Corporate Citizenship in Germany
and a Transatlantic Comparison with the USA

Results of a CCCD Survey
CCCD – the Center for Corporate Citizenship Germany is a non-profit organisation at the interface between business, academia, and politics. In cooperation with leading companies, both domestic and foreign, academic institutions and civil society organisations, CCCD acts as a think tank and competence centre, providing a platform for dialogue; acting as catalyst and host.

In this capacity, the CCCD arranges forums for exchange between corporate citizens, business, academia, politics and civil society, supplies and carries out applied research, facilitates learning processes through debate and skilling opportunities, and supports cooperation between businesses and partners from civil society, academia, and/or politics. Using workshops, publications and public events, CCCD also acts as a driving force for the corporate citizenship debate in Germany and for the practical efforts by businesses taking an active role in society.

CCCD is the German partner of the Center for Corporate Citizenship at Boston College, USA, as well as a partner of Business in the Community, UK.

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Views and Comments:
“This is exactly what we were hoping for when we talked about the idea of doing a survey on corporate citizenship on an international level: interesting comparative findings on the differences and similarities. Both understanding and practice vary considerably in different national settings. Therefore the global idea of corporate citizenship needs differentiated, culture sensitive grounding. We hope CCCD’s survey on corporate citizenship in Germany to be the first one of a whole series, to be conducted in different parts of the world which will enable us to develop a truly global understanding of the why and the how of corporate citizenship.”
(Prof. Bradley K. Googins, Executive Director, The Center for Corporate Citizenship at Boston College)

“Responsible activities by businesses need to be geared towards meeting both the society’s needs and shareholder interests, which implies following the business strategy. This makes the key question for issues and projects: what benefits the business? What benefits society? Changing over from philanthropic individual measures to a strategic overall concept for corporate citizenship is a learning curve we have gone through as well. On the basis of our corporate values and business strategy we have revised previous activities and put in place new long-term projects, based on our core competences and the needs of society”.
(Jürgen W. Cuno, Director, Government & External Affairs, Deutsche BP)

“Whenever politics expects companies to show social involvement, there is a suspicion that companies are supposed to act as stopgaps for a state retreating from welfare state responsibilities. This is not the case. Corporate citizenship brings a specific value of its own to both the community and the economy. In addition, it is a cornerstone for a new social compact between citizens, the state and business, resting primarily on cooperation and increased participation.
(Dr. Michael Bürsch, Member of the German Parliament)

“A global and committed company always encounters special circumstances in different countries. To be successful, in business as in civic engagement, one has to forge links between different corporate cultures as well as cultures of involvement. A US business active in Germany will always build bridges between different economic and community commitment approaches. A comparative study, revealing both the common ground and the differences, is most helpful in this respect.”
(Hans-Peter Teufers, Director Public Affairs Central & Eastern Europe UPS)

“Corporate citizenship and corporate social responsibility have become important issues for the future. But in Germany and elsewhere, an empirical analysis based on sound methodology is only just beginning. And yet, decision-makers in business, politics and society need this knowledge... and the present study will provide a useful source of information to all of the above – and will hopefully be followed by responsible action”.
(Prof. Manfred Güllner, Managing Director, forsa. Gesellschaft für Sozialforschung und statistische Analysen)
I. Preliminary Remarks

The study on hand “Corporate Citizenship in Germany and a Transatlantic Comparison with the USA” surveys corporate citizenship involving companies in Germany. For the first time, the data collected will be compared with similar findings from the US. Accordingly, some of the points these two cultures of social involvement share - and some of their differences - can be identified and analysed, which gives German businesses an opportunity to place their own practice of community commitment in an international context and, if necessary, readjust it.

The Study contains fundamental results from an empirical survey on the issue of “Corporate Citizenship in Germany”, conducted between September and November 2006. The poll formed part of a research project involving several of the cooperation partners of CCCD, to whom we would like to express our thanks for their support and participation.

Deutsche BP AG acted as a generous principal sponsor, and UPS supported the evaluation and publication of the study results. The preparatory work, including drawing up the German questionnaire, was done by CCCD in cooperation with the Paderborn University research centre on social involvement. Forsa undertook nationwide and cross-sector polling of businesses, using computer-aided tele-interviews (CATI system).

For the first time, thanks to the partnership between CCCD and the Center for Corporate Citizenship at Boston College, USA, reference could be made in individual subject areas, to the study “The State of Corporate Citizenship in the US”, conducted in 2005 by the Center and the US Chamber of Commerce, allowing a direct comparison of results. Those item batteries of the poll, which are relevant for the German context, have been put into German and integrated into the German survey, paying particular attention to the specifics of the German situation. Taking into account the diverse political, economic, and cultural characteristics of companies in both countries, the data permits instructive interpretation of selected dimensions of corporate citizenship in Germany and the US.

The Germany-related results of the final report as submitted are based in part on comments on the report made by Professor Dr. Dr. Sebastian Braun and Mark Kukuk of the Paderborn University research centre on social involvement. The sections focusing on the transatlantic comparison are based in part on the results elaborated by Dr. Karin Lenhart.

Dr. Frank W. Heuberger
CCCD

Introductory remarks for the English edition

The English-language edition of the survey on Corporate Citizenship in Germany and the USA is a first attempt at a quantity-based identification and analysis of central elements of the social commitment shown by companies which are either based in Germany or which are transnational companies, either manufacturing or selling their goods or services in Germany.

The results of the survey afford the English-language reader unparalleled insight into the community commitment of businesses operating in the German economic environment. The CCCD had the opportunity to refer to comparative material from the 2005 study “The State of Corporate Citizenship” conducted by the Center for Corporate Citizenship at Boston College, which makes it even more attractive for the US-American reader to compare individual results and interpretations from both countries and to contrast these with his or her own experience in this area.

Despite the many similarities in some areas of Corporate Citizenship in Germany and the US, there are also amazing differences in others. In part, these are due to different entrepreneurial traditions in the two countries, but primarily they reflect a historical and cultural development which made them set different priorities in fields such as health care, combating poverty, disaster relief, or extending global trade. For both countries these data will ask in the medium-term whether more intensive Corporate Citizenship will mean that the rules of business as a whole will be rewritten.

Dr. Frank W. Heuberger
CCCD
II. Key Findings

- Irrespective of their size, companies in Germany profess their social responsibility. Almost all the companies polled, 96 per cent exhibit some kind of corporate citizenship.

- In a regional context, gifts of both money and in kind are typical of the corporate citizenship displayed by German companies. There is also widespread support among the staff for voluntary activities and the provision of such services typifies German corporate volunteering. The larger the company, and the more internationally active it is, the broader the range of its commitment.

- More than three businesses out of four consider corporate citizenship part of the image they have of themselves, and part of their corporate culture. Still, the majority of German businesses have not chosen to be corporate citizens on their own initiative. Fewer than 40 per cent of the companies questioned are actively searching for areas in which to become active and engaged. Even fewer businesses set measurable targets.

- Most German companies are still — unlike those in the US — far removed from an inclusive concept which would make corporate citizenship an integral part of the corporate strategy, integrated into the companies’ core business and competencies. This is particularly true for small and medium-sized enterprises.

- Unlike US American companies, the majority of German businesses are not convinced that corporate citizenship can make any measurable contribution to their economic success.

- Only 16 per cent of large-scale German companies interlink corporate citizenship with marketing and sales activities. Instead, traditional PR tools such as press statements, homepages, or customer newsletters are widely used to inform about the companies’ role in public life.

- In both Germany and the US, enterprises are strongly opposed in equal measure to any regulatory interference in their engagement. Only 3 per cent of businesses regard legal provisions in Germany as positive reinforcement, whereas in the US 14 per cent see their commitment influenced by such provisions.

- Where the quality of corporate citizenship measures adopted is concerned, German companies are clearly more self-critical than their American counterparts. Two-thirds of respondents (66 per cent) in Germany state that corporate citizenship is considered important in principle though it is not actually implemented consistently, but only 47 per cent of American businesses share this view.

- More than one third (39 per cent) of companies in Germany assume their corporate citizenship has no relevance to customer satisfaction.
Among American companies, this figure is just 11 per cent. Virtually half the German companies (48 per cent) consider that corporate citizenship is not a factor in attracting and retaining staff, while only 15 per cent of US companies dispute this.

According to the majority of businesses on both sides of the Atlantic by far the most serious obstacle to stronger civic involvement is a lack of resources (US: 54 per cent; Germany: 48 per cent).

Surprisingly, exactly the opposite occurs when company size is taken into account. The larger the company in Germany, the more frequently lack of resources is cited, while in the US it is the opposite case.

More than 41 per cent of German companies do not work with a partner in their corporate citizenship. That means they forgo the chance of benefiting from experience made in other sectors of society for their corporate citizenship measures.
III. Introduction

The debate on corporate citizenship is driven by a view of the company as a good corporate citizen, who is or should be, actively involved in resolving social issues.

This involves exclusively those corporate activities which might contribute to the common good, irrespective of any assessment of internal company processes. These activities include all one-off or permanent volunteer services intended to benefit society at the local, regional, national, or global level, which are outside the genuine business activities of the company. Basically, therefore, corporate citizenship means company investment in the social or natural environment which exceeds its normal business sphere.

Corporate community commitment is recognized as benefiting the various ways in which entrepreneurial resources can be employed. But increasing attention is being paid to how a business can profit from its corporate citizenship activities. The benefits accruing to companies from their engagement lie in creating prerequisites for improving economic performance. Competitiveness and economic performance, for instance, can be raised by targeting improvements of the corporate image, infrastructure improvements on production sites, attracting new customers, networking in the company’s local and regional environment, or positive effects in the area of HR development and external communication.

Linking civic involvement and corporate business objectives provides a new impetus in Germany where so far the debate on community commitment has been very much dominated by a socio-political focus addressing companies from, as it were, “outside”. This new direction ties in closely with the communication-political objectives. Against this backdrop, the “altruistic motivation” of well-off individual entrepreneurs does not matter very much, unlike achieving a win-win strategy. Expectations centre on a congruence of social and entrepreneurial interests, requiring a readjustment in the relationship between business, the state, and civil society to provide the launch pad for a new social compact.

Key Issues and Objectives of the Survey

The object of the survey is an empirical analysis of entrepreneurially and socially-oriented corporate citizenship in Germany. The main question asked is: how and to what extent do German companies commit to public concerns, going beyond their immediate business activities. Within a company’s corporate citizenship measures, which objectives are business-related and which are society-related? To what extent are corporate citizenship measures planned and implemented as part of the business strategy? What are the socio-political attitudes which companies associate with the issue of corporate citizenship? Which are the social areas and issues of interest to companies? What is happening concerning investments in the future of corporate citizenship?

Researchers Maaß/Clemens (2002), Heuberger/Oppen/Reimer (2004), Habisch (2003), and Fabisch (2004) provided initial empirical studies on corporate citizenship activities undertaken by companies in Germany. The explorative study of Heuberger/Oppen/Reimer focuses on selected corporate citizenship measures taken by individual companies, while the IfM Bonn study of Maaß/Clemens targets exclusively medium-sized enterprises, on the basis of a quantitiive survey. Habisch (2003) presents “best prac-
tice examples”, using the applications compa-
nies had submitted for the “freedom and respon-
sibility” award. By contrast, the survey conduc-
ted by Fabisch (2004) looks into the social invol-
vement of banks, concentrating its sophistica-
ted empirical and theoretical work on one spe-
cific industry.

But both the so far most influential of all these
studies, by the Bertelsmann Foundation (2005)
and the “Initiative Neue Marktwirtschaft” (New
Social Market Initiative), adopted a very diffe-
rent approach. Both studies survey companies
active in Germany on a cross-sectoral basis.
However, the Bertelsmann survey focus is on
“Die gesellschaftliche Verantwortung von Unter-
nnehmen” (The Social Responsibility of Busines-
ses) and studies not only external public invol-
vement, but also internal commitment (e.g. staff
equal opportunities, staff social benefits), the
New Social Market Initiative pays special attention
in the extent to which company owners in
Germany are volunteers in state and/or socie-
ty. The current survey “Corporate Citizenship -
Unternehmerisches bürgerschaftliches Engage-
ment in Baden-Württemberg” (entrepreneurial
community commitment in the state of Baden-
Württemberg), conducted by the centre for civil
society development (2007) is the most sophi-
sticated attempt to date at analysing civic cor-
porate involvement at the regional level.

The survey described follows these other studies
in certain respects, but it also diverges from them
by having a different content-focus. This is shown
particularly clearly in the attempt to provide an
international comparison with the US and inve-
stigate how corporate citizenship is anchored in
corporate structures, and linked with flanking
socio-political attitudes within. Any insight gai-
ned can give indications to German companies
concerning a strategic (re-) adjustment of their
own corporate citizenship commitment.

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Württemberg. Results of a representative business survey.)
IV. Methodology Approach, Specifics of Random Sampling, Execution of the Survey

The sampling frame covered private commercial undertakings in Germany with an annual turnover of at least one million Euros and a minimum of 20 staff. This approach was chosen deliberately in order to include a wide range of companies in the survey, thereby possibly highlighting differences between small, medium, and large companies.

Because the number of large businesses in Germany is proportionally smaller than the number of small and medium-sized enterprises, the samples were taken to reflect this difference: companies with a minimum of 250 staff and an annual turnover of at least 50 million Euros were considered above average. This disproportional approach makes it possible to evaluate large companies as well, based on a statistically adequate number of cases and also to highlight distinctions between differently-sized companies. In the actual evaluation, this disproportional element was removed by means of a weighting process; i.e. in the sample, large businesses are weighted less than small and medium-sized companies, which receive a higher weighting factor. Businesses were selected on a random basis. The sampling frame was the "Firmendatenbank Deutschland" (company database Germany) of Hoppenstedt information service. This directory lists the most important companies from one million Euros turnover and with at least 20 staff upwards. The 225,000 businesses of the database in question represent approximately eighty per cent of German businesses.

Fig. 1: Businesses per number of staff, annual turnover, and sector of industry in Germany

<table>
<thead>
<tr>
<th>Structural Data Businesses in Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of employees</strong></td>
</tr>
<tr>
<td>&lt; 50 staff</td>
</tr>
<tr>
<td>62,4</td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td>26,4</td>
</tr>
</tbody>
</table>

In percentage terms

Source: Opinion poll on corporate citizenship of companies in Germany
real net output, meaning it is very comprehensive, so the results gained from it can be applied to all private businesses in Germany.

As far as the evaluation of the American survey "The State of Corporate Citizenship in the US" (2005) is concerned, there are 1189 completed polls of companies but, for evaluation purposes, it is important to bear in mind that the authors of the American study have a different approach to the Germans in the way they define company size. The definition for small companies is 99 staff, medium companies up to 999 staff, and large companies over 1000 staff. In addition, the sales figures for the US companies are given in US Dollars rather than in Euros.

In Germany, board members or members of corporate PR departments were interviewed. As part of the survey process, 58.3 per cent of attempted interviews had to be counted as systematic failures: 29.7 per cent refused to take part, in 28.6 per cent of the cases the target person could not be interviewed in the requisite time. The coverage rate of the sample was 41.7 per cent. This coverage rate would be considered fairly good in telephone poll terms, and is significantly above the success rate of written surveys. Altogether, we obtained completed interviews from 501 companies.

There is no consensus to date about a standard German translation of the Anglo-American term "corporate citizenship" which is why the English term appears to be becoming the usual word used in politics, business, and academia. Despite this, it cannot be assumed that everyone interviewed is familiar with the term. That is why in the survey, the term (voluntary) corporate community commitment was used.

Fig. 2: Businesses per number of employees, annual turnover, and sector of industry in the USA
Given this background, a comprehensive introduction was used to assess whether a company had any involvement at all in the community: on the one hand, initially, corporate citizenship was defined as “all measures and activities the company in question employs to affect its social environment, thereby voluntarily assuming social responsibility”. On the other hand, the issue of whether a company shows active public commitment was analysed with the help of a list of possible types of public commitment; in other words, it was defined by way of concrete activities.

Following the EU threshold values of 1st January 2005, as well as the definition of the Institut für Mittelstandsforschung Bonn (Bonn Institute for Medium-sized Enterprise Research), for reasons of better legibility of results, a distinction is made between:

- small businesses with up to 49 staff or less than 10 million Euros annual turnover,
- medium-sized businesses with between 40 and a maximum of 499 staff or an annual turnover of between 10 million to below 50 million Euros,
- large businesses with a minimum of 500 staff or 50 million Euros annual turnover

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3 The term Corporate Citizenship can be incorporated into a comprehensive debate on Corporate Social Responsibility (CSR) with the two terms overlapping slightly even in literature. CSR also comprises improvements in staff working conditions, whereas Corporate Citizenship focuses more on the socio-political dimension linked with community commitment by companies. Even terms such as Corporate Responsibility, sustainability or triple bottom line are not truly helpful in drawing the dividing lines; the international debate continues to rage. Compare Bradley Googins, Corporate Citizenship: Lost in Translation, CCC News 07, June, www.bccccc.net.

4 The following types of commitment were included: Cash donations, gifts in kind, free of charge provision of services, free of charge permission to use company facilities, equipment or premises, releasing staff members for community activities, support for staff volunteering, cooperation with non-profit organisations, organisation of fundraisers and charity collections, establishment/funding of a foundation, miscellaneous (an open category). The list of commitment types carefully excludes the instrument of sponsoring, as this is seen as a strategic tool for image promotion, i.e. business practice, based on a contractual obligation the recipient of sponsoring has to fulfil in return.

5 This organisation differs from the EU definition concerning distinctions between medium and large-sized enterprises to the extent that the large business category is defined as having 500 and not 250 staff. This corresponds to the rule adopted by the Bonn Institute for Medium and Large Enterprise Research. Both approaches use 50 million Euros annual turnover as the yardstick defining a large business.
An unequivocal “Yes” to Corporate Citizenship

The findings show that 96 per cent, or virtually all the German businesses surveyed, participate actively in some form of corporate citizenship. Among businesses with at least 500 staff participation is 100%. Even the commitment level of small and medium-sized enterprises, the predominant size of businesses in Germany’s corporate landscape, is on a markedly high level.

Retail companies appear to consider corporate citizenship as particularly important. The fact that every one of the companies polled is investing in its social environment, is probably due to the fact that, unlike wholesalers for instance, retailers are typically in direct contact with their end consumers. Social commitment could contribute to improved customer contact through targeted measures tying the consumer to the company.

V. Empirical Findings from the German Survey and Transatlantic Comparison of Selected Issues

Fig. 3: Committed businesses, broken down into number of staff and sector of industry

<table>
<thead>
<tr>
<th>Businesses with Corporate Citizenship</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>95.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>up to 49</td>
<td></td>
<td>95.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 to 499</td>
<td></td>
<td>95.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500 and more</td>
<td></td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing Sector</td>
<td></td>
<td>97.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Sector</td>
<td></td>
<td>97.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesalers</td>
<td></td>
<td>97.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers</td>
<td></td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td>93.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>96.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In percentage terms

© CCCD 2007

Source: Opinion poll on corporate citizenship of companies in Germany
### Types of Corporate Citizenship

Corporate Giving – referring to donations of money and in kind – is the preferred type of corporate citizenship. Virtually every company showing social commitment uses this traditional type of commitment to support the common good. Cash donations are the most frequent form, the type of commitment used by 83 per cent of companies. Three out of five respondent undertakings make donations in kind or give products or goods to organisations or individuals. In addition to which, one business in five organises fundraisers or collections for charitable purposes. Instances of companies choosing to set up foundations are quite rare by comparison, despite the current nationwide boom in new foundations, including corporate foundations.

A modern form of donation has also evolved; with managerial staff and executives donating time and know-how, commonly grouped under the buzzword corporate volunteering. The corporate volunteering tool, which the survey revealed is being used in significantly more than half the companies analysed, can be employed in different ways. At least two aspects play a role: the first covering support for those employees, who are already engaged in society at large outside working hours. Forty-eight per cent of

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**Fig. 4: Types and tools of corporate citizenship**

<table>
<thead>
<tr>
<th>Types and Tools</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Giving</strong></td>
<td>91.0%</td>
</tr>
<tr>
<td>among others</td>
<td>83.4%</td>
</tr>
<tr>
<td>Cash donations</td>
<td>59.7%</td>
</tr>
<tr>
<td>Donations in kind</td>
<td>19.7%</td>
</tr>
<tr>
<td>Organise fundraisers and collections</td>
<td>3.8%</td>
</tr>
<tr>
<td>Establishment and maintenance of foundations</td>
<td>60.5%</td>
</tr>
<tr>
<td><strong>Corporate Volunteering</strong></td>
<td>47.9%</td>
</tr>
<tr>
<td>among others</td>
<td>32.3%</td>
</tr>
<tr>
<td>Support for corporate volunteering</td>
<td>54.1%</td>
</tr>
<tr>
<td>Release of staff for Corporate Citizenship</td>
<td>41.3%</td>
</tr>
<tr>
<td>Services free of charge</td>
<td>31.4%</td>
</tr>
<tr>
<td>among others</td>
<td>47.0%</td>
</tr>
<tr>
<td>Provision of services</td>
<td>2.6%</td>
</tr>
<tr>
<td>Permission to use company facilities, equipment, or rooms</td>
<td>50.0%</td>
</tr>
<tr>
<td>Other types of commitment</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

In percentage terms

Source: Opinion poll on corporate citizenship of companies in Germany

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businesses support such types of civic involvement. The second aspect goes beyond accepting private staff engagement in the company by allotting working hours to this external civic engagement. Among the respondent companies, 32 per cent release their employees for such activities, putting in time with the voluntary fire brigade for example. Releasing employees for civic involvement can also mean using such people for selected projects of a non-profit type. What comes to mind are one-off activities by all members of the staff, or individual departments (so-called activity days, e.g. a manual work day), or sitting in on classes or courses for several days, or a longer-term lending of staff to serve charities in a managerial function.

Entrepreneurial resources of a different kind, involving neither cash nor people, can also be used, as is shown by at least 54 per cent of businesses which make such corporate resources as services (41 per cent) or infrastructure (e.g. premises and equipment) available to social concerns free of charge (31 per cent).

Moreover, the companies surveyed frequently opt for corporate citizenship in conjunction with non-profit partners. Cooperation with charitable organisations is practised by 47 per cent of the businesses in the survey. As a rule, such a partnership with a non-profit organisation tackles projects aimed at resolving social problems, bundling corporate resources and non-profit know-how, which are then used jointly to achieve a specific objective.

Deploying Companies’ Material and Human Resources for Corporate Volunteering

A nuanced analysis of those businesses (48 per cent) which state they promote community commitment by their staff, concluded as follows:

- Eighty-one per cent of these businesses allow the staff to use business resources (i.e. PC, copier, company phone, company car) for their civic involvement.

- Seventy-eight per cent of these businesses allow their staff to engage in civic involvement during working hours.

- In addition to a company providing material and human resources for civic engagement, one in four of these businesses also makes money available, by supplementing cash donations made by members of the staff (matching funds).

- Less than one in ten (9 per cent) of this group of companies actively encourages employees to engage in civic involvement in certain projects and areas.
Preferred areas for Corporate Citizenship

In choosing areas for commitment, the businesses involved concentrate largely on “sports and leisure time”, primarily through funding sports and leisure time clubs. Other areas of commitment, namely “education and training” also play a role, as do “neighbourhood and community”, or “social affairs”, which are also important for many of the companies participating in the survey. Adopting different policies, companies commit in a variety of ways.

- If cash or donations in kind are involved, the most frequently quoted recipient is the sports and leisure time sector. The available data does not, however, allow conclusions to be drawn concerning the scale of support given to this or other areas of involvement.

- The foremost benefactor of Corporate Volunteering is the area of “neighbourhood and community”, followed by “sports and leisure time” and “social affairs”.

- The ranking of subject areas for cooperation with non-profit partner organisations is led by the sector “social affairs”, with “sports and leisure time” in second place, followed by “education and training”.

All in all, companies presumably prefer those areas which can contribute to creating an attractive environment for their business location. There appears to be a clear focus on creating a well-functioning public life with a working infrastructure, promoting the education of the local people and mitigating social problems in the vicinity.

Fig. 5: Cooperation between businesses committed to the community and other organisations and institutions

Cooperation with a Partner

In percentage terms
Source: Opinion poll on corporate citizenship of companies in Germany
Involving partners in Corporate Citizenship

Corporate citizenship often occurs in the form of cooperation with other organisations and institutions. This frequently has the advantage of providing a local partner for concrete corporate citizenship projects who is familiar with the partnership between a company and a local pressure group, a kindergarten, a charitable organisation, or part of a local administration.

In such cases, businesses support the work of the external partner by using resources such as cash, gifts in kind or human resources, while the partner provides know-how, competence, and social networks to resolve a specific task in a sustainable way.

The majority of the companies involved (59 per cent) operate their corporate citizenship activities in conjunction with at least one partner, not necessarily a non-profit organisation.

Whether or not a partnership is sought with another organisation varies according to company size. Three out of four medium-sized enterprises, and four out of five large companies, declared having entered into partnerships for their corporate citizenship activities, while smaller companies only rarely cooperate with a partner.

Fig. 6: Partner specification

<table>
<thead>
<tr>
<th>Partner Specification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local volunteer organisations (e.g. sports clubs)</td>
<td>41</td>
</tr>
<tr>
<td>Nursery schools, schools, hospitals, etc.</td>
<td>25</td>
</tr>
<tr>
<td>Charitable organisations</td>
<td>22</td>
</tr>
<tr>
<td>Local authorities</td>
<td>21</td>
</tr>
<tr>
<td>Other businesses</td>
<td>13</td>
</tr>
<tr>
<td>Employers’ Organisations, Confederations of Industry</td>
<td>12</td>
</tr>
<tr>
<td>Churches</td>
<td>12</td>
</tr>
<tr>
<td>International Aid Organisations</td>
<td>11</td>
</tr>
<tr>
<td>Lobby groups</td>
<td>11</td>
</tr>
<tr>
<td>Government at county and regional level</td>
<td>8</td>
</tr>
<tr>
<td>Political parties</td>
<td>4</td>
</tr>
<tr>
<td>Trade Unions</td>
<td>2</td>
</tr>
<tr>
<td>Other partners</td>
<td>5</td>
</tr>
</tbody>
</table>

In percentage terms

Source: Opinion poll on corporate citizenship of companies in Germany
Approximately half the smaller businesses engage in the community without having a cooperation partner. The presumed reason is that small companies often show their social commitment by donating smaller amounts and adopting measures which do not need the support of an external partner. Broken down into sectors, only retail companies stand out by having at least one partner in seventy-one per cent of their commitment, all the others are the average level.

In principle, partners are not essential for corporate citizenship; after all, 41 per cent of businesses have so far dispensed with this type of cooperation. Still, it could be argued that irrespective of company size, this implies a loss of benefit from valuable experience, together with possible efficiency increases for corporate citizenship.

Scrutinising the partners of companies with community commitment in greater detail shows that local organisations such as clubs and local initiatives come first. Among the undertakings cooperating with a partner, 41 per cent work with such types of voluntary organisations as clubs, projects, and initiatives.

On the following ranks are public institutions such as education facilities and hospitals (25 per cent), national charitable organisations (22 per cent), international aid organisations and lobby groups (11 per cent each) as well as churches (12 per cent) are found.

On the other hand, businesses turn increasingly to governmental and political bodies: at least 21 percent cooperate with local authority departments, 6 per cent with borough or regional governments and 4 per cent with political parties.

In this context, cooperation with industry players, specifically other businesses (13 per cent), or employer organisations or trade unions enjoy relatively high popularity (12 per cent).

The variety of different cooperation partners indicates that a considerable number of businesses actively collaborate with representatives from the three sectors: state, market and, especially, the tertiary sector, when implementing corporate citizenship.
Corporate Citizenship with a clear local Emphasis

The great importance given to local volunteer associations as cooperation partners, indicates that corporate citizenship concentrates predominantly on a company’s immediate vicinity.

Among the committed companies, three quarters state they operate within their region and in the local environment around their sites. By contrast, companies rarely become involved in a national (15 per cent) or international context (14 per cent). Therefore, businesses tend to focus primarily on an intact environment for their company HQ, or their production site/s. Given how important a functioning corporate environment is for a successful business, this result does not come as a surprise.

Higher staff levels and higher sales also mean a geographical extension of corporate citizenship measures. At the same time, the kind of corporate citizenship which reaches out to a national or even international arena emerges as an activity not left exclusively to medium and large-sized enterprises. After all, the social commitment of almost one in ten small companies exceeds the regional sphere.

The range covered by individual corporate citizenship measures therefore hinges on the context in which the business concerned operates. Companies with a geographically limited market and suppliers, staff, customers etc., all coming from the immediate neighbourhood, also tend to limit their engagement to this area. Assuming that large companies tend to operate on a national and global scale, the data suggest a geographical overlap between the environment in which a company conducts its business, where it also focuses its social commitment.

This assumption is supported by studying the extent of corporate citizenship efforts in individual sectors of industry: primarily service-centred businesses (17 per cent) and the processing industry (15 per cent) are running corporate citizenship programmes with an international focus. Whereas the commitment of retailers deeply anchored in their local communities only rarely reach national (1 per cent) or even international (5 per cent) level.

![Fig. 7: Range of corporate citizenship](image-url)
Investment in Corporate Citizenship

Adding up the costs involved or investment required for corporate citizenship measures, including project and HR costs, donations and PR expenses, yields a very diverse picture.

In 2005, 38 per cent of the companies with up to 49 employees spent less than 5,000 Euros on corporate citizenship. By contrast, 32 per cent of companies with 500 or more staff invest more than 100,000 Euros in this field.

Adding these figures up shows that three quarters of businesses spend below 50,000 Euros. Small companies in particular, but even medium-sized ones too, very rarely exceed the 50,000 Euro limit. Thus far-reaching, large-scale, and cost intensive corporate citizenship measures remain the province of big business. Investments exceeding one million Euros are comparatively rare.

In this context, it is extraordinary how many businesses did not answer this question or claimed not to know the amount spent on corporate citizenship measures, because the overriding majority of those which did not provide information about the financial cost of their commitment are large companies (5 per cent “no answer”, 26 per cent “don’t know”). The fact that a majority of these proved unable even to estimate the amounts involved either points to insufficient controlling of their civic engagement or indicates few such funds are available within the company in question.

Fig. 8: Corporate citizenship expenditure in 2005

<table>
<thead>
<tr>
<th>Amount in Euros for 2005</th>
<th>Total</th>
<th>Small enterprises</th>
<th>Medium-sized enterprises</th>
<th>Large-scale enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 5,000 max</td>
<td>29.1</td>
<td>37.9</td>
<td>15.6</td>
<td>5.3</td>
</tr>
<tr>
<td>From 5,000 to 10,000 max</td>
<td>17.2</td>
<td>19.5</td>
<td>13.8</td>
<td>10.5</td>
</tr>
<tr>
<td>From 10,000 to 50,000 max</td>
<td>30.5</td>
<td>28.9</td>
<td>36.3</td>
<td>10.5</td>
</tr>
<tr>
<td>From 50,000 to 100,000 max</td>
<td>5.2</td>
<td>4.0</td>
<td>6.9</td>
<td>10.5</td>
</tr>
<tr>
<td>100,000 plus</td>
<td>6.5</td>
<td>1.7</td>
<td>12.5</td>
<td>31.6</td>
</tr>
<tr>
<td>no statement/don’t know</td>
<td>11.5</td>
<td>8.1</td>
<td>15.0</td>
<td>31.6</td>
</tr>
</tbody>
</table>

Source: Opinion poll on corporate citizenship of companies in Germany
Corporate and Community Objectives at the Focus of Commitment

The central issue for committed companies is an awareness of corporate citizenship and efforts to create a “healthy” environment around commercial or production sites. Just about half of businesses involved consider these objectives important or very important. This means that unequivocally society-related objectives are at the focus of the corporate citizenship efforts of businesses, whereas strategic considerations relating to the economic success of the company play a less important role.

Yet there are also striking differences in how the different categories of businesses, depending on their size, assess these objectives. After all, there are discrepancies, occasionally very large ones, between big business and other undertakings. Large companies assess virtually every one of the objectives as more important than small and medium-sized operations do. The obvious conclusion is that the concept of corporate citizenship, an Anglo-American import after all, is recognised more clearly by large German companies because their management is more familiar with corporate citizenship and its terminology in terms of socio-political issues.

As shown in figure 9, a proportionally larger number of respondents rate society-related objectives highly for their business: 95 per cent cite applied social responsibility as important; 74 per cent consider maintaining and improving the local environment around the company site

Fig. 9: Corporate citizenship objectives – top two findings [critical and high importance]
to be important, and 47 per cent believe corporate citizenship a prerequisite for economic success.

This is a relatively high result. But at the same time it is clear that market and customer-related objectives are not the main focus, because only 20 per cent of companies relate their public involvement to improvements in the bottom line.

The picture which emerges of objectives being pursued in a diffuse way becomes even more clear when we relate this to comparable results from the 2005 survey “The State of corporate citizenship in the US”. Data is available for three of the objectives cited in illustration no. 9. Comparing the top two results of US businesses with those of German businesses on the issue of “maintaining and improving the environment around a business or production location”, shows that businesses on both sides of the Atlantic rate this question equally highly in relative terms (US 55 per cent, Germany 49 per cent). Strikin-
gly different is the fact that 18 per cent of German businesses but only 0.7 per cent of American businesses state this objective bears no relation to their own corporate citizenship activities.

There is a similar result for “Political communication with lobby groups and engaged citizens”. Here again, there is not much difference between the top two results (US 25 per cent, Germany 20 per cent). And a striking feature in this context is the number of German businesses which do not assess communication with stakeholders having any importance (Germany 37 per cent, US 6.3 per cent).

The same differences come up in the third area of comparison “Promotion of staff volunteer engagement”. In Germany 22 per cent rate this objective highly and in the US the figure is 30 per cent rate. It is hardly surprising that this so-called “corporate volunteering” is not yet widely known in Germany, what is surprising is the fact that 26 per cent of German companies, as opposed to just 7 per cent of US companies, consider this issue to be of no importance whatever.

Obviously, German companies still have difficulties in consistently determining the objectives linked to their corporate citizenship activities. Their perception of social responsibility although highly rated, does not yet follow a strategy of corporate and community-focused engagement together with a corresponding communication concept.
Happening by Chance or Business Strategy Planning of Corporate Citizenship Measures

**Corporate Culture as Orientation**

In more than three quarters of all cases corporate citizenship is part of the way a company sees and defines itself. Just as many businesses take care to ensure that any outside suggestions for involvement in issues fit the business, and that the business model plays a vital role in determining the planning and implementation of societal stewardship activities, corporate citizenship in most German businesses can be counted an integral part of the corporate culture.

At the same time, the data suggest that businesses as a whole tend to shape their involvement in a reactive way. The majority of respondent businesses only become involved in the community when appropriate charitable or social concerns are suggested from outside. Therefore, only a minority of 38 per cent is actively looking for a way to show societal stewardship and invest in the common weal with concepts and projects initiated in-house. Having corporate citizenship deeply anchored in corporate culture, while at the same time having a more reactive approach to it, reveals a discrepancy which does not match the clear strategic positioning of the idea of corporate citizenship in the company. But here again, company size plays a role which should not be overlooked: the larger a business, the more strategic and active the planning and implementation processes for corporate citizenship appear.

**Fig. 11: Strategic anchoring of corporate citizenship measures**

<table>
<thead>
<tr>
<th>Strategic Approach to Corporate Citizenship</th>
<th>total</th>
<th>▲ Small enterprises</th>
<th>▲ Medium-sized enterprises</th>
<th>▲ Large-scale enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate citizenship is part of our self-image and we provide money, working</td>
<td>78,2</td>
<td>78,5</td>
<td>76,7</td>
<td>84,2</td>
</tr>
<tr>
<td>hours, gifts in kind especially for this.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We take care that any request is fitting for our company.</td>
<td>77,2</td>
<td>75,2</td>
<td>78,6</td>
<td>75,2</td>
</tr>
<tr>
<td>We follow our company model in planning and implementing our social</td>
<td>68,5</td>
<td>64,1</td>
<td>74,4</td>
<td>84,2</td>
</tr>
<tr>
<td>involvement.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We are, ourselves, actively looking for ways to commit.</td>
<td>37,5</td>
<td>33,3</td>
<td>42,1</td>
<td>63,2</td>
</tr>
<tr>
<td>Our community commitment follows clear, measurable targets.</td>
<td>31,5</td>
<td>33,2</td>
<td>27,7</td>
<td>31,6</td>
</tr>
<tr>
<td>There is a predetermined action plan for our community commitment.</td>
<td>12,9</td>
<td>11,4</td>
<td>14,5</td>
<td>21,1</td>
</tr>
<tr>
<td>We have evaluation tools for our commitment measures.</td>
<td>12,3</td>
<td>13,1</td>
<td>9,4</td>
<td>26,3</td>
</tr>
</tbody>
</table>

*Source: Opinion poll on corporate citizenship of companies in Germany*

© CCCD 2007
ar to be. Another finding also comes into play in this context – large enterprises tend to put greater emphasis on evaluation, i.e. employing tools to evaluate corporate citizenship measures.

**Responsibility for Corporate Citizenship in the Company**

Responsibility for societal stewardship rests primarily with company executives. In larger businesses, management and organisation of corporate citizenship measures are also delegated to more than one person. As a rule, the corporate citizenship theme is then part of the responsibility of both the press and PR departments, as well as being addressed as a cross-sectional task by a variety of other concerned areas. But it is rare to find a dedicated department for corporate citizenship established within the company; though where such departments do exist, they are not exclusively the province of large-scale businesses.

**Corporate Citizenship no PR-tool**

Among engaged businesses it is the large companies with large turnovers in particular (89 per cent) which make their corporate citizenship engagement clear to the public. Usually, this is done via press notices and press reports (79 per cent of large companies), via the company homepage (58 per cent) or via customer magazines (32 per cent), all of which provide written information about corporate citizenship. In addition, all sorts of events are used to draw people’s attention to this engagement. Also, 21 per cent of companies with high staff levels mention their corporate citizenship activities in their annual reports.

A mere 16 per cent of large-sized enterprises use their image as corporate citizens in active self-promotion in the print and electronic media. This means that only a tiny group of companies tie their community commitment in with promoting their marketing and sales activities. The fact the German public might take a rather sceptical view of a link between civic engagement...
and business self-interest, may explain this atti-
tude. Companies have no wish to expose them-
selves to complaints of having abused corpo-
rate citizenship as a PR tool, which might put
their credibility at risk. It seems equally likely,
though, that companies simply do not expect
sufficient benefit from extensive communicati-
on of corporate citizenship activities.

For small and medium-sized businesses corpo-
rate citizenship hardly appears to matter at all
as a PR tool. Unlike large companies, SMEs do
expend much effort on publicising their com-
munity commitment. Half the small businesses
and 43 per cent of medium-sized enterprises
even state they do not report their activities in
the community at all. The motto “do good and
talk about it” therefore seems to apply much
more to large-sized companies. They use diffe-
rent ways in which to communicate their civic
engagement and try to publicise this in a cre-
dible and responsible manner.
Socio-political Attitudes of Companies with Regard to Corporate Citizenship

The survey “The State of corporate citizenship in the U.S.” has provided comparative data regarding the complex issue-related attitudes which companies have vis-à-vis corporate citizenship, the effect of factors with both positive and negative influence, as well as a selection of core areas for corporate citizenship. In Germany, just 83 per cent of companies surveyed assumed that many companies have more corporate citizenship than is perceived by the public. Among the companies interviewed in the US, 92 per cent agree with this statement. In Germany, the view is held predominantly by small and medium-sized companies, (83 per cent each), in other words, by those which do least to publicise their civic engagement, whereas in the US, mainly large businesses subscribe to this opinion (98 per cent).

Similar views are expressed by German and American businesses when asked whether corporate citizenship should be regulated by the

Fig. 13: Comparative findings of socio-political attitudes, Top two findings (fully agree, agree)
state. On this, there is agreement across the border: 81 per cent of German and 80 per cent of American companies reject this. In Germany, though, this opposition is clearly more pronounced (68 per cent of German businesses reject this totally compared to 40 per cent of US businesses). This has to be considered against the backdrop of history, where in Germany there is already an institutional system which has evolved over time, the social market economy, which institutionally integrates businesses into society at large; e.g. the dual vocational training system, sustainability strategies, or climate protection programmes. Still, businesses are interested in being independent in selecting whether and which type of corporate citizenship practices to choose, and to use their resources freely without restrictions imposed by the state. In both countries, it is above all the small and medium-sized enterprises which are the ones to reject state intervention. In principle, the type and scale of corporate citizenship is something they believe should be decided on a voluntary basis.

As far as questions of attitude are concerned, clear distinctions can be made between German and American companies, indicating how deeply anchored corporate citizenship is in the way American companies see themselves as coming from the tradition of “welfare capitalism”. The postulated statement that society has a right to expect companies to be societal stewards meets with the full or partial approval of 69 per cent of American businesses surveyed, with large-scale enterprises by far the ones most in favour. Only 46 per cent of German businesses share this view but here, too, 63 per cent of large-scale companies are in favour; putting them clearly above the average. Just about 61 per cent of the German companies asked consider societal stewardship a corporate priority, while in the US this amounts to as much as 81 per cent.

German companies are far more self-critical and therefore also fairly realistic when assessing how well they implement corporate citizenship in practice. 66 per cent of German respondents are of the opinion that civic engagement may well be highly rated within the company, but is not implemented sufficiently well. 67 per cent of large-scale businesses agreed with that. In the US, only 47 per cent of respondents agreed.

The huge gap which exists in both countries concerning their assessment of a tangible contribution of corporate citizenship to business success is remarkable. The American response is a good 63 per cent, clearly above the German response by 23 per cent. Irrespective of company size, only about 40 percent of German businesses admitted to deriving a positive business effect from corporate citizenship, whereas in the US, the response differs more clearly according to company size. 84 per cent of American large-scale businesses give a positive answer. This last comparison in particular shows how different companies see and define themselves in this respect, which is the key point for corporate citizenship on both sides of the Atlantic.

Positive Reinforcement Factors for Corporate Citizenship

When asked which factors reinforce corporate citizenship, a similar picture emerges, indicating that corporate citizenship is anchored to a different extent in the two countries’ businesses.

Here again, there are clear differences between Germany and the US, regarding the attitudes of small and medium-sized enterprises as well as large businesses. On average, 62 per cent of all German companies agree that corporate citizenship fits in well with the tradition and the values of the company, but for large-scale businesses the figure is 83 per cent. About 73 per
cent of the American companies in the survey, and 91 per cent of large businesses, confirm this reinforcing effect.

With regard to the second most important motivation for corporate citizenship, image improvement, we notice similar differences concerning company size in Germany and the US. On average, opportunities for image improvement are an important factor for one German business out of two, with three quarters of large-scale business respondents making this clear. In the US too, image matters to 56 per cent of all companies, in particular to 76 per cent of large businesses.

A major difference between American and German companies emerges when asking whether

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**Factors of Positive Reinforcement of Corporate Citizenship**

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>Total</th>
<th>▲</th>
<th>▲</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>It fits our company traditions and values</td>
<td>D 61,8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It improves our reputation/image</td>
<td>D 49,6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 56</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is part of our business strategy</td>
<td>D 30,1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It helps to recruit and retain employees</td>
<td>D 14,7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External factors</th>
<th>Total</th>
<th>▲</th>
<th>▲</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is expected in our community</td>
<td>D 38,3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is important to our customers/consumers</td>
<td>D 24,2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It responds to laws and political pressures</td>
<td>D 3,1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>USA 14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Fig. 14:** Comparative findings of factors with positive reinforcement on corporate citizenship in Germany/USA

Top two findings (very strong positive reinforcement effect, strong positive reinforcement effect)

---

In percentage terms ▲ Small enterprises ▲ Medium-sized enterprises ▲ Large-scale enterprises

Scale from 1 = very strong positive reinforcement effect, to 5 = no positive reinforcement effect at all

Source: Opinion poll on corporate citizenship of companies in Germany © CCCD 2007
it should be taken for granted to exercise corporate citizenship on the spot, as believed by about 38 per cent of all businesses and 70 per cent of large companies in Germany. This puts Germany far ahead of US companies, where only 24 per cent agree, making this the second-to-last item in the US ranking of reinforcing factors. Against the backdrop of previous findings regarding the anchoring of corporate citizenship in American corporate culture, this is a surprising result, requiring further research.

Another remarkable result is that in Germany about 30 per cent of total respondents and approximately 37 per cent of large companies regard corporate citizenship as part of their business strategy; whereas 44 per cent of total US respondents directly link engagement and corporate strategy. A clear 64 per cent of American companies with 500 staff or more link engagement and business strategy, which emphasizes the potential of what is sometimes seen as “soft” factor corporate citizenship as a factor in “hard” entrepreneurial strategy, especially in a US context. The extent of the difference between German and American businesses as to whether corporate citizenship is, or is not, part of the business strategy becomes clear when comparing the negative values on the ranking scale. While just 9 per cent of all US companies do not recognize corporate citizenship as part of their business strategy, among German companies the figure is 32 per cent, i.e. this is the view of almost one German company in three; a remarkable finding.

But the factor ‘attracting staff’ also reveals major differences, when company size is taken into account. For small and medium-sized enterprises this factor has virtually no relevance (12 and 14%), while it is a major issue for one out of two large businesses in Germany. More American companies than German express agreement to this factor. What matters to them even more, however, is customer satisfaction (36%), which clearly appears less important to German businesses (24%). This also applies to large businesses.

What is most striking about these two factors is the negative importance German companies assign them. Thirty-nine per cent of German companies compared with only 11 per cent of American undertakings do not see corporate citizenship as a factor in customer satisfaction. And where attracting and retaining staff is concerned, as many as 48 per cent of German companies do not consider corporate citizenship has any relevance at all, compared with just 15 percent in the USA.

Both German and American businesses feel least motivated when reacting, or being obliged to react, to legislative or political intervention, although more US companies express agreement than German. A mere 3 per cent of German companies find that regulations act as positive reinforcement for their corporate citizenship activities, which compares with just 14 per cent of US companies.

All things considered, when assessing the poll results of the large-scale businesses in both countries, it is remarkable that the corporate citizenship efforts of German and American businesses are guided by company tradition and values, and that German companies are starting to agree more with American companies about the resulting image gain. But they lag far behind US businesses where the positive reinforcement obtained through linking business strategy and corporate citizenship is concerned. Recognizing the benefits of social engagement for a positive current account balance seems as yet to be insufficiently well developed among German companies. The underrated or negated aspects of attracting and retaining staff appear to underline this fact.
Factors with a limiting Effect on Corporate Citizenship

When asked about which obstacles influence a stronger corporate citizenship, German and American companies agree. Fifty-four per cent of American and 48 per cent of German companies name a lack of resources as the overriding obstacle. Looking at company size the reverse results are impressive. In the US, this obstacle is cited very much by small companies, less so by medium-sized companies and even less by large-sized businesses. In Germany, it is exactly the other way round. The larger the business, the more a lack of resources is seen as an obstacle to corporate citizenship.

Why above-average financially strong large businesses do not feel able to provide additional resources requires further clarification. In this respect, another result is of interest. There is a positive correlation between the lack of resources as an obstacle and the frequently by large companies expressed view that civic involvement is not being implemented with the necessary consistency. Many of the respondent large-

![Fig. 15: Comparatives findings of factors with a limiting effect on corporate citizenship Germany/USA](image)

Top Two findings (very strong limiting effect and very limiting effect)

<table>
<thead>
<tr>
<th>Factors</th>
<th>Total</th>
<th>Germany</th>
<th>USA</th>
<th>Germany</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of resources, e.g. time, staff, funds</td>
<td>47,8</td>
<td>47,6</td>
<td>57,9</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td>No significant benefit to the business</td>
<td>7,1</td>
<td>13,2</td>
<td>10,5</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Not sure what being a good ‘corporate citizen’ means</td>
<td>9,3</td>
<td>11,9</td>
<td>10,0</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Not of real interest to our employees</td>
<td>8,0</td>
<td>7,2</td>
<td>2,0</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Top management does not support it</td>
<td>6,4</td>
<td>9,0</td>
<td>10,5</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Middle management does not support it</td>
<td>3,2</td>
<td>4,0</td>
<td>6</td>
<td>11</td>
<td>4</td>
</tr>
</tbody>
</table>

In percentage terms:
- ▲ Small enterprises
- ▲ Medium-sized enterprises
- ▲ Large-scale enterprises

Scale from 1 = strongly limiting effect, to 5 = no limiting effect at all

Source: Opinion poll on corporate citizenship of companies in Germany

ny size the reverse results are impressive. In the US, this obstacle is cited very much by small companies, less so by medium-sized companies and even less by large-sized businesses. In Germany, it is exactly the other way round. The larger the business, the more a lack of resources is seen as an obstacle to corporate citizenship.
and the required value in the perception of corporate citizenship, which is also reflected — to a somewhat lesser extent — in public involvement as part of the corporate self-image. This means there is not so much a problem of attitude, more one of implementation. The assumption is that an integration of theory and practice in an evaluation context would cause more resources to be provided.

Far less important is the second respectively, third ranking obstacle listed, saying that civic engagement does not yield tangible economic benefit. This argument is put forward by an average of 12 per cent of German and 13 per cent of American companies. Regarding US companies, this finding is hardly surprising, because when commenting on their attitudes, 63 per cent assume corporate citizenship will contribute demonstrably to their economic success, compared to just 40 per cent of German businesses. At the opposite end of the scale, commenting on their attitude vis-à-vis corporate citizenship, 42 per cent of German companies — as compared with just over 5 per cent of American companies — state that corporate citizenship will not rather not make a contribution to the economic success of a company. This rejection by the German companies could hardly be stronger. That is why it is amazing that this view is not considered to be a limiting factor for, or impediment to, civic engagement. After all, 71 per cent of German companies hold that this fact has no or very little adverse effect on their commitment.

In both countries only one company in ten cites a lack of understanding about how to achieve civic involvement as an obstacle to appropriate engagement. Looking at the argument that corporate citizenship lacks relevance for the employees does, however, reveal a major and visible difference between the two countries. This argument is advanced by 16 per cent of American, but by only just about 8 per cent of German businesses. In both countries this is limited to small and medium-sized enterprises, while it is virtually irrelevant for large businesses. What is amazing is how vehemently German companies reject this factor as an obstacle. Fifty-eight per cent of German businesses do not recognize this as constituting any kind of obstacle for their commitment, compared with only 16 per cent of US firms. Since German staff involvement in corporate citizenship is still clearly lagging behind that of the US, the assumption is that the importance of employee volunteerism is simply not sufficiently recognized.

According to the information the respondent companies provided about themselves in both the US and Germany, the factor which least limits further commitment is insufficient or inadequate support by top management (8 and 10 per cent respectively) or middle management (4 and 8 per cent respectively). On the contrary, 70 per cent of German respondents state that lack of top or middle management support constitutes no obstacle at all. Against the background of this self-image it can be concluded that both groups provide strong support for community commitment. This is another amazing result because in many meetings with those responsible for CC in German companies, there were repeated complaints that it is the very lack of any managerial support which prevents dynamic corporate citizenship from taking hold in the company.
Issues and Areas for Corporate Citizenship

According to both German and US businesses in the survey, improvement in product safety, product quality and safety precautions for the staff top the list of all preferred issues and areas of engagement. Four out of ten and five out of ten companies respectively make such statements. This is increasingly true for large-sized businesses in both countries, where about six out of ten say they are committed as mentioned above. Twenty-five and 23 per cent, of German and US companies respectively, show an almost similarly strong commitment to infrastructure maintenance and improvement. Commitment in this area is irrespective of company size.

There are three areas where differences between the two countries emerge: in Germany the third of these is support for social and care facilities with on average 32 per cent, 41 per cent among large businesses. By contrast this issue ranks in the bottom section of the list of priorities for an average of 14 per cent US companies. Though, conversely, American businesses are particularly keen on access to the health system via health insurance, which is not an issue for German companies. On average three US firms out of ten commit in this area. Given the comparatively good health care system in Germany, only 15 per cent of German companies do likewise.

Disaster relief is another area where there are major differences; on average 22 per cent of all US companies are involved, among the large companies the figure is as high as 48 per cent. Given the model state of disaster control in Germany, it is understandable that only just about 12 per cent of all German companies and 15 per cent of large-scale companies opt for this area of engagement.

Looking at engagement in academic education and universities reveals differences between large-scale companies and SMEs across national borders. In the US an average 25 per cent of all companies and 51 per cent of large-scale companies commit to this area, compared to 16 and 56 per cent respectively in Germany. This testifies to the extraordinary importance companies on both sides of the Atlantic give to the promotion of university education.

A comparison between large-scale businesses reveals: US-American large businesses commit above average, i.e. 39 per cent (US average: 26%) to the environment, unlike German companies, where 21 per cent show this type of commitment. Thirty-three per cent of large American companies are involved in extending world trade, again an above average commitment, while German large businesses commit far less in this sector, with only about 14 per cent which corresponds to the German average. In addition, enterprises from both countries, particularly large-scale enterprises once again, differ as far as their commitment for civic rights and human rights is concerned. On average 7 per cent of German firms answered accordingly, but 15 per cent of US ones. When comparing large businesses directly, the gap widens even more. Twenty-one per cent of American businesses report their activities centre on this issue, as compared to only 3 per cent of large German ones. Small companies, amazingly, are more active in this field.

Convergence in the commitment activities of companies in both countries also occurs in a variety of different areas: both countries rate involvement in combating poverty, disease, opening up alternative sources of energy or combating global climate change as low priority areas. Businesses from both countries are moving on a fairly similar low level.

To sum up: German and American companies are primarily committed in areas where a strong link to their business interests can be presumed,
e.g. product quality assurance, safety and security at the workplace and infrastructure investment. It is certainly no coincidence that American companies increasingly turn towards providing access to the health system or to disaster relief, given the sadly insufficient levels of state protection in both these fields. In both countries companies are also heavily committed to education. It can be assumed that German companies react to the educational plight of their country in this way, and therefore commit to an area which is one of the core fields of government responsibility and thus bears further observation.

Fig. 16: Comparative findings on areas and issues involving corporate citizenship Germany/USA
Top two findings (very strong and strong)

<table>
<thead>
<tr>
<th>Issues</th>
<th>total</th>
<th>D</th>
<th>USA</th>
<th>Small enterprises</th>
<th>Medium-sized enterprises</th>
<th>Large-scale enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee safety measures *</td>
<td>49.7</td>
<td>47.5</td>
<td>52.4</td>
<td>63.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving the safety and efficiency of products</td>
<td>38.2</td>
<td>37.0</td>
<td>38.7</td>
<td>66.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helping to support dependent care</td>
<td>32.6</td>
<td>30.3</td>
<td>35.7</td>
<td>40.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social integration of the disabled *</td>
<td>26.6</td>
<td>24.8</td>
<td>30.6</td>
<td>26.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insuring infrastructure development</td>
<td>24.4</td>
<td>23.3</td>
<td>26.4</td>
<td>31.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving the environment</td>
<td>20.8</td>
<td>21.5</td>
<td>19.5</td>
<td>22.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving community college and higher education</td>
<td>16.4</td>
<td>9.6</td>
<td>24.4</td>
<td>57.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving public health</td>
<td>14.9</td>
<td>11.9</td>
<td>19.8</td>
<td>25.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing alternative energy sources</td>
<td>13.0</td>
<td>12.5</td>
<td>13.2</td>
<td>10.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illness (e.g. AIDS, cancer) *</td>
<td>12.6</td>
<td>9.7</td>
<td>15.9</td>
<td>27.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responding to disaster</td>
<td>11.8</td>
<td>10.0</td>
<td>14.4</td>
<td>10.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reducing poverty</td>
<td>10.8</td>
<td>10.0</td>
<td>12.5</td>
<td>5.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helping to safeguard civil or human rights</td>
<td>7.2</td>
<td>7.4</td>
<td>7.7</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addressing global climate change</td>
<td>3.3</td>
<td>5.1</td>
<td>5.4</td>
<td>10.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendng international trade</td>
<td>4.8</td>
<td>2.9</td>
<td>6.6</td>
<td>15.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In percentage terms
▲ Small enterprises ▲ Medium-sized enterprises ▲ Large-scale enterprises
Scale from 1 = not at all, to 5 = very strong * there are no comparative data concerning these items
Source: Opinion poll on corporate citizenship of companies in Germany
Investing in the Future of Corporate Citizenship

A majority of all the companies which replied, more than 70 per cent overall, reports that their future CC investment will stay roughly at current levels. This assessment by the businesses polled refers to both cash gifts and donations in kind and the use of own staff for community commitment.

This unequivocal result is either due to the expectation that available resources for corporate citizenship will remain limited, or it may indicate an ongoing hesitation, and inadequately and/or insufficiently detailed assessment of the relevance of corporate citizenship and the opportunities it opens up.

In this context, illustration 17 indicates that those companies which do not expect investments to remain at their present level tend, by and large, to incline towards investing more in corporate citizenship measures, especially in financial terms. While just 10 per cent of businesses begin to limit their financial commitment, twice as many expect to raise their budget for corporate citizenship.

Amazingly, a large number of small and medium-sized businesses expect to increase their funds for civic involvement in the future. Large-scale businesses, by contrast, tend to focus more on using gifts in kind for their commitment efforts. Development potential for corporate volunteering is recognized predominantly, though with few genuine differences, by medium-sized enterprises.

**Fig. 17: Future investment into corporate citizenship**

<table>
<thead>
<tr>
<th></th>
<th>Increasing</th>
<th>Unchanged</th>
<th>Decreasing</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash donations</strong></td>
<td>0.8</td>
<td>9.6</td>
<td>19.4</td>
<td>70.2</td>
</tr>
<tr>
<td><strong>Donations in kind</strong></td>
<td>1.8</td>
<td>8.2</td>
<td>11.6</td>
<td>78.4</td>
</tr>
<tr>
<td><strong>Corporate volunteering</strong></td>
<td>1.6</td>
<td>9.0</td>
<td>11.8</td>
<td>77.6</td>
</tr>
</tbody>
</table>

In percentage terms

Source: Opinion poll on corporate citizenship of companies in Germany
VI. Summary of Results

The survey of 500 German companies makes one thing very clear: German companies are aware of their social responsibility. They commit to society at large in a range of different areas, using a wealth of measures and types of activity, their commitment varying widely in intensity and duration. Social responsibility is deeply embedded within German corporate culture. Internal factors, such as relating their commitment to corporate culture and traditions, play a more vital role than external factors, such as customer expectation or even state regulation and political measures.

But the survey also shows very clearly that there is still a great deal of unexploited potential for German companies to face up to their social responsibility and use it inter alia for the benefit of the enterprise. Despite 96 per cent of respondent companies reporting corporate citizenship activities, a closer look at their size and scale shows that in the main their activity is reactive. That means they predominantly respond to applications; above all by providing material or cash gifts, followed by supporting staff members for volunteer work and providing services. Less than 40 per cent of respondent companies are actively looking for areas and issues, even fewer orient their engagement to achieve measurable targets. This reveals an even greater potential for development. Instead of reacting to requests, companies can assume an active role, developing their own ideas, concepts and perspectives which match their core business, and thus allow a more targeted cooperation with external partners.

Most firms in Germany are still far removed from making corporate citizenship an essential part of their corporate strategy and communication within an integrated concept. Only 40 per cent of those polled recognise that community commitment can have a direct impact on economic success, and only 12 per cent of German businesses associate corporate citizenship with the objective of improving the bottom line. This attitude marks a vast gap when compared to the answers given by the US companies surveyed, with 84 per cent of large enterprises relating corporate citizenship to their business success in a positive vein. It is possible the stated US belief in public involvement is at least partially more in tune with entrepreneurial interests than is the case in Germany, because public expectations as well as those of potential customers have been factored in, so that business relevance becomes apparent. By contrast, neither the German public nor German customers have so far evinced any particular expectations of corporate citizenship. Thus German companies as a whole have as yet only developed rudimentary ideas of a win-win strategy. But a process of rethinking can be expected, because consumer focus on matters such as the sustainability of products and services as well as the integration of corporate social performance is increasingly impacting decisions to purchase, even in Germany.

Social responsibility and economic performance need not be mutually exclusive, as the larger businesses in Germany in particular have begun to understand. They also adopt a more offensive approach to their engagement, in accordance with the motto “do good and talk about it”. In this way they are taking the lead in breaking the established pattern under which corporate citizenship is philanthropic behaviour and, best case, a decorative accessory in successful business performance. The occasionally voiced criticism that public involvement is simply a tool used to obtain legitimacy vis-à-vis an increasingly critical public, and as camouflage for ever tougher business practices, falls
The really offensively corporate citizenship-focused businesses in particular can only enhance their image if all their business strategy is credible and if there is no loss of trust. Every new glossy report, every award given amidst the glare of cameras, puts executives on the spot and makes them more accountable.

Most companies put their corporate citizenship commitment in a context of cooperation with one or more partners. This means primarily collaboration with local volunteer organisations (clubs, projects, initiatives). But other sectors can also act as partners in community involvement, such as state (educational facilities, e.g. nursery schools and schools, administration, government at county and regional level), the market (e.g. other companies), and the third sector (e.g. charities, international aid organisations). Corporate citizenship measures have a strong focus on the local environment of a business. A significant finding concerns the fact that more than one German business in three (41 per cent) declines to cooperate with partners from other sectors in society. This wastes the entrepreneurial efficiency increase opportunity which civic involvement could yield.

In general investment for community commitment amounts to sums which in Germany averaged less than 50,000 Euros per company in 2005. Despite this, large-scale businesses do invest significantly more than 100,000 Euros in societal stewardship. Even given the fact that individual business investment clearly exceeds the one million Euro limit, the funds committed to corporate citizenship clearly do not correlate to the overall profit development of the companies – another indicator that corporate citizenship is not seen to be a calculated part of the business activities.

Looking at the list of priorities in terms of areas and issues for engagement shows that these are relatively close to “hard” business interests, both in Germany and the US. While it would be premature to apply the motto “the more community commitment benefits genuine business interests, the better”, one can observe a general trend in this direction. Lasting corporate involvement will happen only if and when corporate citizenship can be made a “business case”. Such corporate commitment is more urgently needed than ever before, in the face of major social challenges accompanied by increasingly limited financial room for manoeuvre on the part of the state. Perhaps politically-induced communication can help overcome the gap between the positive attitudes towards corporate citizenship held by German companies, and the things they actually do. On the one hand, the funds available and the way in which these resources are employed for community commitment are rather modest, while on the other hand large businesses in particular report very positive balance sheet results – making optimisation of commitment desirable, last but not least to close the credibility gap which threatens to loom large. This gap might grow if the corporate citizenship claims, and the self-image propagated by businesses, correspond less and less with the everyday business of enterprises, and with the means and rules of their corporate citizenship programmes.
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