Corporate Social Responsibility in medium-sized Hidden Champions from Austria

The phenomenon of Hidden Champions illustrates that also small and medium-sized companies can be successful world and European market leaders. This paper has the objective of analyzing the significance of Corporate Social Responsibility (CSR) in Austrian Hidden Champions. The results of this study show that CSR is of high significance and a success factor for Austrian Hidden Champions. The companies conduct several activities in the field of CSR and gain numerous benefits from these policies. It must be emphasized that the manifestation of CSR in family-owned Hidden Champions vastly differs from how non-family-owned Hidden Champions practice CSR.

El fenómeno de los campeones ocultos demuestra que también las pequeñas y medianas empresas pueden ser líderes en el mercado mundial y en el europeo. Este estudio tiene el objetivo de analizar la importancia de la Responsabilidad Social Corporativa (RSC) en los campeones ocultos de Austria. Los resultados muestran que la RSC es de gran importancia y un factor de éxito para los campeones ocultos austriacos. Las empresas realizan varias actividades en el campo de la RSC y obtienen numerosos beneficios de estas políticas. Hay que resaltar que la manifestación de la RSE en los campeones ocultos de propiedad familiar difiere enormemente de cómo la practican aquellos campeones ocultos de propiedad no familiar.

Ezkutuko txapeldunen fenomenoak erakusten digu enpresa txiki eta ertainak ere nazioarteko eta Europako merkatuan liderrak izan daitezkeela. Azterketa honen helburua Gizarte-erantzukizun korporatiboaren (GEK) garrantzia aztertzea da Austriako ezkutuko txapeldunen artean. Emaitzek adierazten dutenaren arabera, Austriako ezkutuko txapeldunentzat GEK garrantzi handikoa eta arrakastarako faktorea da. Enpresek zenbait jarduera egiten dituzte GEKren esparruan eta politika horietatik hainbat onura lortzen dituzte. Azpimarratu beharra dago jabetza familia batena den ezkutuko txapeldunetan eta jabetza familia batena ez den ezkutuko txapeldunetan GEK ez dela era berean adierazten.

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1. **INTRODUCTION**

The Austrian economy is composed of 99.8% small and medium-sized companies. Businesses of this size are the so-called backbone of the Austrian economy, and their success is critical for overall economic stability. If small and medium-sized unknown companies are at the top of their industry, they are called Hidden Champions (Jungwirth/Kraus 2011).

Hermann Simon, a former professor for marketing now working as a consultant, pioneered the research field of Hidden Champions. His research addresses the reasons for the success of small and medium-sized businesses, and not necessarily known enterprises that are world market leaders within their business fields. His investigation is devoted mostly to German companies. The critical aspects of his research are the success factors of the Hidden Champions. Gaining findings within this research field sets benchmarks for the business of small and medium-sized enterprises (Simon 2009). Simon's identification criteria for Hidden Champions are specific to his research, meaning that they are specific to the German economy. Therefore, separate criteria had to be determined to fit to the Austrian economy. This research has identified seven critical success factors for Austrian Hidden Champions (Jungwirth/Kraus 2011). The research in this field continues under the consideration of possible management action fields as success factors. CSR is one possible management field due to its importance to society (Rommelspacher 2012).

Recent developments show that sustainability has become an important topic for many businesses nowadays and that CSR is one approach to face the challenges of globalisation (Jonker et al. 2011). Whereas large corporations have to justify their actions to stakeholders, the research on CSR among small and medium-sized enterprises (SMEs) is often based on the currently popular concept of social capital (Perrini 2006). Therefore, the social and ecological impact of business activities has more and more become integral to companies of all sizes (Waßmann 2013). However, CSR has only been well researched in large corporations, while SMEs have received less attention in this area (Jenkins 2006).

Therefore, it is one of the research questions of this paper if CSR has any significance for very successful medium-sized companies, like the Austrian Hidden Champions. Do the managers of these companies consider CSR a success factor?

Finally, it has to be emphasized that most of the Hidden Champions are family-owned businesses (Simon 2012; Jungwirth 2017). This paper will also raise the question if there is a difference between the manifestation of CSR in family-owned and in non-family-owned Hidden Champions.

2. CORPORATE SOCIAL RESPONSIBILITY

Chapter 2 will discuss the topic of CSR. To determine whether this is significant or a success factor for Austrian Hidden Champions, it first has to be analysed. As a starting point for this chapter the term Corporate Social Responsibility will be determined and delimited.

2.1. Definition and systemisation of CSR

The European Commission has proposed the following definition of CSR: '*The responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their CSR, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders…*' (European Commission 2011).

Regarding the impact on society noted in this definition, several conclusions can be drawn. First, CSR goes beyond legal compliance. Moreover, the impact of CSR on society includes ethical and moral actions. Consequently, this also includes actions that might minimise profit. In other words, profit orientation is indifferent to ethics and responsibility (Hentze/Thies 2012).

Lastly, CSR is limited to the economic section of the umbrella term sustainability. As already stated, sustainability includes dimensions that comprise all societal aspects (Hentze/Thies 2012).

Conducting active stakeholder dialogue should be considered an underlying principle when it comes to delimit the term. Within the framework of CSR, stakeholder dialogue signifies the importance not only of gathering information, but also of actively entering into continuous dialogue with stakeholders to address concerns, criticism, or other topics (Braun/Lotter 2011).

To systemise, categorise, and analyse CSR, a variety of models can be used. Most commonly the triple bottom line model is used to describe the scope of CSR. This categorisation is used in the Green Paper of the European Commission to measure CSR in businesses (European Commission 2001). Likewise, the Austrian business council for sustainable development, respACT, which is the leading platform for CSR in Austria, uses this categorisation in its guiding principles (respACT 2013). The triple bottom line model provides a comprehensive categorisation of all aspects of CSR. In contrast to Carroll's pyramid (Carroll 1991) and the three-domain approach (Carroll/Schwartz 2003), the triple bottom line model specifically defines an ecological dimension. However, the legal dimension is not considered. Instead, legal compliance is a precondition and is seen from the point of view of the other dimensions, such as the economic dimension. Due to the widespread use of the model and its clear categorisation, this model will be used for further elaborations in this paper.

2.2. **CSR dimensions and action fields**

The triple bottom line model categorises CSR into three main pillars. The pillars are the economic, ecological, and social dimensions. Other terms in this context are people, planet, and profit. These two categorisations can be understood synonymously (Herchen 2007).

Firstly, the economic dimension addresses profit orientation. In the context of CSR, generating profits is seen from a sustainability perspective. This is in contrast to most stock-listed companies where the publication of the quarterly results often promotes short-term profit orientation. In addition, profit is seen as a means to maintain equity in CSR (Herchen 2007). Furthermore, this dimension also includes organisational policy and governance of the company (Bitar/Jamali/Mezher 2006).

Secondly, the social dimension takes into account the impact that a corporation has on society, and in particular the society in which the business operates. This incorporates the subjects of public health, workplace safety, education, and equal opportunity (Bitar/Jamali/Mezher 2006).

Lastly, the ecological dimension addresses the issue of the preservation of natural resources, which are limited. Sustainable economic activities within the framework of the limitation of resources and the survival of humans in general are the main focuses of this dimension (Herchen 2007). This includes compliance with governmental regulations, recycling, energy efficiency, and more (Bitar/Jamali/Mezher 2006).

Actions which are undertaken within the framework of CSR can be allocated to these three dimensions. The upcoming figure provides a comprehensive overview of the action fields.

Figure 1. **CSR DIMENSIONS AND ACTION FIELDS**

Economic Dimension	Social Dimension	Ecological Dimension
• Corporate governance • Product management • Risk management • Communication	• Charitable foundation • Stakeholder dialogue and cooperation • Corporate volunteering • Human resources	• Ecological policies (incl. energy, resource, consumption, climate protection etc. • Training

Source: Own presentation.

Note that the action fields need to be understood within the framework of CSR. In general product management, human resources (HR), risk management, corporate governance etc. include activities that go beyond CSR. However, in this context only the activites which are targeted towards social responsibility are taken into account e.g. HR activities that incentivise voluntary work or CSR reports for communication.

Economic dimension

This dimension includes all activities around CSR management. In other words, action fields like corporate governance, product management and risk management are designed and executed with social responsibility in mind. Communication addresses the need to be transparent by using external and internal communication channels. One important tool is the CSR report based on the Global Reporting Initiative (GRI) standards (Global Reporting Initiative 2017).

Social dimension

Overall, the International Organization for Standardization (ISO) 26000 family of standards is a tool for organisations to support socially responsible actions. These standards should be understood as guidance. Unlike other ISO standards, organisations cannot be certified with ISO 26000. The aim of these standards is to clarify the social responsibility of organisations (International Organization for Standardization 2010). Action fields within the dimension can be found in Figure 1.

Ecological dimension

The ISO 14001 standard provides a detailed explanation of what is required to implement an ecological management system. This standard supports the company in achieving its intended environmental performance and objectives. ISO 14001 can be implemented by all organisations, regardless of size, type, or nature. The entire ISO 14000 family of standards focuses on supporting organisations to manage their environmental responsibilities (International Organization for Standardization 2015).

2.3. **CSR benefits and criticism**

Having discussed the dimensions of CSR and its significant action fields, the benefits of such policies and actions now need to be illustrated. Furthermore, potential negative aspects of CSR will be analysed.

CSR benefits

This section answers the question of why a business should engage in CSR actions besides for ethical and moral motivations.

Loew and Clausen conducted a study for the German national CSR forum to provide a foundation for the working group ‘promotion and distribution of Corporate Social Responsibility particularly to small and medium-sized companies’. The objective of this research was to analyse studies on the benefits of CSR to determine the relevant benefits especially for small and medium-sized businesses. The relevance was determined due to the amount of publications elaborating on benefits with restricted or no economic value to companies (Loew/Clausen 2010). The study identified the following relevant benefits of CSR:

- Cost efficiency
- Risk reduction
- High motivation of employees

- Attraction and retention of talent
- Fostering innovation
- Business development due to new markets and products
- Strengthening of customer relationships
- Creation and protection of reputation
- Enhancing investor relations (Loew/Clausen 2010)

In the book *Corporate Social Responsibility as an International Strategy*, Keinert proposes seven major benefits of CSR that are empirically proven (Keinert 2008). These benefits are:

- Achievement of competitive advantage
- Added value to offering
- Opportunities for alliances
- Improvement of labour relations and organisational commitment
- Equal opportunity and diversity
- Enhanced financial results
- Limiting losses after business crisis (Keinert 2008)

In their 2014 contribution to the journal *Business Ethics,* Story and Neves elaborate on the positive influence of CSR on employee performance: employees are aware of the CSR practices of their organisations, they understand the motivations for CSR policies, and they are engaged (Neves/Story 2015).

In addition, Mishra and Nigam identify a positive influence of CSR on long-term business performance. This is achieved due to the company's positive relationship with stakeholders and society. Mishra and Nigam argue that the society is the place where companies sell their offering. Therefore, CSR activities in society enhance the performance of the overall business (Mishra/Nigam 2015).

Criticism on CSR

A typical example of greenwashing is that companies claim to be environmentally friendly when, in reality, they are not. Means are used to advertise this environmental friendliness instead of truly implementing processes or offering products that could indeed be deemed to support such a claim. This is a problem because it deceives customers, which is a contradiction of CSR. Moreover, it may also backfire on the business (EnviroMedia Social Marketing 2016).

A common argument for why large companies have adopted CSR into their business is that they are trying to work against the establishment of laws that would enforce social or environmental policies. Corporations argue that a majority have also implemented CSR policies in their business, and therefore there is no need for laws in this regard. Again, these corporations use CSR solely as a marketing tool, claiming to support critical social issues when, in fact, there is no evidence that this is the case. The aim is not to recognise the company's responsibility to society, but to avoid law enforcement (Werner-Lobo 2009).

The association of CSR with tax avoidance was comprehensively proven within the framework of Hoi, Wu, and Zhang's 2013 empirical research: companies with irresponsible CSR activities (CSR activities damaging for one group of stakeholders) were engaged in tax avoidance, whereas businesses that conducted activities regarded as positive were not associated with this behaviour (Hoi/Wu/Zhang 2013).

It should be noted here that CSR policies should include standards for taxation, such as publishing all required accounting information. All CSR activities should be disclosed in regular reports to ensure transparency (Christensen/Murphy 2004).

2.4. **CSR and SMEs**

CSR has traditionally been associated with large corporations, but researchers are more and more recognising the importance of business ethics and social responsibility of small and medium-sized companies (Quinn 1997; Spence 1999; Spence/Rutherford 2003; Jenkins 2006).

For example, Kusyk and Lozano (2007) identified in their extensive literature review of more than 30 years a total of 80 drivers and 96 barriers for the social performance of SMEs. They even clustered these drivers and barriers along key stakeholders and developed a four-cell typology of social issues.

Other researchers pointed out the peculiar strengths and special relational attributes of SMEs in the context of CSR and highlighted the differences in CSR orientations compared with multinational corporations (Jamali/Zanhour/Keshishian 2009).

Building on the work of Porter and Kramer (2006) who drew particular attention to the link between competitive advantage and CSR, Jenkins (2009) demonstrated how SMEs can achieve added value and competitive advantage through realising and maximising the opportunities of CSR. She also developed a "business opportunity" model of CSR for SMEs.

But interestingly there seems to be a literature gap regarding the CSR activities of very successful SMEs. There is only evidence how medium-sized Hidden Champions from Central and Eastern Europe (CEE) respond to questions of sustainability (Zhexembayeva 2013). This is why a comprehensive research was designed to analyse how medium-sized world market leaders from Austria practice CSR.

3. **RESEARCH METHODOLOGY**

Characteristics of Hidden Champions

Hermann Simon initiated the research on Hidden Champions around 30 years ago. Companies that are considered to be Hidden Champions are those that are not necessarily known or large, but they are in an excellent market position (Simon 2014). Simon defined the following three criteria to identify a Hidden Champion:

1. The company is among the top three market leaders worldwide, or the first leader on its continent
2. Its revenue has to be lower than 5 billion euros1
3. There is a low degree of familiarity of the company to the public (Simon 2012)

To fit the Austrian situation, criteria have been defined within the framework of the Hidden Champions research at the University of Applied Sciences CAMPUS 02 in Graz, Austria. These criteria are based on Simon's definition, but the latter's maximum revenue is considered as too high for the Austrian business landscape. The following lists the criteria for Austrian Hidden Champions:

1. The company is first, second, or third worldwide, or the first in Europe (market share according to company or press)
2. Its revenue has to be lower than 200 million euros
3. The company's headquarters have to be in Austria (Jungwirth 2010)

According to this definition, 189 Hidden Champions have been identified in Austria by February 2017. On average they show an annual turnover of 53 million Euros and they employ about 400 people (Jungwirth 2017).

Since 61% of the medium-sized world market leaders from Austria are family-owned, it is also a target of this paper to compare the manifestation of Corporate Social Responsibility in family-owned and non-family-owned Hidden Champions.

Research Design

The findings of this study are based on a quantitative empirical research. The chosen method was a computer-assisted telephone interview (survey tool «umfrageonline.com») using a standardised questionnaire that was especially designed for this research. The interviewees for this research were individuals who were responsible for CSR in their company. In most cases, this was the business executive. In some cases, however, there might be a dedicated responsible for CSR in a company. In those cases, that person was interviewed.

The descriptive approach of this research was chosen in order to describe the characteristics and behaviour of internationally very successful medium-sized companies regarding the phenomenon of CSR. In a further step it is planned to carry out explanatory research that aims at determining the reasons why the Austrian Hidden Champions practice CSR like this.

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[1] Initially this limit was at 1.5 billion German marks which equals about 766 million euros (Simon 1996).

The following table groups all the identified Hidden Champions based on the criteria of revenue and whether or not the company is family-owned. In addition, the ultimately obtained subjects within the categories are also illustrated. Overall, 70 subjects were required to make statistical analysis verifiable.

Table 1. **SAMPLE COMPOSITION**

Criteria	Required subjects	Actual subjects	Overall population
Family-owned	35	38	115
Non-family-owned	35	34	74
Total	**70**	**72**	**189**
Revenue: € 51-200 million	33	29	90
Revenue: Symbol 0–50 million	37	43	99
Total	**70**	**72**	**189**

Source: Own elaboration.

Table 1 explains how the interviewees were selected. The quota for the criterion of revenue was directly driven from the overall population, meaning that the composition of all identified Hidden Champions regarding the revenue was applied to the 70 required. Moreover, about half of the subjects were required to be non-family-owned companies. After all, 72 medium-sized world market leaders from Austria agreed to take part in this study.

The field work for this empirical research was conducted in February 2017.

4. CSR IN AUSTRIAN HIDDEN CHAMPIONS

Based on the empirical research, this chapter presents the importance of CSR in Austrian Hidden Champions. Furthermore, it addresses the question of the differences between family-owned, non-family-owned, smaller and bigger Hidden Champions.

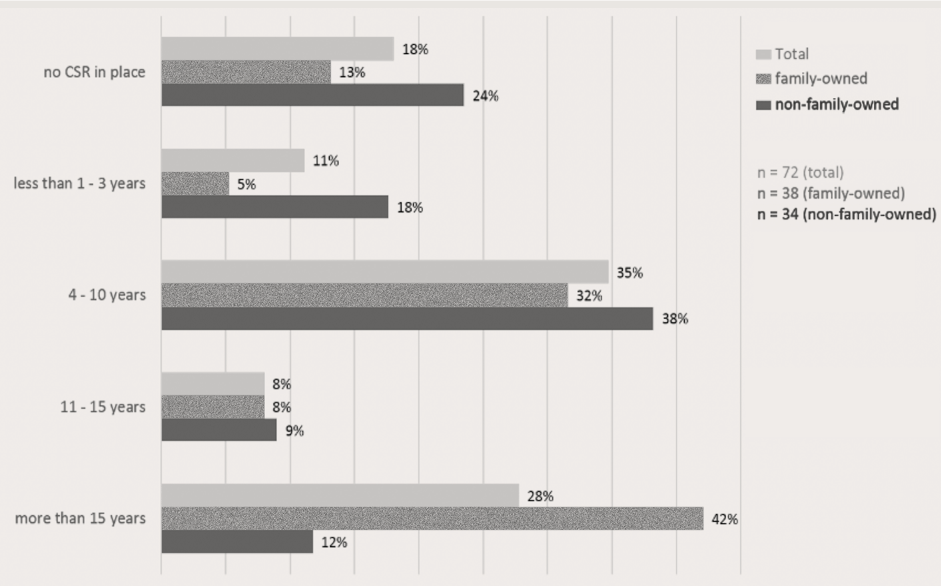
4.1. General significance of CSR in Austrian Hidden Champions

Based on chapter 2.2, this section illustrates the overall significance, the importance of each CSR dimension and its action fields.

CSR implementation and significance as success factor

First, the respondents were asked whether CSR is implemented in their company and if so, since when. The following chart presents the results in this regard.

Figure 2. **IMPLEMENTATION OF CSR – OWNERSHIP**



Source: Own presentation.

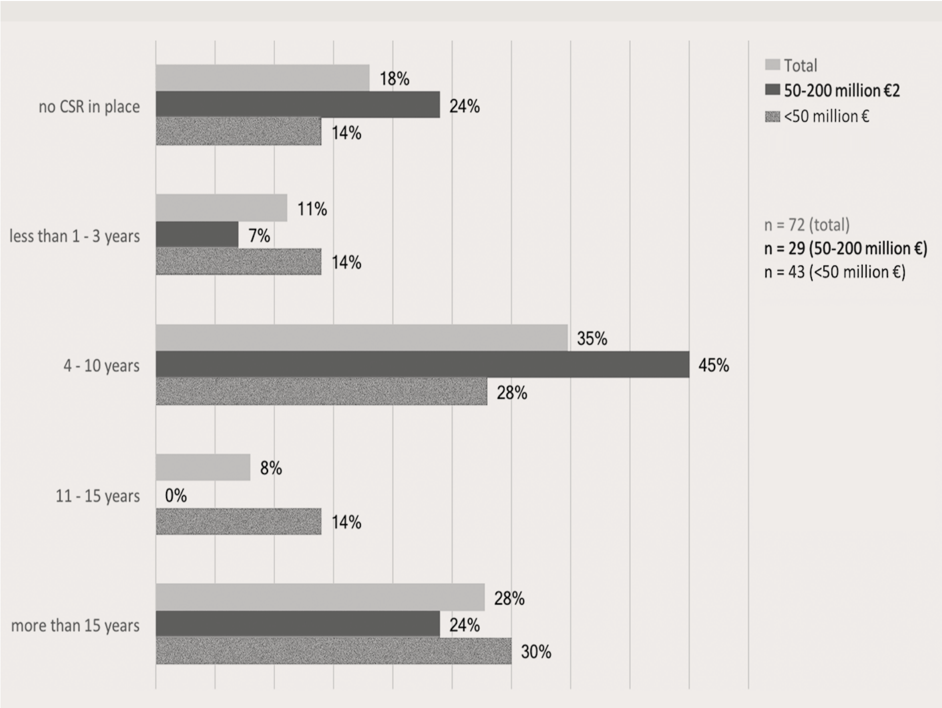
The analysis reveals that over 80% of the Austrian Hidden Champions in the sample have implemented CSR in their business. Over 70% of the Austrian Hidden Champions have implemented related actions for at least four years.

CSR tends to have been implemented for longer in family-owned than in non-family-owned Austrian Hidden Champions. Almost half of the family-owned Hidden Champions have engaged in CSR for longer than 15 years. On the other hand, the same is only true for just over 10% of the non-family-owned Hidden Champions.

The figure 3 illustrates the analysis regarding the revenue. Overall, 44% of the smaller Hidden Champions have CSR longer in place than 10 years compared to only less than a quarter of the bigger Hidden Champions. Furthermore, almost a quarter of the bigger Hidden Champions have no CSR in place compared to slightly less than one out of seven smaller Hidden Campions.

The figure 4 provides insights into the overall significance of CSR. The question corresponding to this analysis was: ‘Is CSR an essential success factor in your company?’

Figure 3. **IMPLEMENTATION OF CSR – REVENUE**



Source: Own presentation.

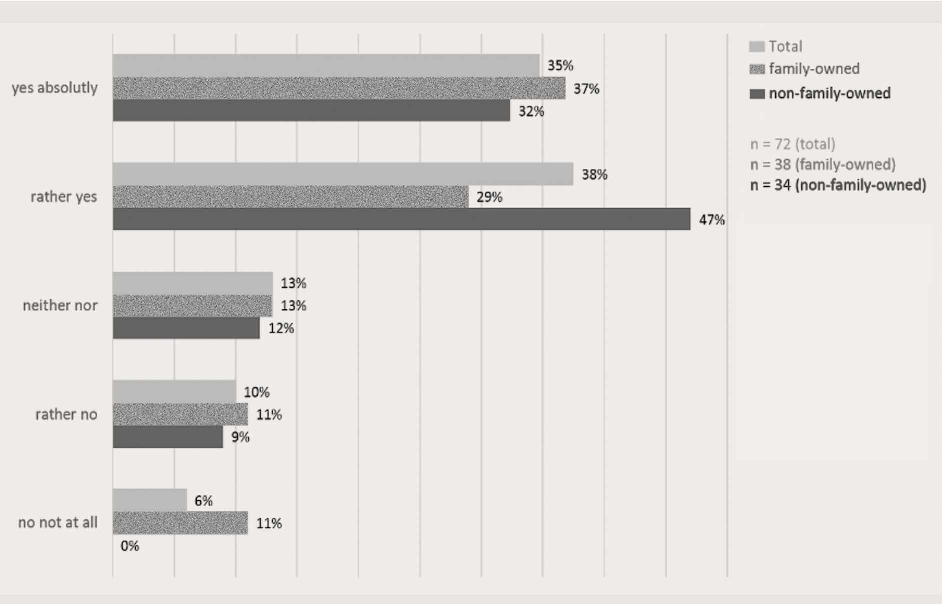
It has to be stressed that neither success nor success factor were defined objectively in this context. That is why the answers to this question correspond to the subjective evaluation of the interviewed managers.

However, every analysed Hidden Champion from Austria is objectively a very successful company because all of them are ranked among the TOP 3 companies worldwide in their respective industry. Moreover, we have evidence from former studies that the Austrian Hidden Champions show outstanding key performance indicators regarding profit or growth rates (Jungwirth 2011).

Overall, CSR is seen as a success factor in Austrian Hidden Champions, with over 70% of the interviewees indicating that this is the case.

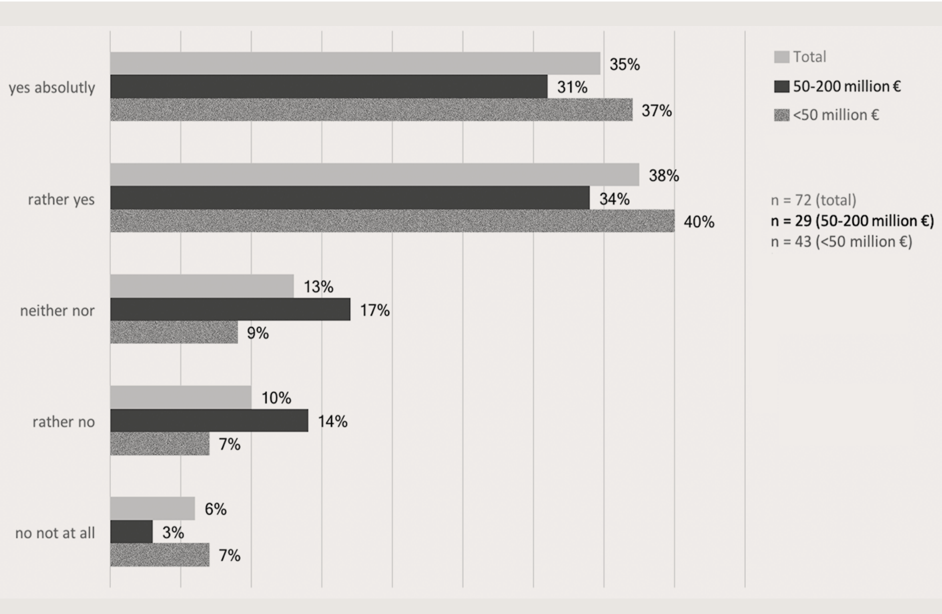
Not a single interviewee from a non-family-owned Hidden Champion considered CSR not to be a success factor at all. Moreover, almost 80% of the interviewees from non-family-owned companies saw CSR as a success factor, compared to 66% of those from family-owned Hidden Champions.

Figure 4. **CSR AS A SUCCESS FACTOR - OWNERSHIP**



Source: Own presentation.

Figure 5. **CSR AS A SUCCESS FACTOR - REVENUE**



Source: Own presentation.

The illustration 5 displays the same analysis but segmented regarding revenue. In other words, the following analysis elaborates on the difference in the significance of CSR as success factor between Hidden Champions which have a revenue of less than 50 million euros and Hidden Champions with a revenue between 50 and 200 million euros.

The results reveal that 77% of the Hidden Champions with a revenue of less than 50 million euros consider CSR as success factor compared to 65% of the Hidden Champions with a revenue between 50 and 200 million euros. On the other hand, 17% of the bigger Hidden Champions view CSR rather not or not at all as significant success factor compared to 14% of the smaller Hidden Champions.

Significance of the CSR dimensions and action fields

Section 2.2 introduced the triple bottom line approach and its three dimensions. The interviewees were asked to rank the three dimensions according to their significance in the company. The scale for the ranking was between 1 and 3, whereas 1 was given to the most important dimension and 3 to the least important dimension. The following average values are the calculated results (the closer the value is to 1, the more significant is the dimension):

- Economic dimension: 1.31
- Social dimension: 2.11
- Ecological dimension: 2.58

The analysis reveals that the economic dimension is the most significant one for Austrian Hidden Champions, whereas the ecological dimension is the least significant one.

Overall there is no vast difference between family-owned and non-family-owned Austrian Hidden Champions in this regard.

The upcoming results illustrate the significance of the CSR dimension for family-owned and non-family-owned Hidden Champions:

- Economic dimension: 1.37 (family-owned)
  1.26 (non-family-owned)
- Social dimension: 2.18 (family-owned)
  2.09 (non-family-owned)
- Ecological dimension: 2.55 (family-owned)
  2.65 (non-family-owned)

In general, the ranking does not differ from the overall result. However, non-family-owned Hidden Champions tend to value the economic dimension as even more important as their family-owned counterparts do.

The next outcomes illustrate the significance of the CSR dimension for smaller and bigger Hidden Champions:

- Economic dimension: 1.33 (<50 million €)
  1.31 (50-200 million €)
- Social dimension: 2.11 (<50 million €)
  2.11 (50-200 million €)
- Ecological dimension: 2.67 (<50 million €)
  2.53 (50-200 million €)

In this case, the results for the ecological dimension vary vastly. Bigger Hidden Champions tend to view this dimension as more significant than smaller Hidden Champions.

When it comes to the significance of the action fields the following can be stated for Austrian Hidden Champions: The action fields of sustainable HR, sustainable product management, ecological actions, and cooperation are used by four out of five Austrian Hidden Champions. Moreover, two thirds of the Hidden Champions engage in corporate governance; over half engage in communication and risk management; and approximately 50% offer training regarding Corporate Social Responsibility. On average, the companies in the sample engage in six different action fields.

The results for family-owned Austrian Hidden Champions do not differ from the overall execution of the action fields. Regarding non-family-owned Hidden Champions, fewer of these tend to engage in sustainable product management, ecological actions, and cooperation. Still, over 70% of the non-family-owned Hidden Champions do use these activities.

4.2. **CSR benefits and disadvantages for Austrian Hidden Champions**

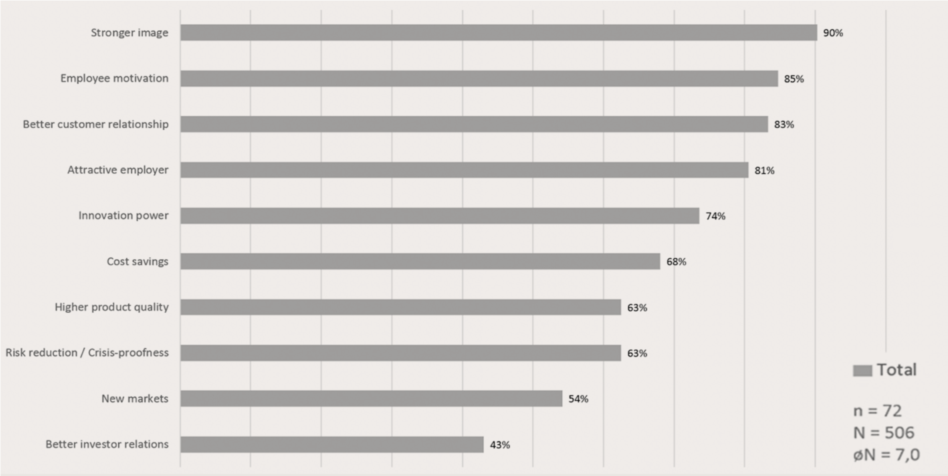
Subsequently to chapter 2.3, the upcoming part elaborates on CSR advantages and disadvantages for Austrian Hidden Champions.

CSR benefits

The following graph (figure 6) demonstrates the general benefits of CSR seen by the Austrian Hidden Champions in the sample.

In general, four out of five Hidden Champions considered stronger image, employee motivation, better customer relationships, and being an attractive employer as benefits of Corporate Social Responsibility with stronger image being the most cited benefit. On the other hand, better investor relations was named the least frequently out of all benefits. Nevertheless, almost half of the respondents saw this benefit. Furthermore, they tended to see numerous benefits arising from Corporate Social Responsibility. This is substantiated by the high number of total answers (N=506).

Figure 6. **CSR BENEFITS – TOTAL**



Source: Own presentation.

Table 2. **CSR BENEFITS – OWNERSHIP**

Family-owned			Non-family-owned		
1	Stronger image	84%	1	Stronger image	97%
2	Employee motivation	84%	2	Better customer relationship	91%
3	Attractive employer	84%	3	Employee motivation	85%
4	Innovation power	79%	4	Attractive employer	76%
5	Better customer relationship	76%	5	Innovation power	68%

Source: Own presentation.

The analysis for family-owned Hidden Champions reveals minor differences compared to the overall distribution: better customer relationship was named less compared to the overall sample and the non-family-owned Hidden Champions. Specifically, this means 15% fewer mentions compared to non-family-owned Hidden Champions.

The benefits of innovation power and being an attractive employer were named less often by respondents from non-family-owned Hidden Champions than by those from family-owned Hidden Champions. Specifically, each of the two benefits received approximately 10% fewer mentions. Furthermore, stronger image was named as a benefit by almost all respondents from non-family-owned Austrian Hidden Champions, which is 13% more than the respondents from the family-owned Hidden Champions.

Table 3. **CSR BENEFITS - REVENUE**

<50 million €			50-200 million €		
1	Stronger image	88%	1	Stronger image	93%
2	Attractive employer	81%	2	Better customer relationship	93%
3	Innovation power	78%	3	Attractive employer	90%
4	Better customer relationship	77%	4	Innovation power	83%
5	Higher product quality	74%	5	Employee motivation	72%

Source: Own presentation.

The comparison between smaller and bigger Hidden Champions reveals that stronger image is seen by both groups as the most common benefit. Over 90% of the bigger Hidden Champions see better customer relationship (same amount as for stronger image) as benefit. Only four out of five of the smaller Hidden Champions, on the other hand, see better customer relationship as benefit.

CSR disadvantages

To this end, the respondents were asked an open question (meaning that there were no defined answers) about CSR disadvantages. The answers were collected and clustered to provide a clearer understanding of the findings. The results are provided in the table below.

Table 4. **NEGATIVE ASPECTS OF CSR FOR AUSTRIAN HIDDEN CHAMPIONS**

Negative aspect	N
Additional costs	10
Additional resources	5
Less flexible, slower working	2
More work	1
Higher prices	1
Image problems due to lesser profit orientation	1
Complex communication	1
Longer lasting processes	1
Negative impact on profit	1
Total	23

Source: Own presentation

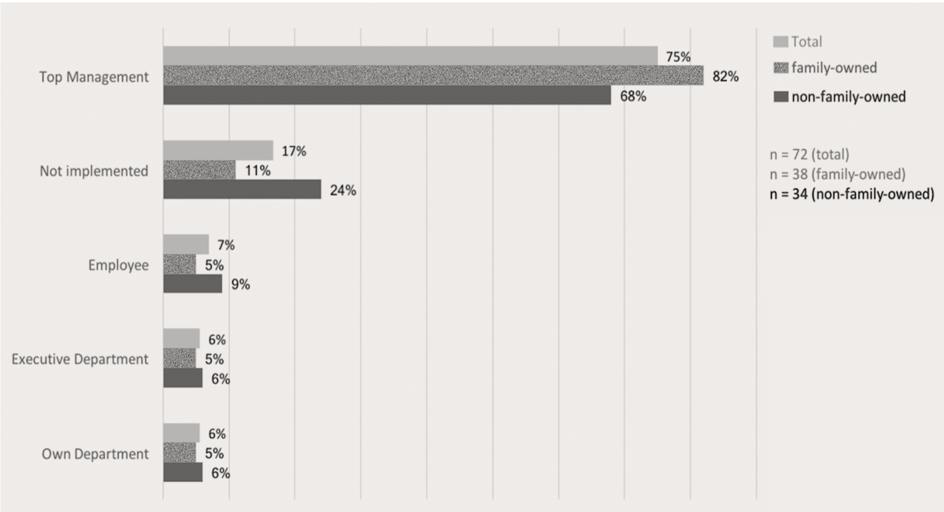
The results show that the interviewees saw less than ten different negative aspects to conducting CSR. More than ten answers concerned the issue that additional costs occur when engaging in activities around CSR. Furthermore, five answers addressed the need for additional resources as a negative aspect. It should be noted that every respondent provided one answer to this question. All in all, almost one third of the interviewed Hidden Champions saw negative aspects in CSR.

Section 2.3 discussed the aspects greenwashing, CSR as public relations tool, avoiding the establishment of laws and tax avoidance. These aspects were not mentioned by the respondents. Instead, they mentioned internal aspects, which can be found in the table above. Another aspect in this regard can be found in the last chapter, in which the benefits seen by Austrian Hidden Champions were illustrated. A total of 90% of the respondents saw the improvement of their company's image as benefit of CSR. This could indicate that negative aspects such as greenwashing or the use of CSR as a public relations tool can be found in Austrian Hidden Champions. However, solely based on the results of this study, this interpretation cannot be made. To analyse these aspects, the authors recommend that an additional qualitative study should be conducted.

4.3. **Integration of CSR into Austrian Hidden Champions**

This section addresses the issue of how CSR is integrated into Austrian Hidden Champions which includes an analysis of the organisational implementation. This is illustrated in the graph below.

Figure 7. **ORGANISATIONAL LAYER OF CSR – OWNERSHIP**

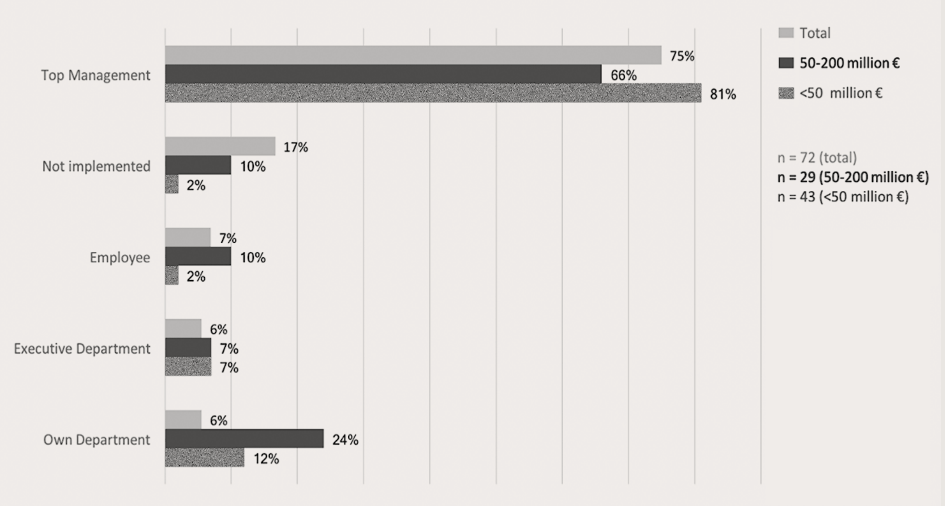


Source: Own presentation.

Overall, Austrian Hidden Champions integrate and organise CSR in top management. Three out of four have integrated it in this way. In contrast, less than a fifth of the Austrian Hidden Champions have not implemented CSR at all.

The analysis regarding family-owned Hidden Champions reveals that more of them have integrated CSR into top management compared to the total sample and to the non-family-owned Hidden Champions. Four out of five family-owned Hidden Champions have CSR integrated in this way. In contrast, 14% fewer non-family-owned Hidden Champions have integrated CSR into top management. Moreover, one out of four of these companies has not implemented CSR at all. This is 13% more compared to the family-owned Hidden Champions.

Figure 8. **ORGANISATIONAL LAYER OF CSR – REVENUE**



Source: Own presentation.

The analysis regarding Hidden Champions with a revenue with less than 50 million euros reveals that more than 80% of these companies implement CSR on a top management level compared to two-thirds of the bigger Hidden Champions. Bigger Hidden Champions tend to organise CSR into an own department. One quarter of these Hidden Champions implement it in this way compared to slightly more than 10% of the smaller Hidden Champions.

4.4. **CSR communication and budget**

The following section provides the results of the analysis of the CSR-related communication behaviour in Austrian Hidden Champions. This includes external as well as internal communication.

External communication

Overall, 60% of the Austrian Hidden Champions communicate their CSR activities externally. The percentage of family-owned Hidden Champions that communicate these activities is slightly higher (63%) compared to that of non-family-owned Hidden Champions (56%).

The sustainability report or CSR report is a significant tool for external communication. 15% of the Austrian Hidden Champions in the sample use a CSR report for external communication. However, 21% of the non-family-owned Hidden Champions do, compared to only 11% of their family-owned counterparts.

47% of the Austrian Hidden Champions in the sample use their homepage for external communication of CSR activities. Furthermore, public relations (42%) and flyers (44%) are significant means of communication. Videos (21%), customer magazines (18%), and business reports (14%) are less frequently chosen for external CSR communication by Austrian Hidden Champions. On average, the Austrian Hidden Champions that do communicate externally use approximately five to six different communication channels.

Compared to the overall distribution and to non-family-owned Hidden Champions, flyers and mail or newsletters are used to an equally high degree as the homepage by family-owned Austrian Hidden Champions (all 47%). On the other hand, 37% of the family-owned Hidden Champions use public relations for external CSR communication, compared to 47% of the non-family-owned companies.

As already stated, non-family-owned Hidden Champions tend to use public relations instead of flyers or newsletters (35%). Overall, the homepage (47%) remains a significant tool of external communication for all Austrian Hidden Champions.

Internal Communication

Compared to the number of Austrian Hidden Champions that communicate externally, the number of those that communicate internally is higher. Overall, 72% of the Austrian Hidden Champions in this sample communicate activities around CSR or sustainability internally.

Differences cannot be identified between family-owned and non-family-owned businesses in this regard.

In general, the Austrian Hidden Champions in this sample use newsletters or mail to a high degree, with 53% using this method of communication. Furthermore, 44% use the intranet. Of lesser importance for internal communication are public relations (1%) and the homepage (4%).

Overall, family-owned Austrian Hidden Champions use the same means of communication as already described. However, all means (except for mail or newsletters) are used by less than 40% of the family-owned Austrian Hidden Champions.

Compared to family-owned Hidden Champions, non-family-owned Hidden Champions use the intranet to a higher degree (53%). Furthermore, they also use events (41% compared to 34%) and employee magazines (35% compared to 26%) more than family-owned Hidden Champions. This is also reflected in the number of average means of communication used. Non-family-owned Hidden Champions engaging in internal communication use four channels on average, whereas their family-owned counterparts only use three.

CSR budget

The following section provides the results of the analysis regarding the Austrian Hidden Champions' budget for social commitment and ecological activities.

The result regarding the question if Hidden Champions have a budget for social commitment demonstrates that 43% of the analysed Austrian Hidden Champions have such a budget. On the other hand, almost 55% family-owned Hidden Champions have a budget, compared to 41% non-family-owned Hidden Champions.

The analysis regarding the budget size reveals that the average yearly spending of the Austrian Hidden Champions in the sample amounts to 0.4% of their annual revenue.

All in all, the budget of family-owned Hidden Champions tends to be higher on average than the budget of their non-family-owned counterparts (0.5% compared to 0.1%). However, the low number of responses also has to be taken into account for these analyses.

The results regarding the question if Hidden Champions have a budget for ecological activities show that 35% of the Austrian Hidden Champions have a such a budget.

However, 42% of the family-owned Hidden Champions do, compared to 26% of the non-family-owned Austrian Hidden Champions.

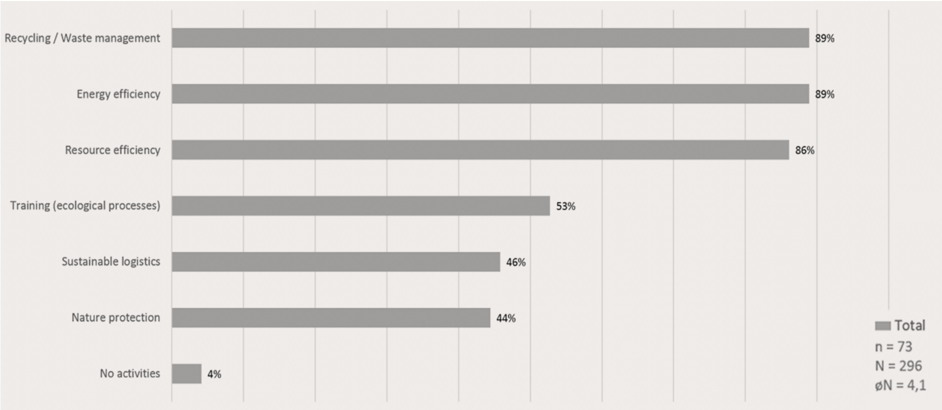
The detailed analysis reveals that the overall budget for ecological activities tends to be as high as the budget for social commitment. However, the low number of respondents has to be taken into account again in this regard. Furthermore, large differences cannot be identified between family-owned and non-family-owned Hidden Champions based on this analysis.

4.5. **Ecological activities and certification**

The analysis of this section addresses the ecological activities conducted by the Austrian Hidden Champions and ecological certification.

The results regarding the ecological activities of Austrian Hidden Champions are presented in the figure below.

Figure 9. **ECOLOGICAL ACTIVITIES OF HIDDEN CHAMPIONS – TOTAL**



Source: Own presentation.

Overall, almost nine out of ten Austrian Hidden Champions engage in waste management and activities to improve their energy efficiency. Furthermore, more than four out of five work on improving resource efficiency. In addition, the analysed Hidden Champions engage in approximately four out of six possible activities on average. Sustainable logistics and nature protection are the least frequently chosen activities; however, both are still conducted by approximately 45%. No activities are only conducted by 4% of the Austrian Hidden Champions.

The ecological activities of family-owned Austrian Hidden Champions tend to be spread similarly to the overall distribution. Again, almost 90% engage in waste management and the improvement of energy efficiency. Approximately half of the family-owned Hidden Champions conduct sustainable logistics and nature protection, which are again the activities that are the least employed.

The most common ecological activity among the non-family-owned Austrian Hidden Champions is the improvement of resource efficiency. This is done by over 90% of these companies. Moreover, almost 90% also engage in waste management.

Overall, almost half of the Austrian Hidden Champions are certified in ecological sustainability – more specifically, 60% of the family-owned and only 35% of the non-family-owned companies are certified.

5. DISCUSSION OF THE RESULTS

This paper shows that most medium-sized world market leaders from Austria regard CSR as success factor. About 73% of the analysed Hidden Champions absolutely or rather agree to this statement, while only 16% absolutely or rather disagree to it. This corresponds to the results of a study that was conducted with 165 Hidden

Champions in the CEE countries and Turkey. About 14% of them showed little or no interest in sustainable business (Zhexembayeva 2013).

Interestingly 79% of the non-family-owned Hidden Champions from Austria define CSR as success factor compared to just 66% of the family-owned Hidden Champions. An actual study that investigated the CSR performances of top businesses in the USA showed similar results: There the non-family businesses significantly outperformed the family businesses on CSR (Yazici/Mcwilliams/Ercan 2018).

Therefore, it is rather surprising that family-owned Hidden Champions from Austria have clearly had CSR in place for longer than their non-family-owned counterparts. Whereas 42% of the analysed family-owned Hidden Champions from Austria implemented CSR more than 15 years ago, only 12% of the non-family-owned Hidden Champions had CSR in place for such a long time. Incidentally, the same question showed no significant difference between smaller and larger Hidden Champions.

The paper also shows the most important benefits of CSR seen by the Austrian Hidden Champions. The Top 5 benefits are stronger image, higher employee motivation, better customer relationships, being an attractive employer and innovation power. On the whole, this corresponds to the results of several studies that focused on the advantages and benefits of CSR (Baldarelli/Gigli 2014; Battaglia/Frey 2014; Ciasullo/Troisi 2013; Coppa/Sriramesh 2013; Lorenz/Gentile/Wehner 2016).

From the point of view of the Austrian Hidden Champions the main disadvantages of CSR are the additional costs and resources. The added cost is also the essential disadvantage for the Hidden Champions in Central and Eastern Europe (Zhexembayeva 2013).

6. RECOMMENDATIONS FOR FURTHER RESEARCH

This paper was based on a quantitative study to gain a comprehensive picture of CSR in Austrian Hidden Champions. A subsequent qualitative investigation is highly recommended to determine the reasons behind companies' execution of CSR. Furthermore, qualitative research would be better suited to examining the connection between CSR benefits and the success factors of Hidden Champions, as this requires an in-depth review. In addition, the negative aspects of Corporate Social Responsibility could also be examined in such a format. It is highly recommended that such a study is again based on the distinction between family-owned and non-family-owned Hidden Champions.

In addition, future research should focus more deeply on certain dimensions of CSR. Aspects beyond the scope of this paper, such as detailed reviews of the social or ecological dimension, should also be considered in the future. For example, this could be a study on the social dimension with a focus on sustainable HR, or further research solely on the ecological sustainability of Austrian Hidden Champions.

Furthermore, a similarly structured study on non-Hidden Champions could bring new insights into the differences between them and Hidden Champions. Target companies for such a study could be small and medium-sized companies to identify differences between the companies that are world market leaders and those that are not. In addition, a study of CSR in large Austrian world market leaders that are not Hidden Champions anymore could also reveal differences.

Lastly, a study on how to implement CSR to efficiently gain its benefits is recommended. Since Hidden Champions are best practise examples, a guideline on how to implement CSR could be an objective of a future study on the topic.

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