

Corporate Responsibility as a Strategic Advantage for Austrian Small and Medium-Sized Enterprises

Supply chain laws in other countries affect domestic SMEs. This leads to expense, but also holds opportunities, shows a study by FHWien der WKW for the Ministry of Economics.

Vienna, September 15, 2022 – At the end of August 2022, the Competence Center “Research Focus International Economics” (“Forschungsschwerpunkt Internationale Wirtschaft” – FIW) of the Austrian Federal Ministry of Labour and Economy (BMAW) invited to the presentation of current FIW studies on the topic of corporate responsibility and supply chain responsibility. Researchers Maria Riegler and Melanie Rainer from the Institute for Business Ethics & Sustainable Strategy (IBES) at FHWien der WKW presented the study “Lieferkettenverantwortung in Österreich” (“Supply Chain Responsibility in Austria”). They gave an interested expert audience an outlook on various regulatory projects on corporate due diligence in the context of human rights and their relevance for domestic companies. Cynthia Zimmermann, Head of the EU and International Market Strategies Section of the BMAW, stated: “The topic of corporate responsibility is becoming increasingly important in Austria, societal expectations of corporate action are rising continuously, and supply chains are becoming more and more complex. The successful study commissioned by the BMAW provides an excellent overview of the impact of other countries’ supply chain laws on Austrian companies and testifies to the expertise of FHWien der WKW’s IBES in the field of sustainable business management.”

Supply chain laws also affect domestic suppliers

The IBES study shows that only 0.1% of domestic companies are directly affected by the European Commission’s current proposal for a directive that would require companies to show greater respect for human and environmental rights in their supply chains. Nevertheless, due to their high export rate, many Austrian SMEs are indirectly confronted with – in some cases even several – supply chain regulations of other countries. For the implementation of the associated due diligence, companies have to reckon with additional financial and personnel expenses. Failure to address the issue, for example, carries the risk of delisting as a supplier. This applies in particular to the German Supply Chain Due Diligence Act (LkSG), which will come into force for Austria’s most important trading partner at the beginning of 2023. According to study author Maria Riegler, this means, “in the current situation, domestic companies are affected by the supply chain regulations of other countries as suppliers, but without benefiting from the reputational gains and other advantages of supply chain responsibility.”

Supply chain responsibility holds strategic advantages for Austrian SMEs

This is because, apart from reputational gains, other benefits of supply chain responsibility include the cultivation of stakeholder relationships for knowledge transfer and the evaluations and optimizations made possible by more comprehensive risk analyses. As corporate responsibility for human rights and environmental issues will likely gain further relevance in the coming years, addressing the issue early on can also bring pioneering benefits to Austrian SMEs. That is why study author Melanie Rainer recommends that businesses “see supply chain responsibility not as an administrative burden, but rather as a sustainably oriented investment measure. Proactively addressing the issue can also give companies strategic advantages.”

PRESS RELEASE



About the study “Supply Chain Responsibility in Austria”

In order to address the environmental and social challenges of globalization better, industrialized countries are increasingly demanding that companies fulfil due diligence obligations through regulatory initiatives. In February 2022, the European Commission also published the “Proposal for a Directive on Corporate Sustainability Due Diligence”. This draft directive is intended to comprehensively oblige companies to show greater respect for human and environmental rights in their supply chains.

On behalf of the Austrian Federal Ministry of Labour and Economy (BMAW), the Institute for Business Ethics & Sustainable Strategy (IBES) of FHWien der WKW investigated both existing and planned supply chain regulations with regard to regulatory and economic aspects as well as possible advantages and disadvantages for companies.

To this end, the researches performed a systematic literature review to categorically process data in the context of corporate supply chain responsibility. The analyzed publicly available studies, international media reports, business publications, NGO reports and academic resources. The findings provide an overview of the relevance of supply chain laws for Austria and enable a political positioning, especially against the background of an upcoming EU-wide harmonization. Study Authors: Anna Burton, Katharina Eggenweber, Melanie Rainer, Maria Riegler and Markus Scholz.

The study is available on the website of the Competence Center “Research Focus International Economics” (“Forschungsschwerpunkt Internationale Wirtschaft” – FIW) of the BMAW:

[To the study \(in German\)](#)

FHWien der WKW – University of Applied Sciences for Management & Communication

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