,485	30,943	31,188
from wind/solar power	GWh	242	565	811
from biomass	GWh	2	2	2
from hard coal <sup>1</sup>	GWh	2,568	2,312	1,755
from natural gas <sup>2</sup>	GWh	1,927	1,685	272
from oil	GWh	5	32	3
Percentage of generation from renewables	%	87	89	94

Source: VERBUND JSC Sustainability Report 2014

The emissions of greenhouse gases are some of the most important indicators that represent an environmentally friendly production. In the case of VERBUND, the emission of the harmful gases is minimal in comparison to other energy companies. In addition to that, the emissions for 2014 were even reduced to 1.76 million tons. The reason for the low greenhouse gas emissions is the company product mix, as it produces environmentally friendly energy, which is mostly hydro - and wind - power. The production of both hydro- and wind- power increased during 2014, and together with solar power, reaches 94% of the total electricity production of the company. During 2014, VERBUND closed one of its oil-fired plants in Neudorf, and therefore decreased the harmful emissions even further. Furthermore, the company reduced the use of hard coal and natural gas, aiming to become a 100% renewable energy producer by 2020. In contrast, the use of water increased in comparison to the previous years due to water usage in the thermal plants and for cooling. (VERBUND JSC Sustainability Report 2014, 2014)



Table 6: Greenhouse gas emissions Verbund JSC

Key figure	Unit	2012	2013	2014
<b>Greenhouse gas emissions (absolute)<sup>6</sup></b>				
Total greenhouse gas emissions (scope 1–3, total generation)	kt CO <sub>2</sub> e	4,604	4,203	3,053
<b>Scope 1</b>	kt CO <sub>2</sub> e	3,087	2,777	1,761
Emissions from direct combustion: own power plants	kt CO <sub>2</sub> e	2,859	2,777	1,760
Emissions from direct combustion: purchase rights	kt CO <sub>2</sub> e	228	0	0
Fugitive emissions	kt CO <sub>2</sub> e	<1	<1	1
<b>Scope 2</b>	kt CO <sub>2</sub> e	1,053	985	1,016
Emissions from own consumption	kt CO <sub>2</sub> e	736	666	728
Emissions from grid loss <sup>7</sup>	kt CO <sub>2</sub> e	317	319	288
<b>Scope 3</b>	kt CO <sub>2</sub> e	464	441	276
Emissions from flights	kt CO <sub>2</sub> e	1	<1	<1
Emissions from outsourced activities from the use of combustible fuels	kt CO <sub>2</sub> e	463	440	275

Source: VERBUND JSC Sustainability Report 2014

The improvement of the environmental performance of VERBUND is due to the numerous eco-projects in which the company is involved. The sustainability actions in the context of environment not only include closing the heavy oil plants and switching to renewable energy production only, but also investing in ecology. By building its power plants, VERBUND considers the biodiversity problems and involves itself in many projects that strive to preserve the nature. For instance, VERBUND actively participates in the construction of the longest fish way in Europe, which is built on the Danube goes through the Danube power plant. Furthermore, the company invested in the thermal trail “Hydropower, Nature, Fisheries”, and the fish way at St. Martin weir. (Appendix 1)

Moreover, in order to improve its environmental performance, VERBUND improves its technology constantly. The current projects include a new droplet separator at the Mellach district heating plan, which will reduce the emission of droplets as well as provide an area for separating ash at its Duernrohr thermal power plant. VERBUND is also involved in

huge research and development projects with German partners taking the first steps in resource preservation through restoration of oils. (VERBUND JSC Sustainability Report 2014, 2014)

All environmental activities of the company are influenced by and depend on specific internal and external factors. The government is the main stakeholder group that has an impact on each company in the energy sector in terms of environment. The numerous legislative restrictions stimulate the energy companies to act responsibly towards the nature and to preserve the natural resources. In another aspect, there are restrictions that control the regular operation of the power plants and therefore decrease the negative effects on the nature. An example of such regulated action for VERBUND is the improvement of the power facilities in compliance with the new Industrial Accidents Directive from 2014, so less industrial accidents happen. (Appendix 1)

Furthermore, the environmentally friendly production improves the corporate image, and the company wins new customers. In order for that to happen, VERBUND publishes its sustainability reports on a yearly basis and makes the information about all environmental projects available to all stakeholders groups. Moreover, VERBUND publishes data on greenhouse gas emissions in Carbon Disclosure Project and contributes to the worldwide management of the harmful emission risks. (Appendix 1)

VERBUND expands its environmental management system and aims for ISO 14001 certification for all its facilities by the year 2020. The also company has TÜV certification for its clean energy and provides a guarantee for the customers that the energy is produced from renewable sources only. (Appendix 1)

### 6.3.3 Social dimension

The social dimension is the third aspect within the three bottom line theory, and similarly to the previous two. it is also implemented in the CSR strategy of VERBUND. The company also sets specific, socially responsible goals. First, it aims to decrease its employees' fluctuation to less than 5% by the year 2020. Within the same period, the proportion of the employed women should increase to 25%. Moreover, the company puts much effort in employees' education and wants to increase the training days per employee to 4.8 per year and to increase the number of employed apprentices per year to 35. VERBUND also plans to keep and improve its involvement in social and education related practices. (Appendix 1)

The changes in the social performance of VERBUND AG for the last year are due to market fluctuations and internal restructuring.

Table 7: Employees key figures Verbund JSC

Key figure	Unit	2012	2013	2014
Number of employees <sup>1</sup>	Number	3,200	3,339	3,265
of which in Austria	Number	2,966	2,897	2,860
of which in Germany	Number	197	407	394
of which apprentices	Number	184	198	188
Total percentage of women	%	19.0	18.4	17.8
Percentage of women on the Executive Board	%	25.0	0.0	0.0
Percentage of women in management positions	%	11.7	11.8	9.6
Percentage of university graduates	%	22.3	21.6	21.4
New hires	Number	190	144	110
of which new apprentices	Number	48	51	35
Fluctuation rate <sup>3</sup>	%	4.9	6.3	6.8

Source: VERBUND JSC Sustainability Report 2014

The change in the total number of employees in 2014 decreased in comparison to the previous years due to modifications in the company's overall structure. The closing of the thermal power plant naturally leads to consequences for the internal employment structure. Not only did the number of employees decrease but the new hires were also less in comparison with 2013. Nevertheless, the recruiting was done in a socially responsible manner. This led to an increase in the fluctuation rate as well as a decrease in the female rate and in the training per employee. (VERBUND JSC Sustainability Report 2014, 2014)

The negative change in the social performance numbers does not mean that the company has not implemented the third pillar of the CSR concept. On the contrary, during 2014, VERBUND was even more committed to its employees. Being a member of the Diversity Chapter, the company realized the importance of employees' diversity for the business success; therefore, in 2014, there were people from more than 20 different countries

employed by VERBUND. Furthermore, the company established the women's network program in 2012 in order to stimulate the female employees to improve their performance and to make the energy industry more attractive for women. Moreover, the company promotes the work-life balance and introduces its employees instead various programs they might join, such as childcare or telework. (Appendix 1)

Furthermore, a significant problem in the energy industry is the health care and work accidents. VERBUND, therefore, fully insures, its employees, regularly introduces safety guidelines, and invests in making its facilities safer. (Appendix 1)

Equivalent to the first two CSR dimensions, the social dimension and the associated actions of the company are influenced by several key factors. The main stakeholder group that has the most significant impact over the social activities of VERBUND are the employees. The employees' needs define in which social programs the company should invest. Additionally, by manifesting and disclosing all the initiative in which the company is involved more and better qualified employees will be attracted. Additionally, the social involvement improves the company's image; therefore, VERBUND cooperates with many schools and universities in a variety of projects, but it also makes charity donations and engages in community work. (Appendix 1)

## 7. WIEN ENERGIE LTD

The following chapter introduces the second company included in the case study analysis, WIENER ENRGIE. The first part of the chapter presents the company, its history, and its vision. In the second part of the chapter, the focus is on its CSR strategy and, in particular, the three dimensional aspect of the company's CSR activities.

### 7.1 History

The company was established in the year 1899 under the name “Elektizitätswerke”. WIEN ENERGIE was at that time a small company part of the holding WIENER STADTWERKE. The development of the company during the nineteenth century was considerably strong. The first significant step of the company's development as a stable energy provider was the activation of the Simmering steam power plant in 1902. The company's growth continued with significant speed, as during 1926, the activation of the Gaming hydropower plant made the company an important competitor. The company was an innovator at that time, as in contrast with the other companies, it was investing in research. In the year 1934, for first time, natural gas was used as a source to fire boilers in the Simmering power plant. The last years of World War II left a significant impact on the company's operations. All power plants were heavily damaged during 1944 and 1945, but soon after the end of the War, nearly 75 percent of the company's facilities were recovered and started to operate again. Just a couple of years later, all power plants were working again at full power, and even in 1949 natural gas burners were installed at two of the company's power plants. (WIEN ENERGIE LTD Compnay History web site, 2015)

A new era for the company began with the foundation of its subsidiary “Fernwärme Wien” in 1969. “Fernwärme Wien” operates entirely environmentally-friendly and is currently one of the biggest providers in Austria. The innovative operational approach of the WIEN ENERGIE requires constant development of its power facilities; therefore, 1970 the Simmering power plant coal-fired facility was put into operation. The 70s were marked with expansion of the business as the block power plant 1 was build a Donaustadt. In the later 1978 the power plant started operating and new subsidiary was founded with the name “Energiecomfort”. Just a year later, the first cable connection between the power plant Simmering and the substation in Kendlerstraße was built which made the district heating from collective heat and both power blocks in Simmering possible. The increased service

supply led to a notable need of closer customer contact; therefore, in 1984, the customer service center was opened. The strategic economic and environmental perspectives of the company required significant consideration of the environmental issues during the last century and of the progressive action toward eco-friendly production. Therefore, as part of the environmental program for a better air quality, WIEN ENERGIE began to use a modern filtrating system, which reduced the release of pollution. In the 90s, the environmental topics became really important for the energy industry, as many new facilities were built and the customers started to consider the environment as an important asset that needed to be protected. The new wave of eco-friendly techniques made many energy suppliers obligated to provide the needed services; therefore, WIEN ENERGIE also opened public e-charging stations of electric vehicles. The development of the current power plants continued with the same power as in the last years, and in 1992, block 3 was opened at the Simmering power station. The 90s were marked with the fast development of new services, so the current customer service center couldn't cover the huge number of customers' requests. This led to the launch of a second customer center in the heart of Vienna. The most significant and strategic achievement of WIEN ENERGIE was in 1997, when the company built the first wind turbine on the Danube island. (WIEN ENERGIE LTD Compnay History web site, 2015)

The beginning of the 21<sup>st</sup> century was marked with intercompany restructuring, which led to the establishment of the WIEN ENERGIE on 13.11.2001, whereas during the same year, a new block 3 was activated at the Donaustadt power plant. The restructuring of the company and its expansion led to the foundation of two new subsidiaries. In 2002 "Wien Energie Vertrieb GmbH&Co KG" was involved mostly in the distribution of energy services, while the "Wien Energie Stromnetz GmbH" founded in 2005 was a grid company, focused on the transition. The restructuring of the Holding continued in 2011, when the competitive and regulated area was separated within WIEN ENERGIE, and two big mergers were done for the last three years. In 2013, "WIEN ENERGIE LTD" merged with the "Fernwärme Wien GmbH", while in 2015, the company merged with its earlier subsidiary "Energiecomfort Energie- und Gebäudemanagement GmbH". The mergers were considerable accomplishments for the last century. WIEN ENERGIE strengthened its positions in the sector and opened the biggest forest biomass power plant in Austria in 2006, and just a year later, huge photovoltaic facilities opened in the city of Vienna. However, a big concern was the noise protection of the district. In 2008, the company

opened a wind park in Hungary, and in 2010, they opened a new power plant in Simmering. The development of the numerous facilities positioned the company on the top of the Austrian energy sector and made it clear that WIEN ENERGIE was a strong and stable energy provider. (WIEN ENERGIE LTD Company History web site, 2015)

## 7.2. Vision and strategy

WIEN ENERGIE has always been among the top energy companies in Austria, not only because of its rich and long history, but also because of its vision. The company is motivated to remain one of the leading companies and to attract more clients by its environmentally friendly production, innovative actions, and quality services. In order to reach its goals, WIEN ENERGIE determines its mission to provide diverse services, considering the ecological issues and investing in renewable energy.

The vision of a particular company sets its future development, but in order to go smoothly through its road map, the company needs to define its values and to prioritize levels of its mission. According to the published vision statement of WIEN ENERGIE, the company has five values which assist its strategic development. First, on top of the value pyramid is the customer. The company highlights its customers' relations and realizes the importance of the customer satisfaction for a successful business. As a result, there are numerous customer service centers, which bring the individual client closer to the company and aim for fulfillment of the client's requirements. The second important value for WIEN ENERGIE is responsible thinking and acting in terms of environment. The energy sector is often associated with environmental issues, such as high pollution or waste- production; therefore, WIEN ENERGIE aims to invest more in renewable sources and to act responsibly for our environment. The next value, which builds the company's vision, is "quality". The quality, which WIEN ENERGIE provides to its customers, makes the company one of the top energy providers and leads to its economic success. A further important value for the company is its deduction and confidence. WIEN ENERGIE believes in its mission and follows its goals, which makes the company a leader on the market. The reputation built by the company during the years makes WIEN ENERGIE trustworthy for its stakeholders, which improves its positions among competitors. (WIEN ENERGIE LTD Vision and Mission web site, 2015)

### 7.3. CSR

WIEN ENERGIE is part of the holding WIENER STADTWERKE and builds its business strategy based on the holding's policies and guidelines. The CSR management, also known as sustainability management is leading for holding members. WIENER STADTWERKE, as well as WIEN ENERGIE, operates in a corporate responsible manner based on the company's vision and mission. WIEN ENERGIE is a market leader due to its high quality services and its stable business development. Essential for business strategy of WIEN ENERGIE is responsibility towards its production and services, towards the environment and towards the society. The fact that the company's strategy is based on sustainable development eliminates the zero hypotheses. According to the inside experts, WIENER STADTWERKE has integrated its CSR values in all its subsidiaries. The sustainability management of the holding consists of several substructures in each of the divisions. The sustainability management of WIEN ENERGIE integrates the CSR program of the holding. (Appendix 2)

The sustainability history of the holding starts after the Second World War. The main shareholder of WIENER STADTWERKE is the City of Vienna. After the recovery of the company from the War, all business divisions were required to provide quality services for the citizens. Moreover, as one of the biggest providers of electricity for the city of Vienna after the War, the company had to reconstruct its business strategy in a way that would secure the future energy supply for its customers. After the Second World War, the CSR concept was considered a progressive strategy that would provide a stable future. Therefore, WIENER STADTWERKE and WIEN ENERGIE integrated the idea of corporate responsibility into corporate culture and business decisions. The company's history provides numbers of evidence for sustainable business decisions, but the start of the "Project Sustainability" in 2004 might be considered as the beginning of a new era, where the whole company prioritizes the sustainability decisions. In 2010, the sustainability management was already integrated in every division of the company, which confirmed the second hypothesis and proved that the CSR concept was integrated into the business strategy of WIEN ENERGIE. The following chapter is therefore focused on the third hypothesis and investigates the implementation of the sustainability strategy in the case of WIEN ENERGIE from the three dimensional aspect. (Appendix 2)



### 7.3.1 Economic dimension

The most important step in the process of implementing any business strategy is setting the right goals. In the case of WIEN ENERGIE, the sustainability management sets different goals for each sustainability dimension. The economic goals are fundamental for every successful business; therefore, the analysis of the CSR three dimensional concept starts from the economic perspective.

WIEN ENERGIE is a profit orientated company that aims to improve the quality of life for the citizens of Vienna, striving for both long and short term profits. The company intends to improve its financial stability by investing in profitable and cost-effective projects. The synergy in the energy area should increase by 10% until 2017. For that purpose, the company invests in maintenance of its facilities and resource-protecting production. Furthermore, an increase in the key financial indicators should be reached by the end of 2020. For the period of 5 years, until 2020, the company also aims to increase its market share by 0.2% in addition to increasing its customers' satisfaction. Those economic goals will lead to increase of the performance portfolio and profitability. (Appendix 2)

The financial performance of the company for the last few years does not mark a significant increase due to external factors. Statistical estimations of the World Bank indicate only a moderate economy growth for 2014, which significantly influences many national industries such as electricity. (WIEN ENERGIE LTD Sustainability Report 2014)

On a group level, there is a decrease of the turnover from 3,044.4 million Euros for 2013 to 2,904.8 million Euros for 2014. The decline in the turnover is mainly triggered by the energy segment, where revenue decreased significantly during 2014. Furthermore, a change in the group internal pricing initiated a decrease in the sales revenues for the energy segment. (WIEN ENERGIE LTD Sustainability Report 2014)

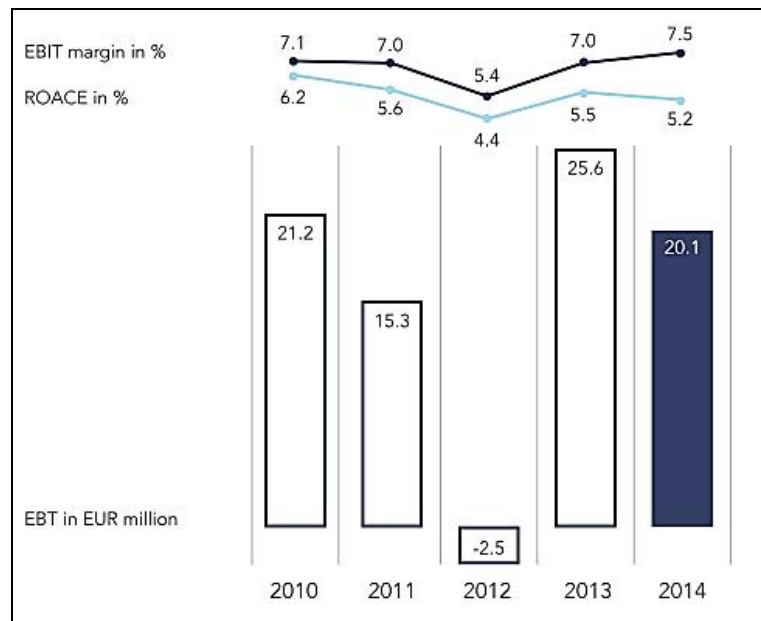
Table 8: Key economic figures Wien Energie Ltd.

<i>Financial results in EUR million</i>	<b>2014</b>	<b>2013</b>	<b>+/-</b>	<b>+/- %</b>
Turnover	2,271.6	2,430.4	-158.8	-6.5
Electricity sales	1,375.8	1,437.8	-62.0	-4.3
Gas sales	412.7	471.7	-59.0	-12.5
Earnings before interest and tax	80.7	-259.7	340.5	131.1
Financial result	6.7	26.3	-19.6	-74.5
EBT	87.5	-233.4	320.9	137.5
<b>Consolidated profit/loss for the year</b>	<b>84.8</b>	<b>-236.9</b>	<b>321.6</b>	<b>-135.8</b>
Investments in intangible assets	22.9	13.0	9.9	76.0
Investments in tangible assets	409.4	358.2	51.2	14.3
Investments in financial assets	12.8	17.0	-4.2	-24.5
<b>Total investment</b>	<b>445.1</b>	<b>388.2</b>	<b>56.9</b>	<b>14.7</b>

Source: WIEN ENERGIE LTD Sustainability Report 2014

In contrast, the consolidated EBIT improved in 2014. The increase of the group-level EBIT is due to the equalizing effect between the transport and energy segment, while the EBIT in the energy segment decreased considerably for 2014. The transport segment was able to reverse the effect and improve the group EBIT. (WIEN ENERGIE LTD Sustainability Report 2014)

Figure 8: Development of key economic ratios Wien Energie Ltd.



Source: WIEN ENERGIE LTD Sustainability Report 2014

The key performance indicators, such as Return on Average Capital Employed (ROACE), also marked a decrease for 2014. In contrast, the assets position of the company improved. As an energy provider WIEN ENERGIE puts much effort in improving its facilities and invests in tangible assets; therefore, the good asset position has an important influence on the company's image and financial stability. The most significant investments on a group level were made in the energy and transport segment, where the CAPEX increased to 28.2 percent; but at the same time, the energy segment suffered the highest turnover decline for the year. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 9: Key balance sheet figures Wien Energie Ltd.

	31.12.2014		31.12.2013	
	in EUR million	as % of the balance sheet total	in EUR million	as % of the balance sheet total
Fixed assets	12,246.7	90.0	11,985.9	89.3
of which tangible assets	9,775.0	71.8	9,483.9	70.6
Current assets	1,000.5	7.4	1,079.1	8.0
Prepayments and accrued income	359.9	2.6	363.2	2.7
<b>Total assets</b>	<b>13,607.0</b>	<b>100.0</b>	<b>13,428.3</b>	<b>100.0</b>
Equity	4,786.6	35.2	4,618.3	34.4
Provisions	3,725.1	27.4	3,641.4	27.1
Liabilities	1,350.5	9.9	1,465.4	10.9
Accrued expenses and deferred income	3,744.8	27.5	3,703.1	27.6
<b>Total equity and liabilities</b>	<b>13,607.0</b>	<b>100.0</b>	<b>13,428.3</b>	<b>100.0</b>

Source: WIEN ENERGIE LTD Sustainability Report 2014

In order to reach its economic goals, the company expands its investments in new facilities as well as in maintenance and improvement of the current ones. For only for a year, WIEN ENERGIE increased its investments by more than 14 percent and invested 409.4 million more than in 2013. Those investments intended to modernize Spittelau and Arsenal facilities, but many solar and photovoltaic power plants were also improved. A significant project for the company is Smart Campus, which will increase the economic performance in the upcoming years by expanding the gas and electricity network. WIEN ENERGIE also invests in financial assets that secure its stable liquidity positions and improve its financial performance. (WIEN ENERGIE LTD Sustainability Report 2014)

In the case of WIEN ENERGIE, there are several key factors that influence its sustainability strategy from an economic perspective. All decisions and actions that the company undertakes aim for a better economic performance. The management structure of the whole group is orientated towards a sustainable development; therefore, all operational investment decisions of the company are presented to the board of the sustainability management. The sustainability management approves the projects that not only increase the company's profitability, but also improve the company's image towards all its stakeholders. (Appendix 2)

Moreover, the discourse of the financial positions of the company and all its upcoming projects in its financial and CSR reports influences its reputation and presence on the market. The company not only publishes CSR reports since 2004, but it also makes its Code of Conduct and CSR strategy available to the public. The disclosure of all its current strategies improves the relationship of the company with all its stakeholder's groups. According to the inside experts, in the context of the economic growth, the stakeholder group with the highest influence is the customers. Therefore, WIEN ENERGIE aims to improve its customers' satisfaction by providing quality services which meet the customers' requirements. WIEN ENERGIE improves its relationship with its customers by investing in customer service centers, where the dialogue between the company and the consumer might be realized. (Appendix 2)

Further factors that influence the economic performance of the company are the legal regulations. As already mentioned, there were several legal changes in 2014, for instance EEffG obligates all energy companies to invest in energy efficiency programs and to report every four years to an energy audit. Moreover, the energy sector is a regulated sector that

depends on the regulation price limits and tariffs; therefore, the economic performance is strongly influenced by the regulatory decisions, which represents one of the most influential external factors for the economic development of the energy companies. (Appendix 2)

### 7.3.2 Environmental dimension

A further aspect of the triple bottom line concept is the environmental dimension. WIEN ENERGIE builds its business strategy based on sustainability decisions. A significant part of the sustainability concept of the company is the environmental responsibility.

Analogical to the economic dimension, the company also sets particular goals in terms of environment. The overall goals for climate protection and conservation of natural resources are interpreted from the standpoint of WIEN ENERGIE. The company aims to increase its electricity production from renewable sources by 30% in 2030. The company also aims to reduce its water consumption and its waste production by 10% by 2016. Furthermore, an environmental goal for WIEN ENERGIE is to implement more environmentally friendly electricity switchers for the City of Vienna and the public transport company WIENER LINIEN. (Appendix 2)

The environmental performance of WIEN ENERGIE can be measured by different indicators such as CO<sub>2</sub> emissions, waste production, or water utilization. The following tables compare those indicators over the last two years. Despite the set goals, the company's environmental performance was marked by a slight increase of the CO<sub>2</sub> emissions not only on the company's level, but also on the group's level. This increase was due to the increase of the electricity production. Furthermore, the increase in the production led to an increase in the waste production, especially of the harmful waste. In contrast, the electricity production from renewable energy increased by more than 20% in 2014, which improved the overall environmental performance of WIEN ENERGIE. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 10: Produced waste Wien Energie Ltd.

<b>Produced waste</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>	<b>+/-</b>
Dangerous waste	8.858,00	4%	8.483,00	-11%
Not dangerous waste	239.044,00	-4%	249.863,00	-21%
Scrap	36.109,00	615%	5.049,00	-74%
Sum	284.011,00	8%	263.396,00	-23%

Source: WIEN ENERGIE LTD Sustainability Report 2014

Table 11: CO2 Emissions Wien Energie Ltd.

<b>CO2- Emissions</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>	<b>+/-</b>
- from electricity and heat generation	2.573.067,00	21%	2.133.230,00	-14%
- feet	54.662,00	-4%	56.998,00	-
- buildings and others	8.490,00	50%	5.649,00	-7%
Sum CO2-Emissions	2.636.219,00	20%	2.189.058,00	-13%

Source: WIEN ENERGIE LTD Sustainability Report 2014

Table 12: Electricity production Wien Energie Ltd.

<b>Electricity production</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>	<b>+/-</b>
Power plants (GWh)	3.533,00	17%	3.046,00	-28%
Water power plants (GWh)	602,00	-14%	698,00	17%
Wind power plants (GWh)	102,00	6%	96,00	5%
Fotovoltaic power plants (GWh)	7,00	164%	3,00	819%
Biomass power plants (GWh)	103,00	-22%	132,00	32%
Waste incineration plants (GWh)	3,00	-	-	-100%
Sum electricity production (GWh)	4.350,00	9,5%	3.974,00	-21%

Source: WIEN ENERGIE LTD Sustainability Report 2014

The improvement of the technology has a significant impact on the emission of harmful gases. Due to the investments in new equipment, the harmful gasses produced by each plant decreased dramatically in comparison with previous years. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 13: Harmful emissions Wien Energie Ltd.

<b>Harmful emissions</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>	<b>+/-</b>
Nitrogen oxides (Nox)(t)	486,00	-7%	521,00	-21%
Sulfur oxides (SO2)(t)	133,00	270%	36,00	-40%
Fine dust (PM10)(t)	0,01	-76%	0,03	-97%

Source: WIEN ENERGIE LTD Sustainability Report 2014

Furthermore, WIEN ENERGIE managed to decrease its water utilization within the production and in the day to day work. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 14: Water withdrawal Wien Energie Ltd.

<b>Water withdrawal</b>	<b>2014</b>	<b>+/-</b>	<b>2013</b>	<b>+/-</b>
Water withdrawal well	1.749,00	-47%	3.301,00	1%
Water withdrawal grid	999,00	13%	884,00	-14%
River water	139.372,00	-3%	143.059,00	-25%
Sewage in kanlisation	284,00	13%	251,00	-16%
Sewage in direct kanlisation	480,00	-22%	616,00	-10%

Source: WIEN ENERGIE LTD Sustainability Report 2014

In order to reach its environmental goals, the company invests in new technology and renewable energy sources. For instance, during 2014, Windpark Steinriegel 2 started its production process. Additionally the waste incineration plant, Spittelau, is an important asset of the company, which is constantly modernized. (WIEN ENERGIE LTD Sustainability Report 2014)

Furthermore, the company takes part in different initiatives that stimulate the environmentally friendly behavior of the citizens. One such initiative was the construction of the solar roof facilities, which provide public buildings with energy. The company takes part in the Energy-efficiency offensive and stimulates the consumers to buy energy efficient devices. (Appendix 2)

In the environmental context, there are several key factors influencing the company's performance. The environmental image, for instance, influences the stakeholders' perceptions. WIEN ENERGIE not only sets its environmental goals, but by taking part in different incentives, it improves its environmental image. In particular, by being part of the green initiative, the company sets itself on the market as a green company. The most important stakeholder group, the customers develops trust towards the company, which meets their requirements for environmentally friendly electricity. (Appendix 2)

A further important factor is the internal managerial and controlling system. As already mentioned, the sustainability management of the holding has a huge influence on each company, and therefore, all managerial decisions are made considering the environmental aspect. The company, in another regard, is included in the CSR report of WIENER STADTWERKE and discloses all its environmental parameters and activities. (Appendix2)

### 7.3.3 Social dimension

The social dimension is the third pillar of the triple bottom line concept. Similar to the economic and environmental dimension, WIEN ENERGIE also sets particular goals in terms of its employees and the society. According to the insider experts, the most valuable assets for the company are its employees; therefore, the company's management aims to provide the best possible working environment. In particular, the needs of the employees in terms of demographic changes should be met by the end of the next year, the working accidents should decrease, and the quota of women should increase by 20% by 2020. However, the number of trainees should increase, and the company aims to improve the opportunities for trainings and seminars for current employees. Furthermore, on a group level, the holding aims to avoid discrimination and to provide the best possible services for Vienna's citizens. (Appendix 2)

Comparing some key social indicators of 2014 with early years, it can be concluded that WIEN ENERGIE is moving quickly towards reaching its social goals. The total number of employees might have decreased slightly in comparison with 2013, but the number of trainees increased and reached 63, which is far more than ever before. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 15: Employees key figures Wien Energie Ltd.

Key figure	2014	2013
Total number of employees	16.114	16.102
Total percentage of women	16,3%	16,0%
Total number of new employees	1.140	1.099
Total percentage of new employed women	22,6%	21,6%

Source: WIEN ENERGIE LTD Sustainability Report 2014

Furthermore, the fluctuation of the employees decreased, which indicated a good working environment and high employee satisfaction. On average, an employee spends 16.9 years working at WIEN ENERGIE and therefore protects the company's knowhow. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 16: Further employees key figures Wien Energie Ltd.

Further key figures	2014	2013	2012	2011	2010
Average age (in yaers)	42,5	42,2	42,1	41,9	41,7
Average employment years (in yaers)	16,9	16	15,8	15,9	15,7
Fluctuationrate (%)	4,4%	5,9%	6,6%	5,9%	6,0%

Source: WIEN ENERGIE LTD Sustainability Report 2014



In another aspect, the average age of an employee is 42.5, whereas the age distribution shows an increase in the number of employees in the younger groups, due to the increase in the trainees. (WIEN ENERGIE LTD Sustainability Report 2014)

Table 17: Age distribution Wien Energie Ltd.

Age distribution	0-19	20-29	30-39	40-49	50-54	55-59	60+
Total percentage in 2013	2,8%	16,0%	19,2%	32,6%	18,3%	9,6%	1,5%
Total percentage in 2014	2,9%	15,8%	19,9%	29,6%	19,0%	11,2%	1,6%

Source: WIEN ENERGIE LTD Sustainability Report 2014

In order to improve its working environment and employees' satisfaction, the company introduces a flexible payment system built on the bonuses and makes the rotation between the departments possible. (WIEN ENERGIE LTD Sustainability Report 2014)

The company takes the necessary actions to improve its social performance not only in terms of its employees, but also considering the society. WIEN ENERGIE invests in many sport and culture events; for instance, the Vienna City Marathon. Similar to the mother company WIENER STADTWERKE, WIEN ENERGIE invests in different projects for the city of Vienna and improves the quality of life in the city. (Appendix 2)

Moreover, the social engagement of the company and the manifestation of its internal ethical programs improves its image and attracts qualified employees, which proves the great importance of the external factors for the company's social performance. (Appendix2)

## 8. Conclusions and final remarks

The current study investigates the real life applications of the CSR theory in the context of the Austrian energy sector. The research was built on the triple bottom line theory, which states that Corporate Social Responsibility requires simultaneous actions in three dimensional aspects. The three pillars of the theory; economic, environmental, and social; were therefore the ground on which the research was built.

In order to examine the research question, three hypotheses were developed. The first hypothesis suggests that Austrian energy companies are not involved in any CSR activities. After analyzing the Austrian energy industry and the sustainability certification in Austria, it is concluded that many top companies from the energy sector are listed in the Austrian CSR rankings, which rejects the first hypothesis.

The second hypothesis states that the Austrian energy companies implement the CSR concept in their business strategies. In order to test this hypothesis, two of the biggest electricity companies in Austria, VERBUND and WIEN ENERGIE, were selected in the research sample. Their business strategy was compared based on the published reports and questionnaires developed particularly for the current research and answered by inside experts. After comparing the available information, the second hypothesis was confirmed, and it was proved that Corporate Social Responsibility was part of the regular business strategy of the two companies.

The third hypothesis goes a step further and combines theory with practice by testing the CSR application strategy from the triple bottom line perspective. All three dimensions of the theory were investigated on the basis of the selected research sample. The economic, environmental, and social perspective of the CSR strategy of both companies was compared and it was proven that both VERBUND and WIEN ENERGIE acted responsibly in all three dimensions, taking the necessary measures to improve their economic, environmental, and social performance.

Nevertheless, the current research is based on a restricted sample, which limits the finding and makes them not generally applicable for different industries in economic areas. Hence, future studies might investigate the CSR triple bottom line theory in different economic sectors and diverse geographical areas.

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## Abstract

During the last decade, an increasing number of companies integrated the CSR concept in their regular business practices. The CSR theory also gained the attention of many scholars, who investigated the concept and developed different theories about its nature. However, based on the numerous theories, it might be concluded that three key components build the CSR theory: economic, environmental and social. Therefore, based on the Triple bottom line theory, the current research investigates the CSR strategy of one of the most profitable sectors in the economy: the energy sector. In order to reach the most accurate results, two of the biggest energy suppliers in Austria are selected in a case study analysis, and their CSR strategies are compared in terms of economic, environmental, and social dimensions.



## Abstrakt

In den letzten Jahrzehnten integrierten viele Unternehmen das CSR-Konzept in ihren regulären Geschäftspraktiken. Die CSR- Theorie gewann die Aufmerksamkeit vieler Wissenschaftler, die zahlreiche Theorien über die Natur des CSRs entwickelten. Basierend auf den wissenschaftlichen Theorien, wurden drei Schlüsselkomponenten der CSR Theorie identifiziert: wirtschaftliches, ökologisches und soziales Bewusstsein. Auf den drei Schlüsselkomponenten basiert sich auch die Triple- Bottom-Line –Theorie, die als Basis für die vorliegende Studie benutzt wurde. Die CSR- Strategie des Österreichischen Energiesectors wurde anhand von den Triple-Bottom-Line-Theorie untersucht. Um möglichst genaue Ergebnisse zu erreichen, zwei der größten Energieversorger in Österreich wurden in einer Fallstudienanalyse ausgewählt, und deren CSR- Strategie wurden in Bezug auf die wirtschaftlichen, ökologischen und sozialen Dimensionen verglichen.



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Appendix 1:

Questionnaire for Master thesis:

Corporate Social Responsibility: The case of Austrian energy sector

Thank You for agreeing to take part in the following questionnaire. Your answers will be kept confidential and will be used only for the purpose of the Master Thesis "CSR: The case of Austrian energy sector".

It should take about twenty minutes of Your time to complete the questionnaire.

If you have any questions or concerns, please contact Silviya Deyanova, e-mail:

[silviya.deyanova@yahoo.de](mailto:silviya.deyanova@yahoo.de)

Thank You in advance!

Master student:  
Silviya Deyanova  
Master program: IBWL

Supervisor:  
Univ.-Prof. Dr. Josef Windsperger  
Department of Management

Wien, 17.03.2015

1. What are the main goals of the company's CSR strategy in the following three dimensions?

<ul style="list-style-type: none"> <li>Economic:</li> </ul>	Strategische Ziele 2020: Net debt/EBITDA < 3,0 FFO/net debt > 31 % ROCE > 7,5 %  Markenbekanntheit > 70 % ungestützt  Imagewert > 2,0 Kundenzufriedenheit > 1,8  Marktführer bei Energiedienstleistungen  Weiterhin keine Compliancefälle
<ul style="list-style-type: none"> <li>Environmental:</li> </ul>	100 % Stromerzeugung aus Wasser und Wind  CO <sub>2</sub> -Emissionen < 10 g/kWh (Scope 1-3)  100 % der Anlagen zertifiziert nach ISO 14001
<ul style="list-style-type: none"> <li>Social:</li> </ul>	MitarbeiterInnen:  4,8 Bildungstage pro MA und Jahr  35 Lehrlingsaufnahmen pro Jahr  Fluktuationsrate < 5 %  Frauenanteil 25 %  Engagement gegen Energiearmut sowie Strom- und Klimaschule fortsetzen

2. How are activities in the area of CSR integrated into the enterprise processes?

Sustainability Management

In 2002, the VERBUND Managing Board decided to focus even more closely on the principles of sustainability and document the Group's sustainability activities in an annual Sustainability Report.

Top responsibility for sustainability lies within the Group's Managing Board, which defines the sustainability goals and policies.

The Sustainability Board is managed by the Chairman of the Managing Board. Represented on the Sustainability Board are members of the managing boards and managing directors of the large subsidiaries, the heads of the Holding divisions and the officer in charge of sustainability.

The Sustainability Board is responsible for

- defining the goals and priorities in the area of sustainability.
- passing on fresh impetus from the subsidiaries to the Sustainability Committee,

- conveying the principles of sustainability to the executives and employees of the subsidiaries they represent and
- approving the basic concept for the publications.

The Sustainability Committee is the working group of the Sustainability Board. The team coordinates the sustainability activities across the Group and prepares the Sustainability Report. The Sustainability Officer of the Group chairs the Sustainability Committee, which comprises experts for social affairs, the environment, the economy, research and communications as well as an employee representative. Each consolidated participating company of the Group is represented by a member of the Sustainability Committee. The Sustainability Committee proposes specific goals and measures to promote sustainability within the Group, reports on the ongoing implementation of sustainability projects in the companies and creates the Sustainability Report.

### 3. What are the main obstacles during the CSR integration process?

Awareness of sustainability aspects and sometimes costs

Difficulty to evaluate sustainability measures and the contribution to economic results

### 4. How are the principles and goals of CSR reflected in the business plan?

CSR is included in our business strategy.

Ecologic and social goals are part of our set of objectives.

### 5. Does the CSR strategy of your company contribute to the increase of the business success?

Yes, our focus on renewable energy production is both – sustainable and a sales argument.

### 6. Does involving in CSR practices improve the company's image towards:

• Stakeholders	yes
• Investors	yes
• Politicians	yes

• Community	yes
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7. What are the main approaches that the top management has for setting the CSR strategy?

To have a sustainable energy mix in production.

To create new and sustainable approaches to facing the new situation in the European energy market.

7.1. Are there any specific ethical programs that the management implements?

For example compliance management and anti-corruption guidelines, diversity programs, signing of the "Charter of Diversity".

7.2. Are there any environmental and auditing practices that the management implements?

**VERBUND Sustainability Report 2013:  
Audits and certifications**

At the end of 2013, 81% of our total power plant capacity and 100% of grid facilities were certified to EMAS or ISO 14001.

116 out of VERBUND's 127 hydropower sites were certified to EMAS or ISO 14001. Certification to ISO 14001 of the eight sites in the Zillertal power plant group was completed in January 2013 and that of the 13 run-of-river power plants on the Inn in Bavaria at the end of 2013. The environmental management systems of the Enns power plants are also fully certified. Certification of the environmental management systems of the plants on the border sections of the Danube and Inn rivers is at the preparatory stage.

All four of the Austrian thermal power plants we have in operation – the Dürnrohr hard coal-fired power plant in Lower Austria, the Mellach combined cycle gas turbine power plant and the Mellach and Neudorf-Werndorf 2 district heating plants in Styria – are certified to EMAS III and ISO 14001. The Mellach CCGT power plant that went into operation in 2012 was fully incorporated into the site's EMAS environmental management system in 2013.

Austrian Power Grid AG, the grid company, has been certified in its entirety since 2008. It comprises 62 substations and grid switching stations, around 3,500 kilometres of transmission lines, the headquarters and Power Grid Control, the control centre for Austria. In addition to the EMAS and ISO 14001 environmental standards, quality, information security and health and safety standards also apply (ISO 9001, ISO 27001 and OHSAS 18001). Further administrative sites of VERBUND were prepared to meet the ISO 14001 requirements: the headquarters in Vienna with over 600 employees was certified successfully for the first time at the end of 2012. A further organisation in Carinthia extended its ISO management system to include environmental aspects in early 2013.

Our goal is to implement environmental management systems in all our generation and grid facilities in Austria and abroad and have them certified to ISO 14001 by 2015.<sup>1</sup> This ensures we maintain our high standards for environmental protection in existing and new plants in Austria and abroad as well as for activities along the entire value chain.

8. How does and to what extent external parties affect the CSR strategy of your company?

The results of stakeholder dialogues have a strong influence on our business.

For example round tables with NGO's, contacts with sustainability-rating-agencies, new developments in the CSR-Community.

8.1. What are the main governmental regulations that the company has to follow in its CSR activities?

CSR-activities are carried out on a voluntary basis. No governmental regulations in this field in Austria.

8.2. Are there any legal benefits for the company from engaging in CSR activities?

Not identified so far.

9. Does the company disclose its CSR activities by publishing any non- financial reports?

VERBUND publishes a Sustainability Report every year since 2002. You may find all issues here: <http://www.verbund.com/cc/en/responsibility/sustainability-reports>

10. Please rate to what extent the company engages in activities preventing the following issues:

	Very often	Often	From time to time	Rarely	Very rarely	Never
Industrial pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste production	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water consumption	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumption of natural resources	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Harassment at workplace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child labor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Working hours and over-time	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fatigue at work	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 11. Please rate to what extent the company engages in activities in the following areas

	Very often	Often	From time to time	Rarely	Very rarely	Never
Fair pricing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy efficiency	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Renewable energy sources	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste handling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender-balanced work environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hygiene at workplace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health and safety	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work-life Balance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maternity privileges	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of noise and dust at workplace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business ethics and transparency	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 12. Does Your Company cooperate with any schools or universities in Austria?

Yes.

"TUtheTOP" since 2007: The Vienna University of Technology's high flyer programme gives TUtheTOP participants an insight into the Group and enables them to have a personal discussion and dialogue with our employees. VERBUND has a varied programme on offer, including excursions, workshops, guided tours and presentations. In the 2012/13 academic year, 21 students from the Vienna University of Technology took part in the TUtheTOP high flyer programme. The focal points in 2013 included hydropower and wind power plant tours and a Meet and Greet with the Chairman of the VERBUND Executive Board, Wolfgang Anzenberger.

Women's scholarship since 2009: VERBUND awards this scholarship annually together with the Vienna University of Technology's career centre. The aim is for the Group to attract more qualified women, particularly technicians. The VERBUND women's scholarship was awarded for the fifth time in April 2013 to three outstanding female students at the Vienna University of Technology. Each award recipient received €5,000 to support their education. In October 2013, the first alumni meeting was held for all recipients of the VERBUND women's scholarship. Besides these activities VERBUND runs research and innovation projects with Austrian Universities.

### 13. Does Your Company engage in any community work?

Yes, especially when floods do occur we closely cooperate with fire-departements, public authorities and aid organisations.

### 14. Does Your Company make any charity donations?

Yes. See VERBUND's Sustainability Report 2013: Social commitment

#### VERBUND climate school and electricity school

We are actively involved in teaching the next generation through the VERBUND Hohe Tauern National Park climate school and the VERBUND electricity school. In 2013, as part of the VERBUND electricity school, we organised the third EDUARD school competition together with the "Die Presse" daily newspaper. Prize money totalling €50,000 was offered to promote school class energy projects throughout Austria. Seventy classes took part this year. In another competition, primary schools from power plant communities were invited to submit writing projects on the topic of hydropower. The three best projects were used to produce a children's book on hydropower for children learning to read. As part of the VERBUND electricity school, all VERBUND power plants are open to school excursions. In 2014, the teaching materials will be revised and republished in cooperation with the teacher training college in Graz (Pädagogische Hochschule Graz) and the Institute of Physics of the University of Graz. At the Arnstein/Styria power plant, an educational "learning garden" is being created to provide training to teachers on energy and power generation. The aim is to set up a similar project in the newly opened Ybbs-Persenbeug visitor centre together with the network of natural science teachers in Lower Austria.

#### Electricity relief for those in need

Since 2009, we have been working together with Caritas (a Catholic charity) and Diakonie (a Protestant charity) to support people in difficulty throughout Austria. Since that year, the VERBUND Empowerment Fund run by Diakonie has been offering emergency assistance to people who rely on assistive technologies. To date, advice has been provided to some 5,300 people. Around 330 disabled people received direct assistance to purchase communication aids, enabling them to lead an independent life, communicate or work. Over the last four years, with over 5,000 members, the VERBUND Electricity Relief Fund run by Caritas has provided assistance to 2,100 low-income households, helping them to manage their energy expenses in the long term. More than 1,400 energy consulting sessions were conducted in Austrian households. As a result, 67% of the households receiving advice are able to save an average of 1,030 kWh of electricity and therefore costs of around €200 a year.

#### Other social activities

Since the 1950s, we have sponsored the Swallow's Nest (Schwalbennest) House in the SOS Children's Village in Hinterbrühl/Lower Austria. In 2013, we continued both with this sponsorship and also with the sponsorship of the Hans-Radl School for physically disabled children in Vienna. In the summer, the VERBUND water sports centre opened on the Donauinsel (Danube Island) in Vienna. The new artificial white water course has improved Austria's canoeing training facilities and is therefore making an important contribution to both competitive sportspeople and recreational participants alike.



## 15. What impact does CSR have on the following issues?

	Huge positive impact	Medium positive impact	Medium negative impact	Huge negative impact	No impact	No answer
Value added	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Operational costs	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market share	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitiveness	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reputation of the firm	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investor relations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government relations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media presence	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pricing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit and lending arrangements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumers' satisfaction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees' satisfaction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shareholders' satisfaction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 16. Does Your Company have a long term CSR orientated business strategy?

Yes.

VERBUND's Sustainability Strategy:

Sustainability is at the core of the VERBUND brand: we strive for excellent economic and ecological performance at all stages of the electrical energy value creation process, thus adding value for customers and other stakeholders. We evaluate our sustainability measures regularly and publish the results, which are reviewed by experts, in our annual reports.

Environmental performance

Our aim is to build and operate all our plants with as little environmental impact as possible and supply our customers with ecofriendly products. In Austria and internationally, we primarily rely on hydropower

and wind for generating electricity. We constantly work on reducing our emissions – coal and gas will not be of strategic importance in the future. Our high-capacity transmission grid and pumped storage power plants enable us to integrate new renewable energy sources, above all wind and solar. We prevent or at least reduce the ecological impact of our operations and optimize environmental management at all our sites. Standardised environmental data management throughout the Group creates a sound basis for making decisions regarding our projects. We do everything we can to conserve energy and use electricity efficiently, not only within the Group, but also in the wider community by providing information and innovative solutions. Our climate protection initiatives are based on specific performance indicators and targets. In our research, we focus on helping to shape the energy systems of the future by developing innovative and forwardlooking solutions.

#### Economic performance

Our goal is to increase the value of the Group through long-term, profitable growth. Climate- and eco-friendly electricity generation – above all from renewable sources – is the backbone of our economic success. We are growing in Austria and Germany on the basis of our core competency: electricity at all levels of value creation. With our activities, we increase productivity in many areas of life and contribute to regional value added. Careful management and proactive cost management in our projects and processes enable us to improve efficiency and maintain our competitiveness. It goes without saying that we subscribe to fair business practices and the principles of sustainability. We also look for these qualities in our suppliers and other business partners.

#### Social performance

Our aim is to strike a social balance when carrying out Group activities. We assume responsibility towards people and society for whom electricity is an important factor in their quality of life. We communicate actively, openly and respectfully with interest groups from all areas of society. We listen and provide extensive information. Our success lies in providing customer oriented services with an ecological focus and competent, friendly advice. We offer our employees attractive, secure jobs and attach great importance to maintaining and developing their expertise. It goes without saying that the workforce is entitled to statutory codetermination rights and that we adhere to the International Labour Organisation's standards. Occupational health and safety are also extremely important to us. Our comprehensive apprentice training ensures that we will have skilled workers in the future. By fostering employee diversity, we bring different points of view to the Group. We also assume social responsibility by supporting charitable organisations and passing on our knowledge to schools and universities.

Thank You for completing the questionnaire!



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Appendix 2:

Questionnaire for Master thesis:

Corporate Social Responsibility: The case of Austrian energy sector

Thank You for agreeing to take part in the following questionnaire. Your answers will be kept confidential and will be used only for the purpose of the Master Thesis "CSR: The case of Austrian energy sector".

It should take about twenty minutes of Your time to complete the questionnaire.

If you have any questions or concerns, please contact Silviya Deyanova, e-mail:

[silviya.deyanova@yahoo.de](mailto:silviya.deyanova@yahoo.de)

Thank You in advance!

Master student:  
Silviya Deyanova  
Master program: IBWL

Supervisor:  
Univ.-Prof. Dr. Josef Windsperger  
Department of Management

Wien, 17.03.2015

## General notices by Wiener Stadtwerke

CSR management = Sustainability management: According to EU policy CSR means that companies are meant to contribute to sustainable development within their core business. Therefore CSR management is sustainability management. At Wiener Stadtwerke we use the terms sustainability principle, sustainability management, sustainability report, sustainability program.

Wien Energie is part of Wiener Stadtwerke. The questionnaire was answered by sustainability management of Wiener Stadtwerke. The answers are valid for both Wien Energie and Wiener Stadtwerke.

1. What are the main goals of the company's CSR strategy in the following three dimensions?

<ul style="list-style-type: none"> <li>• Economic:</li> </ul>	<p>Our company needs to be profitable, this implies that also short term profits are necessary. Wiener Stadtwerke invests to improve the quality of infrastructure in Vienna and the quality of life in Vienna.</p> <p>In the corporate strategy map, the two top targets are profitability and corporate responsibility. See sustainability report 2013 pg. 65.</p>
<ul style="list-style-type: none"> <li>• Environmental:</li> </ul>	<p>Climate protection, the preservation of natural resources and continual improvements in environmental protection are our overall environmental goals.</p> <p>In line with the EU-climate policy (e.g. 20-20-20 targets, roadmap 2050) we aim to rise the share of our electricity production out from renewables to at least 30% ideally up to 50% until 2030. Our production of heat out from renewables shall be 50% by 2030.</p> <p>Please see our sustainability program, which is updated every year. <a href="http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html">http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html</a></p>
<ul style="list-style-type: none"> <li>• Social:</li> </ul>	<p>Our employees are our most valuable asset. We offer to them attractive work places and ongoing qualification. Part of this is nondiscrimination, gender equality, work and family.</p> <p>We are providing public infrastructure for all citizens of Vienna, including those with handicaps.</p>

2. How are activities in the area of CSR integrated into the enterprise processes?

We realize our corporate responsibility with board decisions, our corporate culture, guidelines and code of conducts, and our sustainability management. Our sustainability management consists of sustainability managers in every subsidiary and several committees. See <http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/management.html>. We have a sustainability program, which is updated every year, see <http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html>.

3. What are the main obstacles during the CSR integration process?

Marked conditions which are favoring fossil energy production to production from renewables.

Broadness of the topics which are part of sustainability

4. How are the principles and goals of CSR reflected in the business plan?

There is a regular interaction between the annual update of the investment plan and the annual update of the sustainability program (published). So environmental and social goals and targets are defined in the sustainability program which is considered when the investment plan for the coming year is prepared. Projects, investments contributing to environmental and social goals and which are part of the agreed investment plan will be reported in the sustainability program.

5. Does the CSR strategy of your company contribute to the increase of the business success?

Yes.

For see for example the investments in renewable energy production and the benefits of a high quality public transport for our competitive position in the future. Internally we could save money by energy efficiency and promote employee satisfaction.

See our sustainability program, which is updated every year

<http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html>.

6. Does involving in CSR practices improve the company's image towards:

• Stakeholders	Yes.
• Investors	Yes. Wiener Stadtwerke is owned by the city of Vienna and the company does not issue stock listed financial products.
• Politicians	Yes.
• Community	In general yes. But we expect that most of the public appreciates our activities without linking them to CSR or sustainability.

7. What are the main approaches that the top management has for setting the CSR strategy?

We look at our businesses, our the main sustainability aspects and upcoming technologies in order to identify opportunities for business models which both contribute to climate protection, social

issues and our economic success

We prepare studies on selected topics. Most of the studies are published, see <http://www.nachhaltigkeit.wienerstadtwerke.at/download-bereich.html#c396>. Wiener Stadtwerke has a sustainability advisory council (Nachhaltigkeitsbeirat) with high level experts from science, public administration and welfare institutions. The sustainability advisory council meets twice a year with the managing board to discuss strategic sustainability issues.

See <http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/stakeholder.html>

#### 7.1. Are there any specific ethical programs that the management implements?

Running a company implies taking decisions. Many decisions include ethical aspects. We are generally aware of the ethical components of our decisions, e. g. regarding interests of our employees, interests of our customers, interests of minorities etc. To us climate protection is a very ethical challenge too. Even though we do not run programs which are called "ethical", all of our activities in sustainability management are linked to ethical objectives (eg. climate protection, non discrimination, compliance).

#### 7.2. Are there any environmental and auditing practices that the management implements?

Yes please see

<http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/management/zertifizierung.html>

Also see the targets in our sustainability program, which is updated every year <http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html>.

### 8. How does and to what extent external parties affect the CSR strategy of your company?

Providing public services and being owned by the City of Vienna we contribute to the quality of life of the citizens of Vienna. The respective needs of the citizens, e.g. expressed by politicians, NGO, media, direct customer feedback are considered in our strategy as well as within decision making.

#### 8.1. What are the main governmental regulations that the company has to follow in its CSR activities?

All environmental regulations

All regulations regarding employees

All regulations regarding customer relations

All regulations regarding doing business

8.2. Are there any legal benefits for the company from engaging in CSR activities?

Yes

We are better prepared when regulation gets stricter.

9. Does the company disclose its CSR activities by publishing any non- financial reports?

Yes. Please see our sustainability reports at

<http://www.nachhaltigkeit.wienerstadtwerke.at/download-bereich.html#c356>

Please see our sustainability Website <http://www.nachhaltigkeit.wienerstadtwerke.at>

10. Please rate to what extent the company engages in activities preventing the following issues:

	Very often	Often	From time to time	Rarely	Very rarely	Never
Industrial pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste production	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water consumption	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumption of natural resources	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Harassment at workplace	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child labor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not applicable <sup>1</sup>						
Working hours and over-time	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fatigue at work	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Please rate to what extent the company engages in activities in the following areas:

<sup>1</sup> see: Wiener Stadtwerke: Bekenntnis zum Schutz der Menschenrechte und gegen Zwangs- und Kinderarbeit [http://www.nachhaltigkeit.wienerstadtwerke.at/fileadmin/user\\_upload/Downloadbereich/2009/WSTW-Bekenntnis-zu-Menschenrechten.pdf](http://www.nachhaltigkeit.wienerstadtwerke.at/fileadmin/user_upload/Downloadbereich/2009/WSTW-Bekenntnis-zu-Menschenrechten.pdf)

## 12. Does Your Company cooperates with any schools or universities in Austria?

	Very often	Often	From time to time	Rarely	Very rarely	Never
Fair pricing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy efficiency	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Renewable energy sources	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste handling	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender-balanced work environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hygiene at workplace	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health and safety	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work-life Balance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maternity privileges	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Level of noise and dust at workplace	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business ethics and transparency	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes, see Sustainability Report						

## 13. Does Your Company engages in any community work?

Yes, see Sustainability Report

## 14. Does Your Company makes any charity donations?

Yes, see Sustainability Report

## 15. What impact does CSR have on the following issues?



	Huge positive impact	Medium positive impact	Medium negative impact	Huge negative impact	No impact	No answer
Value added	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Productivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Operational costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market share	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitiveness	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reputation of the firm	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investor relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government relations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media presence	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pricing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Credit and lending arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumers' satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees' satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shareholders' satisfaction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. Does Your Company has a long term CSR orientated business strategy?

See answers to question 1 !

See our sustainability program <http://www.nachhaltigkeit.wienerstadtwerke.at/organisation/ziele-und-massnahmen.html>.

Thank You for completing the questionnaire!

## CURRICULUM VITAE

### PERSONAL INFORMATION

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Name: **Silviya Deyanova, MSc (WU)**

Date of birth: 15.12.1988

Nationality: Bulgaria

Address: Austria, Vienna, 1020, Vorgartenstrasse 110A/321.1

Tel.: +43 650 9930989

E-Mail: [silviya.deyanova@yahoo.de](mailto:silviya.deyanova@yahoo.de)

### WORKING EXPERIENCE

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*Since 09/2015*

**Assitent Auditing**

Ernst&Young Wirtschaftsprüfungsgesellschaft mbH

*09/2010-08/2011*

**Accountant**

“Trans Consult 2007” Ltd.

*06/2007-08/2007*

**Translator**

Autohouse „Gueorgui Lozanov“ Ltd.

### INTERSHIPS

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*02/2015-05/2015*

4-monthes internship at Ernst&Young Wirtschaftsprüfungsgesellschaft mbH  
Department: Auditing

*08/2013*

4-weeks internship at the Ministry of Economy and Energy, Bulgaria  
Department: “Security of Power Supply”

*08/2010*

4-weeks internship at Trans Consult 2007 Ltd. (accounting company)

### EDUCATION AND TRAINING

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*Since 03/2012*

**University of Vienna, Austria**

Master of Science

Course of studies: International Business Administration

Specialization in Energy and Environment Management

*10/2013-08/2015*

**Vienna University of Economic and Business, Austria**

Master of Science

Course of studies: Finance and Accounting

*09/2007– 07/2011*

**University of National- and World- Economy, Sofia, Bulgaria**

Bachelor of Economics

Course of studies: Accounting / Average note: A-/

*Education abroad  
09/2009 – 07/2010*

**University of Applied Sciences Worms, Germany**

Semesters abroad /Erasmus student/

Course of studies: International Management

*School education*      **High school** „81 Viktor Hugo“, Sofia, Bulgaria  
 09/1995 – 07/2002      Module: Foreign languages / average note: A/

09/2002 – 07/2007      **Elementary school** „39 Peter Dinekov“, Sofia, Bulgaria  
 Module: Art /average note: A

## PERSONAL SKILLS

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*Mother tongue*      Bulgarian

<i>Other Languages</i>	Understanding		Speaking		Writing
	Listenting	Reading	Spoken interaction	Spoken production	
<i>English</i>	C1	C1	C1	C1	C1
<i>German</i>	C1	C1	C1	C1	C1
<i>Spanish</i>	A1	A1	A1	A1	A1

Levels: A1/2: Basic user - B1/2: Independent user - C1/2 Proficient user Common European Framework of Reference for Languages

*Computer skills*

Advanced knowledge of Microsoft ® Windows environments and Office package (Word, Excel, Access, PowerPoint)

*Accounting software:* Advanced knowledge of Konto, Regata, Microinvest, SAP Accounting, EY Canvas, MicroStart, AAM

## ADDITIONAL INFORMATION

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*Seminars*

2011      “The Importance of the Personality in the Professional Life”, Hogan Assessment Systems INC.

2010      “Strategic Thinking and Akting”, Volkmar and Eckhard Schitter, Megatimer®

*Projects*

2010      International Marketing Project – „International Day“

*Courses*

2008      Entrepreneurship course by Microsoft® and City University of Seattle

*Silviya Deyanova*

Vienna, 28.02.2016