

# The Evolution of Corporate Citizenship

---

Value Enhancement through Fostering Social  
Capital and Cohesion

By Anastasia STEINBRUNNER #45133

A thesis submitted in partial fulfillment of the requirements for the degree of

**Master of Public Policy**

2020

Willy Brandt School of Public Policy at the University of Erfurt

Thesis Supervisor / First Reader: Dr. Heike Grimm  
Second Reader: Dr. Bettina Hollstein

Erfurt, 31.08.2020

## Erklärung / Declaration

gemäß § 25 Abs. 1 der Prüfungs- und Studienordnung des weiterbildenden Studiums „Public Policy“ an der Universität Erfurt

*according to § 25 (1) of the Study and Examination Rules of the Master of Public Policy program at the University of Erfurt*

Ich versichere, dass ich die vorgelegte Arbeit selbstständig und ohne unerlaubte Hilfe Dritter angefertigt habe. Alle Stellen, die ich wörtlich oder annähernd wörtlich aus Veröffentlichungen jeglicher Art entnommen habe, sind als solche kenntlich gemacht. Ich habe mich keiner anderen als der angegebenen Literatur oder sonstiger Hilfsmittel bedient. Diese Arbeit hat weder in gleicher noch in ähnlicher Form einer anderen Prüfungsbehörde im In- oder Ausland vorgelegen.

*I affirm that the work I have submitted was done independently and without unauthorized assistance from third parties. All parts which I took word-for-word or nearly word-for-word from any sort of publication are recognizable as such. I did not use any means or resources other than the literature I have quoted. This work was not submitted in this or any similar form to an examination committee in or outside Germany.*

Erfurt, 31.08.2020



Anastasia STEINBRUNNER

Datum / Date

Unterschrift / Signature

Name (Blockschrift / block letter)

## **Abstract**

Turbulent times highlight inequalities and inefficiencies that have the potential to further undermine socio-economic stability. This research uses the backdrop of the COVID-19 pandemic to examine the connection between social cohesion and Corporate Social Responsibility to build a theory that bridges the two concepts through the vehicle of Corporate Volunteering. The study investigates what effects the pandemic has had on Corporate Volunteering in a comparative analysis between two international firms with a significant presence in Germany while examining a potential correlation between the level of strategic CSR and the ability of a firm's Corporate Volunteering program to produce strong bridging social ties. As such, this research uses Porter and Kramers' Shared Value Framework (2006) as a basis for the paradigm of strategic CSR while drawing relevant elements from Stakeholder Theory, Corporate Social Responsiveness, and Social Capital Theory to fill some conceptual gaps in operationalizing firm and societal value creation. The interaction with diverse beneficiaries and stakeholders demonstrates business and social value are derived from many of the volunteering programs and activities. The affective link between the firm and its beneficiaries built through social capital generation in Corporate Volunteering programs also has an influence on CSR commitment reducing retrenchment in times of crisis.

## **Zusammenfassung**

Turbulente Zeiten zeigen Ungleichheiten und Ineffizienzen auf, die das Potenzial haben, die sozioökonomische Stabilität weiter zu untergraben. Diese Forschung nutzt den Hintergrund der COVID-19-Pandemie, um den Zusammenhang zwischen sozialem Zusammenhalt und sozialer Verantwortung der Unternehmen zu untersuchen und eine Theorie zu entwickeln, die diese beiden Konzepte durch das Instrument des Corporate Volunteering verbindet. Die Studie untersucht die Auswirkungen der Pandemie auf das Corporate Volunteering in einer vergleichenden Analyse zwischen zwei internationalen Unternehmen mit einer signifikanten Präsenz in Deutschland und untersucht gleichzeitig eine mögliche Korrelation zwischen dem Niveau der strategischen CSR und der Fähigkeit des Corporate Volunteering-Programms eines Unternehmens, starke soziale Brücken zu schlagen. Als solches

verwendet diese Forschung das Shared Value Framework von Porter und Kramers (2006) als Grundlage für das Paradigma der strategischen CSR und zieht relevante Elemente aus der Stakeholder-Theorie, der Corporate Social Responsiveness und der Theorie des Sozialkapitals heran, um einige konzeptionelle Lücken bei der Operationalisierung der betrieblichen und gesellschaftlichen Wertschöpfung zu schließen. Die Interaktion mit verschiedenen Nutznießern und Stakeholdern zeigt, dass geschäftlicher und sozialer Wert aus vielen der Freiwilligenprogramme und -aktivitäten abgeleitet wird. Die affektive Verbindung zwischen dem Unternehmen und seinen Nutznießern, die durch die Generierung von Sozialkapital in den Corporate Volunteering-Programmen aufgebaut wird, hat auch einen Einfluss auf das CSR-Engagement, das in Krisenzeiten Rückgänge reduziert.

# Acknowledgements

My sincerest gratitude goes out to my parents, Marion and Daniel Steinbrunner for supporting me throughout my education. I also own my readers Prof. Dr. Heike Grimm and Dr. Bettina Hollstein for their support and intellectual guidance throughout the process. I would also like to thank my colleagues Rahib Raza Malik, Sonia Ran, Teslin Augustine, Sushobhan Parida, and Maya Weisinger for all the support, guidance, and workshopping.

# List of Abbreviations

CSR	Corporate Social Responsibility
CV	Corporate Volunteering
ESG	Environmental, Social and Governance
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
OECD	Organisation for Economic Co-operation and Development
SV	Shared Value

# List of Figures

Figure 1: Characteristics of the ideal-type strategic CSR	18
Figure 2: Prescriptive Propositions for stakeholder management	21
Figure 3: Corporate Social Performance Model	22
Figure 4: Indicators based on Granovetter’s “strong ties” definition	49

# Table of Contents

Erklärung / Declaration	i
Abstract/ Zusammenfassung	ii
Acknowledgements	iv
List of Abbreviations	iv
List of Figures	iv
Table of Contents	v
<b>Introduction</b>	<b>1</b>
The Role of Social Cohesion in Turbulent Times	7
<b>Theoretical Framework</b>	<b>10</b>
Strategic CSR and Legitimacy	13
Employing Shared Value	15
The Stakeholder Dimension	19
Norm Generation through Corporate Social Performance	22
Social Capital	24
Corporate Volunteering	34
<b>Methodology</b>	<b>39</b>
Research Design	43
<b>Empirical Evaluation</b>	<b>51</b>
Firm Analysis	54
Strategic CSR Assessments	56
Corporate Volunteering Assessments	79
Results	86
<b>Conclusion</b>	<b>89</b>
<b>Bibliography</b>	<b>92</b>
<b>Appendices</b>	<b>99</b>
Appendix 1: Haniel Holding Company Additional Evidence	99
Appendix 2: TAKKT Additional Evidence	100
Appendix 3: UPS Additional Evidence	103
Appendix 4: Interview Questions	108
Appendix 5: Link to interview Transcripts and Notes	110

# Introduction

This research is an exploration of the relationship between Corporate Social Responsibility and social cohesion. Currently, there is minimal literature on the connection between the two concepts. However, in our increasingly globalized world punctuated by global challenges and crises, investigating the role that the private sector can play in supporting a more cohesive society is an important area of study. As an embedded engine of economic activity, companies serve as a nexus through which many different stakeholders interact with one another and integrate their needs, preferences, and perspectives within and across communities.

Companies serve as employers, suppliers, producers, and, at times, receive more frequent real-time information and have closer relationships with their stakeholders than elected officials have with their constituents. This puts firms in a position to affect and be affected by the community in which they operate in ways that are highly dynamic and responsive. Firms can leverage this position to not only provide economic benefits but increase social welfare through socially responsible and conscious activities. Improving social cohesion is one such benefit that has implications for strengthening societies and improving firm performance. Corporate Social Responsibility (CSR) can then be seen as a strategic as well as an ethical business orientation.

Several converging factors indicate a framework to analyze the commitment of firms to corporate citizenship is necessary to set a standard for meaningful CSR engagement. In addition, it is important to understand corporate motivations for CSR and how corporate strategy impacts the structure of CSR initiatives. There are

a myriad of definitions for Corporate Social Responsibility but I will focus on the definition provided by the International Labor Organization Governing Body in 2006,

*Corporate social responsibility (CSR) is a way 'in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with others. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law' (Fonteneau et al., 2010).*

The concept of businesses, merchants, or other providers of goods and services to act ethically and responsibly is far from a new concept, but current implementation is a response to evolving social norms and unprecedented global challenges like inequality, globalization, pandemics, economic collapses, and climate change.

There has been an ongoing discussion from the public and private sectors as market economies have matured to reorient the way the economy works and upon which values and rules it should be built to create the best outcomes for the global society. Businesses are in a unique position to contribute to solving these problems even as the sector has exacerbated many of the issues to begin with. The private sector has many advantages over the state in its capacity to tackle global challenges as it often possesses more wealth and resources, requires a stable ecosystem and society to operate, often occupies the majority of a working-age individual's time, is less susceptible to shifting political motivations, and consumers, as well as, investors are demanding more responsible corporate behavior.

Firstly, there is an enormous concentration of wealth and resources within the corporate sector. This highlights the longstanding problem that worried early writers

about business and society such as Eberstadt (1977: 22), "at present, business has seldom enjoyed so much power with so little responsibility" (Wood, 1991). As of 2017, of the 200 wealthiest entities on earth 157 were corporations (aggregate data from CIA World Factbook 2017 and Fortune Global 500 datasets). This concentration of wealth within the business sector provides considerable leverage to private entities to prioritize their interests over government and civil society. However, though the wealth is concentrating in the private sector, the health of business is inextricably linked to the health and stability of the governments and society in which they operate. Corporates are based in the larger ecosystem of society, government, and the environment—they benefit from an enabling environment to exist—the stability of ecosystems and society, leads to favorable economic conditions; the ability to plan and profitability. As corporates take advantage of this enabling environment, it is strategically sound to contribute to this environment and ensure its stability. Environmental stability is supported by climate positive practices and responsible resource consumption, while social stability provides people with purpose, connection, something of value to do, and the resources needed to fulfill a life plan. As a good corporate citizen, companies should also demonstrate their commitment to interacting with diverse stakeholders and have a vested interest in the stability of society. Indeed, much of the recent literature on corporate social responsibility focuses on CSR's strategic integration and importance, a recognition that corporates are an embedded entity in society and by-in-large flourish or decline in concert (UPJ, 2018). More deliberate schemes for integrative activities, especially those that expose participants to people that are very different from themselves—like corporate volunteering—are needed to forge a

common understanding and bond between disparate peoples and strengthen the social cohesion needed for healthy societies (Gardels, 2018).

Another factor increasing the need for more active corporate citizenship, particularly in the form of corporate volunteering, stems from wage stagnation and inequality. Working-age and young people are ever more pressured to work longer hours or multiple jobs to afford the cost of living. The OECD notes that poverty has grown among the working-age population and nominal wage growth reduced by half between 2007 and 2017. The income of the top 1% of earners has grown much faster than median full-time workers continuing an entrenched trend (OECD, 2018). The need to work more to supplement inferior incomes leads to less time, ability, and motivation to participate in voluntary work. In concert with lower relative wages, increased employer and labor market demands put pressure on workers and absorb more of their time. Young people must increasingly take on more education and training to obtain gainful employment and stay competitive in the labor pool (Federal Ministry for Family, Seniors, Women and Youth, 2010). As labor market and employer pressures often crowd out time and opportunities for volunteerism, the private sector is in the most powerful position to facilitate increased civic engagement among their workers and communities. They can also serve as a needed institutional locus for volunteering activities as memberships in traditional service organizations have declined (Putnam, 2000; GHK, 2010a).

As private entities, firms are in a better position than elected officials to maintain consistent operations as they are generally less susceptible to shifting political motivations and public will. Even in countries that have strongly institutionalized

volunteering infrastructure, like Germany, there are frequent debates about the necessity of that investment. The political agenda may not have sufficient space for the voluntary sector and the diverse political drivers that back voluntary service may have conflicting interests that weaken lobbying efforts like the primacy of inclusion over public service provision (GHK, 2010). The need to deal with crises, broad social and economic issues, and other social issues can draw political focus and support away from voluntary activities. Many EU countries do have significant institutional support for volunteerism that can be further enhanced and stabilized by committed corporate support. The voluntary sector in Germany enjoyed political support in the late 1990s and 2000s developing a “Federal Network for Civic Engagement” in 2002 and the National engagement strategy in 2010. Germany also has both a federal ministry (Bundesministerium für Familie, Senioren, Frauen und Jugend) and a national program that organizes hundreds of volunteering opportunities (Initiative for Civic Involvement, “Together – for one another”) an umbrella for civic engagement (GHK, 2010a). Companies can demonstrate their commitment as corporate citizens in maintaining support for the voluntary sector even as political priorities shift and strengthen initiatives through their programs. Corporate Volunteering programs are protected from a lack of public funding and can, therefore, continue with the commitment of firm resources.

Finally, social norms are shifting which place stronger expectations on companies from consumers and investors to remedy, or at least not contribute to, the challenges facing modern society (Freeman & Reed, 1983). Modern consumers are more likely to substitute for products and services that have socially and/or environmentally beneficial companies producing them. The positive correlation

between consumer preference and CSR has been established in multiple studies (Carvalho, et al., 2010; Trudel & Cotte, 2009). Though intervening factors like product quality, societal structure, and level of development have recognized effects, CSR initiatives overall have a positive impact on consumer relationships with responsible brands and products (Feldman & Vasquez-Parraga, 2013). Not only are consumers more interested in buying products from companies that demonstrate corporate citizenship, but investors are also looking to provide capital for companies that create positive impacts along with returns. According to the Global Sustainable Investment Alliance (GSIA), global sustainable investments rose 61% between 2012 and 2014 to 21.4 trillion and continued to rise to USD to 30.7 trillion USD in 2018 (GSIA, 2015; GSIA, 2019). The S&P reported similar robust investment with 22.9 trillion USD oriented broadly in ESG (Environmental, Social and Governance) funds in 2017 with the role of intangible assets (reputation, ESG, etc.) playing an increasingly important role in company valuations (Gold, 2017).

Taking into account these antecedent conditions, it is important to have a method for evaluating a company's commitment to CSR and ability to strengthen society. Many CSR activities, budgets, and departments are drawn from marketing and public relations. This has led to phenomena like "greenwashing<sup>1</sup>" or "pink-washing" where a company appears to take the role of a corporate citizen seriously but in reality activities rarely raise above the level of marketing gimmicks. The opportunity to critically examine a company's commitment to CSR under normal circumstances could include an assessment of resources committed, level of

---

<sup>1</sup> "Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound. Greenwashing is considered an unsubstantiated claim to deceive consumers into believing that a company's products are environmentally friendly." <https://www.investopedia.com/terms/g/greenwashing.asp>

activities maintained over time, the relevance of a company's CSR activities to their core business strategy or value proposition, and numerous other indicators that have a high degree of complexity and low level of comparability between firms. However, the COVID-19 pandemic affords a rare opportunity for a single event against which to compare the various responses of nearly every business on Earth. Consumers, workers, governments, and communities can all ask firms that survive the pandemic, "what did your firm do to help during the crisis?"

---

## The Role of Social Cohesion in Turbulent Times

The current pandemic highlights the idea that trust and social cohesion are particularly salient in an increasingly connected and turbulent globalized world. As firms depend on and benefit from stable market conditions that minimize transaction costs and increase knowledge exchange the value of a more cohesive society has strategic implications. A reduction in resource availability, that was formerly provided through relationships and networks, increases the need for individuals and firms to spend money in order to obtain access, information, and achieve goals. This is evidenced through the observed phenomenon that as societies become wealthier they become increasingly individualistic and globalization allows that individualism to be exported, influencing a shift in traditionally collectivist societies. Wealth makes people less dependent on one another for the achievement of goals and the acquisition of resources. Resources that were traditionally obtained within the bounds of social relationships; like childcare, eldercare, meal preparation, household chores, etc., now have market-based alternatives (Putnam, 1993). The value obtained from social relationships or social capital is increasingly replaced by purchasing power moving resource

acquisition based on affective relationships to the realm of instrumental relationships. The sense of obligation to provide a resource based on a social tie is reduced when there is a market-based alternative that can seemingly provide the same resource with greater efficiency and convenience limiting the obligation to an agreed-upon price rather than generating a less concrete obligation. When influencing factors make people are less dependent on one another, social capital is diminished (Coleman,1990). Individuals have less incentive to maintain strong relationships based on reciprocity, obligation, and shared expectations when alternative means of support are available (Nahapiet & Ghoshal, 1998). However, the COVID-19 pandemic precipitated a sharp decline in individual wealth and the severing of access to services like transport, education, childcare, and restaurants. Society had new immediate and pressing needs for local information, access to protective supplies, obtaining necessities while maintaining quarantine, and a myriad of other concerns that could not be addressed by the market as new offers cannot be immediately implemented, existing offers were overwhelmed, and the breakdown of the workforce and supply chain eliminated much flexibility and innovation. People and societies with sufficient market capital but little social capital found themselves with a reduced capacity to meet their needs in a crisis. As quarantine confined people to their homes and neighborhoods, the time dimension of social capital becomes more apparent as people became more embedded in their communities. Individuals were no longer so deeply entrenched in the classical market-based transactions that are instantaneous and frictionless but relied on repeated actions and interactions with others to behave in a way that protected and supported the community, with reciprocity and trust as a newly significant form of currency.

The term social cohesion is often used interchangeably with trust. However, the idea of trust as a firm belief that the "results of somebody's intended action will be appropriate from our point of view" (Misztal, 1996: 9-10) has a singular focus on the individual and underemphasizes the importance of networked relationships, norms, and cultural differences. Social cohesion, on the other hand, is a concept that attempts to describe the strength of interdependence and reliability across an entire society, encompassing the relationships between individuals, groups, and institutions across cleavages of power, politics, race, gender, wealth, and other identifiers that differentiate people from one another. Therefore trust is more appropriately categorized as a feature of social cohesion. It is built on trust but is not trust alone—it is the ease with which people can transact, interact, associate, and see their fortunes as inextricably tied to the fortunes of others. Similarly, trust is not social capital but a consequence of the networks and norms that facilitate cooperation (Woolcock, 2001). Therefore, in an analysis of the relationship between Corporate Social Responsibility and social cohesion, the structure and norms of CSR initiatives must be examined in an institutional setting regarding firm goals, CSR goals, and an understanding of community priorities. The firm and its network of stakeholders become part of a "conscious collective" by connecting through CSR motivated activities and norms put forth by the firm. This community is a prerequisite for trust as people living in a society with a high level of social cohesion must have similarities both material and non-material. The non-material consists of "similar beliefs, morality, and feelings" or the "conscious collective." This is not simply a shared moral standard but a feature of increasing interdependence creating a new kind of "organic solidarity" (Larsen, 2014: 3-4).

Shared Value Theory as described by Porter and Kramer (2006) seems to build on Coleman's (1988) interpretation of Social Capital Theory as an expression of both economic and social motivations that describe action. The proposed revolutionary concept that makes Shared Value unique is the "win-win" situation, described by the authors, that provides value for business and society. This situation can only exist in what Coleman describes as actions shaped, constrained, and redirected by the social context. Finding value that makes sense for the business and the involved stakeholders, limits what actions have the possibility of being selected to only those that are perceived as desirable by all. As such, "social capital inheres in the relations between and among persons and is a productive asset facilitating some forms of social action while inhibiting others" (Nahapiet & Ghoshal, 1998; 245). It is in the identification of overlapping priorities and opportunities that a synergistic level of value is created producing not only economic value but trust, bonds, and reciprocity between the involved actors. Similarly, a network resource is unlocked when people cooperate whether it is increased information, assistance, or more efficient goal achievement (Putnam, 1993; Nahapiet & Ghoshal, 1998). Thus this research is pursuing theory building to discover if strategic CSR, grounded in Shared Value, and Social Capital Theory has the potential to generate a framework from which firms can promote and benefit from greater inclusion and reduced transaction costs of social cohesion.

## **Theoretical Framework**

CSR can be conceptualized as one vehicle through which for-profit enterprises can effect positive social impact. Activities that increase the likelihood of inclusion,

cooperation, social cohesion, and trust establish an essential basis for functional societies. Thus corporates can contribute to society and their own stability by increasing the level of social cohesion which fosters more opportunities for mutual understanding and facilitates cooperation.

In a globalizing world, challenges and opportunities occur on an unprecedented scale. Humanity requires inclusive inclinations to deal with enormous challenges like climate change, rampant resource inequality, global pandemics; and cooperation requires a certain level of community understanding and trust. Communal understanding and trust—at the level of society—can be defined as social cohesion. People living in a society with a high level of social cohesion have, “the belief held by citizens of a given nation-state that they share a moral community, which enables them to trust each other” (Larsen, 2014; 2). Similarly, an entity like a corporation would likewise have to share in that moral community to be trusted. When society judges that a business has the requisite recognition of the “moral community” they are considered a corporate citizen.

As an entity rather than a typical birthright citizen, a corporation’s citizenship can be formulated on this basis of the stakeholder principle as, “individuals who have a “real and effective link” (Shachar 2009, 165) to the political community, or a “permanent interest in membership” (Bauböck 2008, 35) (Leydet, 2017). This more recent definition of citizenship acknowledges a dimension beyond legal definitions recognizing one’s ability to succeed as dependent on the community, laws, and politics of a society. There is also the debate that defining citizenship based on national borders is obsolete in the face of globalization (Leydet, 2017). As such,

more general prescriptive measures of universal duty may be a more appropriate framework from which to view corporate citizens as they often transcend national borders. The Cambridge Dictionary includes such prescriptive definitions including, behaving the way others in the same region expect and carrying out the duties and responsibilities of a member of society. These definitions of citizenship coalesce well with the emerging expectations placed on corporations by modern society. It also firmly places the company as an entity with a network that promotes its own set of values and norms. Those norms and networks interact to create firm behavior and form a basis for CSR principles which translate into particular activities and outcomes.

This research is an effort to address “the need to discover whether motivating principles can be empirically linked to policy and program outcomes” (Wood, 1991; 711). This research does not focus on outcomes in terms of impact but rather implications for structure and program design. The investigation will be restricted to firm-level CSR functions and goals to analyze how they are manifested in a company’s corporate volunteering programs. This research will investigate if a correlation exists between strategic CSR theories (Shared Value reinforced by Stakeholder Theory and Corporate Social Responsiveness) and Social Capital Theory to gain a comprehensive perspective that relates firm-level CSR activities with the social goals purported by Corporate Volunteering (CV) activities. The analysis will examine activities that have the potential to support the social goal of social cohesion—whether or not the company explicitly lists this as a CSR or program goal—based on the CV program structure. I will use the assumption that programs which support bridging and linking social capital are more useful in the

construction of social cohesion, as a fundamental aspect of modern society is interaction with and trusting in persons we do not know (Larsen, 2014). In addition, I will assume that programs which foster stronger ties across the boundaries that bridging and linking networks represent also have greater potential to foster social cohesion. Empirically measuring if these meso-level activities have an observable impact on macro-level social cohesion and if the programs themselves indeed form strong bridging and linking micro-level relationships, is beyond the scope of this research. This investigation is rather interested in what kinds of expressed CSR create CV programs that have the structural potential to foster greater social cohesion. In order to maintain a consistent level of analysis, only firm-level and community level networks and norms will be analyzed with the understanding that these interactions are supported by micro-level relationships with macro-level implications.

---

## Strategic CSR and Legitimacy

This research considers strategic CSR as a meaningful activity that generates social and environmental impact tied to organizational goals. It cannot be cosmetic, purely philanthropic, exclude participation by company employees, and only consist of monetary contributions. Indeed, as the concept of Corporate Social Responsibility develops, the idea that all CSR is strategic emerges (Licandro, 2017). Legitimacy in the context of CSR is considered in terms of respecting the social contract between business and society and the “social license to operate.” The concept of the social contract between business and society was defined by the Committee for Economic Development developed in 1971 which stipulates that companies:

- 1. Provide jobs and economic growth through well-run businesses.*
- 2. Run the business fairly and honestly regarding employees and customers.*
- 3. Become more broadly involved in improving the conditions of the community and environment in which it operates.*

Social license to operate involves both an acknowledgment that society grants power and legitimacy to business as well as compels dialog with stakeholders to determine which areas of concern to address (Wood, 1991; Porter & Kramer, 2006). Within this dialog, a certain expectation of appropriate action is built between the company and its stakeholders. Stakeholders must be included and their input acted upon to build trust and reciprocity. The expectation in point three of the social contract is most relevant to the ethical assessment of CSR goals and activities but does not adequately acknowledge the strategic pressures of the firm.

Strategic CSR is not a framework in itself but a paradigm representing how firms can enhance their competitiveness and achieve organizational objectives while contributing to improved social and environmental conditions. Porter and Kramer (2006) refer to this as the “competitive context” in their framework for Shared Value Creation. This framework has garnered an enormous amount of attention in the field as it, on the one hand, creates a lens to distinguish legitimate CSR from simple philanthropy or cosmetic activities; and on the other, “it aligns social progress with corporate self-interest in a concrete and highly tangible way,” bringing the shared fate of business, society, and the environment into sharp focus (Crane, et al., 2014). Other evaluative concepts like the “Triple Bottom Line,” Environmental Social Governance, Sustainable Development Goals, the United Nations Global Compact,

and numerous others, also set benchmarks and suggest guidelines for responsible firm performance and activities. However, like much of traditional business ethics, they often highlight the opposition between profitability and responsibility asking businesses to sometimes compromise competitiveness for the greater good. This stems from the perception that when firms contribute to public goods, like social capital, they may only capture a small part of the benefits turning such an investment into a sacrifice for a profit-seeking entity (Coleman, 1988).

The issues surrounding the generation of standards for responsible firm behavior often neglect the competitive and institutional pressures placed on managers when making decisions. The idea that self-interest, which drives firm behavior, stands in opposition to ethical standards which are rooted in altruism, means if a firm does the right thing for self-interested reasons it can no longer be considered to be behaving ethically (Stark, 1993). This is the tension that Porter and Kramer (2006) address with their framework of Shared Value. In strengthening the ecosystem around the firm, the “competitive context” benefits both the firm and those within its sphere of influence. This generates the basis from which to build and evaluate the strategic nature of a firm’s CSR activities and removes the counterproductive construct that business and society stand in opposition to one another.

---

## Employing Shared Value

This research uses Porter and Kramer (2006) as a basis for the broad, multifaceted and historically rooted concept of strategic CSR as their formulation of the concept into Shared Value (SV) has captured the attention of academia and the business community alike. SV is defined as, “policies and operating practices that enhance

the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer 2011; 66). Recent conversations on effective and sustainable CSR regularly refer back to Porter and Kramer as the forefront of the discussion (Dembek, Singh, & Bhakoo, 2015). The concept was also well-timed as it came just before the Great Financial Crisis of 2007-8 and was subsequently refined in the 2011 article, “Creating Shared Value.” The crisis highlighted the urgent need for a new economic model as powerful entities operating without societal concern undermined the stability of the global economy. There was a profound lack of system-level understanding and societal accountability. Shared Value sought to refocus strategic decision making by highlighting the interconnected nature of business, environment, and society. Thus their concept of strategic CSR is an adequate place to anchor investigation and measurement of the concept. Though the elements that Porter and Kramer construct their Shared Value theory with are not unique in themselves, they were able to articulate a legitimate form of strategic CSR into a clear succinct concept which began to harmonize the diverse facets of stakeholder theory, conscious consumerism, legitimacy, human-centered capitalism, social innovation, integrative social contract theory, the “embeddedness” of corporations in the wider social and environmental ecosystems, value-chain innovation, inclusive business models, and the “political” role of the firm (Crane, et. al., 2014; Willams & Hays, 2013).

Shared Value often references stakeholders but the framework does not explicitly quantify their importance with an indicator. Rather, Porter and Kramer look at SV from the perspective of Porter’s extensive work on competitive advantage

identifying “what to do” rather than who should be involved. This is evidenced by the nature of their indicators which include: sustainable business inputs, (e.g. access to human resources or infrastructure), improved governance of competition (e.g. incentives or rules related to protecting intellectual capital or beneficial labor regulations), increasing demand potential (e.g. product quality or safety, and ensuring supply conditions (e.g. supporting key inputs and services) (Porter and Kramer, 2006; Caulfield, 2013). As such, much of what Porter and Kramer hold up as examples of Shared Value in the 2011 follow-up to their 2006 article are business practices that highlight efficiency gains with concurrent social and environmental gains. The sustainability of SV as a strategic practice thus did not hold up well in the face of a global crisis (Lauesen, 2013) as stakeholder inclusion is a necessary ingredient for strategic management in turbulent times (Freeman & Reed, 1983). Carroll (1991) also argued that the business case for CSR must crucially involve stakeholders, “Only when firms are able to pursue CSR activities with the support of their stakeholders can there be a market for virtue and a business case for CSR” (Carroll & Shabana, 2010, p. 102) (Lauesen, 2013).

Caulfield (2013) draws on Porter and Kramer’s Creating Shared Value framework to develop indicators for an “ideal-type” strategic CSR distilling goals/ideals into concrete practices (**Figure 1**). Though it has been argued that “balance-orientation” business management practices like Shared Value are not sustainable in the long term because of multiple competing goal orientations (Pirson, 2012), in practice the framework does not have to be employed this way. Shared Value is about identifying the most profitable course of action and then identifying which associated activities would bring the most social or environmental benefit.



**FIGURE 1: CHARACTERISTICS OF THE IDEAL-TYPE STRATEGIC CSR. FROM “THE EVOLUTION OF STRATEGIC CORPORATE SOCIAL RESPONSIBILITY” BY CAULFIELD, A. (2013), *EUROMED JOURNAL OF BUSINESS*, VOL. 8 ISS 3 PP. 220 - 242**

Conversely, the firm could also identify the most socially or environmentally beneficial course of action and then identify the activities that would also engender profit. It is not a dual mandate but innovation in managerial decision making that identifies opportunities to pursue value both economic and social. Though with any single decision the primacy of one type of value may be expressed over the other, it is in the aggregate of decisions that support both types of value that make Strategic CSR successful. The idea is to direct and encourage managers to reframe decision making in terms of pursuing optimal harmony between both even if it is not always achievable (Pirson, 2012).

The stakeholder dimension is implied but not explicitly disaggregated in the resulting CSR indicators. SV differentiates between strategic CSR and responsive CSR claiming that an overabundance of attention to the preferences of stakeholders is an unsustainable waste of company resources. SV acknowledges the importance of stakeholders as a starting point but does not define the Influence or role they

should play (Porter & Kramer, 2006). Corporate Social Responsiveness and Stakeholder Theory more explicitly define the role of stakeholders and their strategic importance. The “competitive context” that Porter and Kramer promote relies heavily on an understanding of stakeholders and their needs to tailor interventions that fit both community needs and firm core competencies. This is the way Shared Value tries to define a self-reinforcing feedback loop from the competitive context and the firm activities. However, both the “inside out” and “outside in” mapping of social opportunities involve knowledge that can only be obtained through engagement with stakeholders. This is particularly true in the case of “local cluster development” where SV recommends essentially determining the local supply and demand conditions to both increase competitive advantage and design CSR interventions that will have a significant impact. Shared Value alone is then inadequate to describe the conditions under which firms can maximize their social impact.

---

## The Stakeholder Dimension

The prevalence of “materiality analysis” being employed by numerous companies to influence their strategic management highlights the recognition of stakeholder priorities in corporate decision making. The Global Reporting Initiative (GRI) is a global non-profit network that creates recognized sustainability reporting guidelines that many companies use to standardize their CSR and sustainability reporting. GRI considers two dimensions when determining materiality in sustainability reporting; the significance of economic, environmental, & social impacts and the influence on stakeholder assessments & decisions (GRI, 2018). The influence and impact of stakeholders is a key feature of strategic CSR as it differentiates responsible firms

or corporate citizens from typical firms that adopt shareholders as the only entity to which responsibility was owed and thus the driver of decision making (Friedman, 1970). To create a meaningful and more comprehensive set of indicators for strategic CSR evaluation the stakeholder dimension must be included.

Post financial crisis conceptions of CSR included “Conscious Capitalism” which emphasized the primacy of Stakeholder Theory and ethical inclusive business practices (Lauesen, 2013). Freeman and Reed (1983) created the stakeholder centric perspective from which to base managerial decision making that refuted the primacy of stockholder interests and instead argued for the interests of stakeholders to create a sustainable business in the modern market. They use the term “stakeholder,” as coined by the Stanford Research institute in 1963 as a starting point for, “those groups without whose support, an organization would cease to exist” (Freeman & Reed, 1983; 89). The authors then delineate between stakeholders in a narrow sense—persons essential to a firm’s survival (customers, employees, suppliers, etc.)—and a wide sense—persons who can affect or are affected by the achievement of a firm’s goals. They contest that the wide sense is the strategic position for companies to occupy since strategy in essence is the plan to achieve firm objectives. Even in the definition of stakeholder, the prioritization of a group’s strategic importance is evident. Thus Porter and Kramer are incorrect to characterize stakeholders as “pressure groups” when making the distinction between strategic and responsive CSR (Porter & Kramer, 2006; 4). Stakeholders can certainly use their influence to impact company decision making but not all groups that attempt to apply pressure are stakeholders exactly because the group may have no strategic value. Being responsive doesn’t mean a company has to respond

to everything, but must be aware of the impacts surrounding its operations and consciously select those that are pertinent to respond to.

Freeman and Reed make the argument that greater inclusion of a diversity of stakeholders gained prominence and is necessary during “turbulent times;” the increased complexity of the modern business environment, and the greater concern over the social impacts of business (Freeman & Reed, 1983; 90). Freeman and Reed describe the features of stakeholders and their strategic relevance but are quick to point out, similar to Porter and Kramer (2006), that businesses must carefully consider which governance structures or activities to adopt as each firm creates and exists in its own unique ecosystem with different objectives and networks shaping its behavior and outcomes. A greater understanding of the power of internal and external stakeholders and the dynamics in their networks can give a more complete picture of how the firm behaves and how it will respond to changes. Nevertheless, the authors offer four guidelines for greater stakeholder inclusion (Figure 2).

- **Generalize the marketing approach: understand the needs of each stakeholder, in a similar fashion to understanding customer needs, and design products, services, and programs to fulfill those needs.**
- **Establish negotiation processes: understand the political nature of a number of stakeholders, and the applicability of concepts and techniques of political science, such as coalition analysis, conflict management, and the use and abuse of unilateral action.**
- **Establish a decision philosophy that is oriented towards seizing the initiative rather than reacting to events as they occur.**
- **Allocate organizational resources based on the degree of importance of the environmental turbulence (the stakeholders' claims).**

**FIGURE 2: PRESCRIPTIVE PROPOSITIONS FOR STAKEHOLDER MANAGEMENT. FROM “STOCKHOLDERS AND STAKEHOLDERS: A NEW PERSPECTIVE ON CORPORATE GOVERNANCE” BY FREEMAN, R. E., & REED, D. L. (1983), CALIFORNIA MANAGEMENT REVIEW, 25(3), 88-106.**

---

## Norm Generation through Corporate Social Performance

A deeper examination of strategic firm behavior comes from the norm generation of Corporate Social Performance (CSP). CSP, first developed at the Harvard Business School in 1970, was a way for businesses to pragmatically assess the impact of their organization on social issues effectively examining the impact of Corporate Social Responsibility and Stakeholder Theory (Moir, 2001; Freeman & Reed, 1983). Wood (1991) built on Wartick and Cochran's (1985) definition of Corporate Social Performance to develop a model for CSP assessment that was reconcilable to CSP and business performance. The definition included, "motivating principles, behavioral processes, and observable outcomes of corporate and managerial actions relating to the firm's relationships with its external environment" (Wood, 1991: 693). Wood further defined the underlying concepts in each of these domains to align the conceptual framework of CSP with existing literature, ground the study of business and society's development, and provide a better basis for researching CSP. **Figure 3** outlines her proposed framework.

### **The Corporate Social Performance Model**

---

<b>Principles of corporate social responsibility</b>
Institutional principle: legitimacy
Organizational principle: public responsibility
Individual principle: managerial discretion
<b>Processes of corporate social responsiveness</b>
Environmental assessment
Stakeholder management
Issues management
<b>Outcomes of corporate behavior</b>
Social impacts
Social programs
Social policies

---

**FIGURE 3: CORPORATE SOCIAL PERFORMANCE MODEL. REPRINTED FROM "CORPORATE SOCIAL PERFORMANCE REVISITED" BY WOOD, D. J. (1991), *THE ACADEMY OF MANAGEMENT REVIEW*, 16(4), 691-718.**

This framework generates its own set of indicators to measure Corporate Social Performance including how strongly CSR principles influence company behavior, establishing channels for the company to receive and respond to social concerns, the existence of formalized policies that manage the firm's relationship to society, and the social impact of a firm's activities (Wood, 1991). CSP takes into account more specific actions related to managing the stakeholder dimension of CSR while also considering how company activities and values influence the choice of initiative.

CSP has several conceptual overlaps with Shared Value. First, both contain the foundational idea that the interwoven nature of business and society creates a basis for socially and economically beneficial governance. Wood defines CSR in much the same way as Porter and Kramer (2006) stating that, "business and society are interwoven rather than distinct entities (Wood, 1991; 695). She however emphasizes that this engenders society's scrutiny of business rather than the mutual dependence of Shared Value. Yet, in terms of legitimacy and stakeholder engagement to address society's concerns, this scrutiny encourages external firm engagement that is potentially beneficial to both the community and society. CSP could then be considered as the principles that drive SV's "competitive context" as it details the firm's responsibilities at multiple levels to improve that context and thus make the firm itself more sustainable and legitimate. Furthermore, it highlights stakeholder management as a responsive process that stems from a firm's corporate social responsibility (Wood, 1991). Finally, CSP is concerned with impact measurement, an area that Porter and Kramer (2006) state is woefully lacking from most CSR reporting and accounting.

A pillar of the Shared Value strategic CSR is building local clusters to leverage community knowledge and resources. This phenomenon could be more deeply understood through applying Social Capital Theory which describes how different types of social ties provide network benefits like knowledge and resources to those involved. Through the use of Corporate Volunteering as a vehicle firms could build local social capital and gain more information about the needs and resources embedded in their local clusters. This information provides a deeper understating of which firm competences could be leveraged for community and firm development as well as what risks and opportunities could manifest among stakeholders. The social dimension of the “competitive context” could also be better framed using the language of social capital. As such, this research uses Corporate Volunteering as a vehicle with which to analyze strategic CSR inclusive of stakeholder network effects through the lens of social capital. Corporate Volunteering is a highly social manifestation of a firm’s CSR commitment with one of the greatest probabilities to contribute to building social cohesion. This allows one to delve deeper into the social dimension of Porter and Kramer’s Shared Value framework which can benefit from an application of Social Capital Theory to understand under what conditions the “competitive context” is leveraged to the “organizational advantage” of Nahapiet & Ghoshal (1998).

---

## Social Capital

Social Capital Theory is a broad and multifaceted paradigm plagued by everything from misuse and over-attribution to vulgar scholarship. As such, this research will specify as exacting an interpretation of social capital as possible for analysis

purposes while being cognizant of the multiple levels, sources, expressions, and forms in which the concept is said to exist. This analysis uses the conceptual framework of James Coleman (1986, 1988, 1990) as the basis for defining social capital while turning to the work of Robert Putnam (1993, 2000, 2001) as the desirable outcome of social capital accumulation. Of the three major contemporary authors on social capital, Robert Putnam, James Coleman, and Pierre Bourdieu, I will primarily focus on the interpretation put forth by Coleman first in his 1988 article, *Social Capital in the Creation of Human Capital*:

*Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors—whether persons or corporate actors—within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible (Coleman, 1988; 98).*

Coleman sought to create an interdisciplinary space where sociology and economics intersected to explain the value embedded in relationships and networks. This interaction is an appropriate level of analysis to bridge the concepts that shape CSR and social cohesion as the inclusion of stakeholders could facilitate a broader norm of societal inclusivity while providing diversified resources to the network. Though Putnam's conception of social capital as the "amount of trust" in a society on an aggregate level fits well with an investigation of social cohesion, it suffers from circularity and is difficult to determine if social capital comes from trust or trust comes from an abundance of social capital (Claridge, 2020).

*Social capital is not a substitute for effective public policy but rather a prerequisite for it and, in part, a consequence of it (Putnam, 1993; 10). In many of my examples, one could reverse the arrow of the effects of social capital, and tell a story where the arrow runs to social capital instead of from social capital (Putnam, 2001; 14).*

Thus it is difficult to apply as a research framework. The social capital literature also suffers from a similar issue as business ethics where altruism and capital accumulation are at ethical and therefore conceptual odds (Hofferth, et al., 1999). However, the idea that resources can be built and utilized through one's relationships and network connections makes intuitive sense and is supported by the literature (Bourdieu, 1986; Coleman, 1986; Putnam, 1993; Nahapiet & Ghoshal, 1998).

The level of analysis and typography of the social capital under examination will draw on the works of Nahapiet and Ghoshal (1998); Moran and Ghoshal (1996) and Lin (2008); to describe structural social capital within the firm. Structural social capital refers to the properties of the social network and the patterns of relationships within the system based on an individual's position relative to others and the network as a whole. It is an aggregation of who is connected to whom and how those relationships are utilized over time (Nahapiet & Ghoshal, 1998; Lin, 2008). This helps identify opportunities within the firm to capitalize on the resources embedded in social networks like reduced transaction costs, new forms of cooperation that lead to innovation, the efficiency of information diffusion, diversity of resources, and bonding within a group (Putnam, 1993; Moran & Ghoshal, 1996; Nahapiet & Ghoshal, 1998; Lin, 2008). Finally, Woolcock (1991) is referenced to

discriminate the type of relationship analyzed through the concept of bonding, bridging and linking. Bonding refers to ties with very close associations (family and close friends) while bridging describes ties across demographic divisions and access to resources outside of one's close network (Woolcock, 1991; Onyx, Edwards, & Bullen, 2007). As such, bridging ties are important for personal, community, and organizational development (Onyx, Edwards, & Bullen, 2007). The third type of ties, which are often considered a subset of bridging, are linking ties. These ties utilize vertical networks as relationships are made between actors with different levels of power and resources (Woolcock, 1991; Onyx, Edwards, & Bullen, 2007).

This qualitative study is an attempt to use the intellectual stream of sociological action as described by sociologists, viewing the actor as socialized and whose behavior is shaped by norms, rules, and obligations while acknowledging the economist perspective of utility seeking on the part of individual and corporate actors as described by Coleman (1988). The internal culture of a firm can be influenced in such a way that norms generated by CSR activities encourage pro-social behaviors and participation in socially beneficial activities, like voluntary service, which in turn produce and reinforce the goals of CSR. This participation can have benefits for the firm, employee, the impacted community, and ultimately the wider society.

This research addresses what role CSR has to play in building a stronger society through contributions to social cohesion. At times, the scholarship refers to social cohesion, social capital, and trust interchangeably leading to confusion. I will use

specific aspects of Social Capital Theory to focus the analysis and be more explicit in terms of application. Firstly, in consideration of what defines social capital, I will analyze social capital in terms of what it is—relationship networks and norms that contain value—rather than what it does—produce trust, social cohesion, collective action, etc. (Ramos-Pinto, 2006). This research assumes that social capital contributes to social cohesion goals but does not measure impact directly. Instead, the investigation looks to establish a correlation between strategic stakeholder-focused CSR and the types of social bonds attributed to Corporate Volunteering (CV) programs. Corporate Volunteering is assumed to be an expression of a firm's CSR values and objectives (Licandro, 2017). CV establishes different kinds of relationships within and outside of the firm and the structure of the CV activity largely determines what types of bonds those relationships will form. The most prevalent form of CV originates from a company's HR department and is primarily employed to increase employee retention, skills, teamwork, and satisfaction (Jacob, 2012; Muthuri, Matten, & Moon, 2009). A second form employs CV as a public relations vehicle promoting the company's image as an active corporate citizen to meet the expectations of customers, potential employees, and other external stakeholders (Plewa, Conduit, Quester, & Johnson, 2014; Arvidson, Lyon, Mckay, & Moro, 2013; Raithel, Wilczynski, Schloderer, & Schwaiger, 2010). The third form uses CV to strategic advantage recognizing that CV allows for increased community embedding from which to contribute, draw knowledge, identify risks and opportunities, and build value within a community (Herzig, 2006; Moir, 2001; Licandro, 2017). This form is more externally focused than the first two and leads to the investigation of strategic motivations as the possible impetus for building social capital between the firm and external stakeholders within the community.

Because I will examine the firm generated structure of CV programs and how they may be influenced by firm-level norms this research is a meso-level analysis of social capital. An analysis of norms and networks at the group or firm-level is considered meso-level and an understanding of social capital within one level of analysis helps develop a theory that could then be applied at other levels (Ramos-Pinto, 2006). This analysis is cognizant of the micro-level relationships upon which social capital is built and expressed. The individual relationships between employees and between employees, external stakeholders, and community members constitute the networks and norms observed at the meso-level. Macro-level norms also have an impact on which meso-level norms are utilized and expressed. There is a complex interaction between all levels that have an impact on social capital but the distinction allows for analytical convenience and comparability.

Nahapiet and Ghoshal (1998) define the dimensions of social capital as structural, cognitive, and relational. Their framework is the most widely accepted and employed in the literature as a way to understand how social capital is manifested. These dimensions help firms and scholars understand in what ways social capital contributes to the formation of intellectual capital, which leads to organizational advantage. Their research is also a meso-level firm analysis as they argue organizations are uniquely endowed with the ability to build social capital in all three dimensions. This research will focus on analyzing the structural dimension understanding that from the structure of social capital the cognitive and relational aspects are built. Structural social capital comes in the form of collectively

embedded resources, properties, and networks within the organization (Nahapiet and Ghoshal, 1998; 244; Lin, 2008; 4). This collective then can be utilized to exchange and build relationships with other networks and organizations. The structure of networks is easier to observe than the exact intensity and resources derived from those networks as social capital has both tangible and intangible influence and individuals may not even be aware of the social capital they are accessing as it occurs within the framework of normal interactions (Lin, 2008). The structural dimension also focuses on accessed social capital—the sum total of resources available within a network—rather than mobilized social capital; resources employed for a specific purpose. Accessed social capital addresses the capacity of one's network for containing or producing value that can be drawn upon when needed. Different structures generate a variety of ties to a diversity of actors allowing different resources to be mobilized. It is in the structural configuration as well as the actors embedded that provide the kinds of resources available. It is expected that, “the richer or greater the capacity, the better the return” (Lin, 2008; 5).

The richness of the network depends on member characteristics but also the density of ties. Density is characterized by the recognition among members of the network and the frequency of their interactions. A network that fosters relationships between individuals in multiple contexts, like those found in a firm with active stakeholder inclusion or a firm with active community participation, benefits from “multiplex relationships” which allows the resources of one relationship to be applied to other shared relationships (Coleman, 1988). A firm with multiple points of community contact, as an employer, supplier, stakeholder, etc. can further enhance

the multiplex by engaging in Corporate Volunteering. This concept is similar to the “repeated games” of Game Theory as mentioned by Putnam, where cooperation among players is greatly enhanced by repeated engagement. Putnam notes that networks of civic engagement provide an opportunity for repeat interaction thus facilitating communication and providing information about trustworthiness (Putnam, 1993). This trustworthiness on an organizational level can be considered legitimacy and a legitimate corporate citizen can be seen as a part of the moral community or conscious collective.

This brings the analysis to focus on particular types of ties that build useful social capital for the firm between the firm and its external stakeholders to reach organizational goals and promote legitimacy. Of the three types of social capital ties — bonding, bridging and linking— Corporate Volunteering has the potential to mobilize all three. However, the types of ties most interesting to a discussion of social cohesion are bridging and linking. Linking and bridging social capital form the foundations for individuals and networks to access resources beyond their immediate networks facilitating the entrance of more diverse resources and ideas into a system. Activities that promote linking social capital bridge divides in power giving those with more resource-meager networks access to those that have more potential to help them “get ahead” (Woolcock, 2001). However, the exchange is not only one-sided. Those positions of greater power also gain access to the information and perspectives of marginalized groups, groups that are typically very difficult to access and reluctant to share information with outsiders. Corporate Volunteering serves as a vehicle for this type of information and resource exchange. It entails a relationship that is important for the development of poor communities,

"forging alliances with sympathetic individuals in positions of power" (Woolcock, 2001; 11). The connections made under a Corporate Volunteering program provide new resources to both parties. The beneficiary receives connections that may help support professional growth while the volunteer, as a representative of the firm, receives information at the community level that could impact organizational goals in terms of stakeholder relationships, new markets, risk assessment, and legitimacy. Bridging relationships across a power divide have important implications for increased social cohesion, as it breaks the typical patterns of bonding association among similar members (including racial, religious, economic, and political groupings) that often lead to fractionalization (Granovetter, 1973).

CSR programs are also manifestations of bridging social capital as the firm formally extends the sphere of influence over its operations to external stakeholders as they have significant leverage on the achievement of firm goals (Freeman & Reed, 1983). By including diverse groups in the assessment of organizational goals, the firm gains more information on the market environment in which they operate and forges bonds that could be employed for future use. Active CSR is often identified in firms by the level of stakeholder analysis (Moir, 2001). Therefore activities that include and cultivate stakeholder relationships have acknowledged importance amongst practitioners.

Partnerships formed through Corporate Volunteering offer an opportunity to expand the network of a firm to assess its impact on organizational goals. Regular engagement with a new community allows the firm to assess needs, available resources and information, the existing network of the population, and beneficial exchange potential. The firm can then determine, based on organizational goals, if

the group accessed through Corporate Volunteering is appropriate for inclusion as a more formal stakeholder. In this way, the firm can strategically assess the importance of a group (allowing for some network openness) and bring the group in if it is determined to be salient, making this population an insider and part of network closure (Coleman, 1988). Maintaining a degree of network closure in firm networks is important for three reasons. First, the firm can take advantage of developing shared norms within a closed system that governs the relationships and behavior among members (Ramos-Pinto, 2006; Coleman, 1988; Nahapiet & Ghoshal, 1998). This facilitates a balancing of interests and highlights the most salient issues that pervade among stakeholder groups. Second, the firm can take advantage of the facilitation of exchanges between stakeholders and the firm, potentially capturing value and rents in the process (Moran & Ghoshal, 1996). Finally, a carefully constructed network of stakeholders avoids the overly responsive drain on firm resources that is of great concern for Porter and Kramer (2006).

Firms can create and influence the structure of networks stemming from their institutional capacity and resources. Seeing the firm as a social entity that more efficiently creates and transfers knowledge moves firm behavior from the realm of value appropriation to that of value creation (Nahapiet & Ghoshal, 1998). This explicitly identifies one way in which firms create Shared Value acting as a part of society rather than feeding off of it, an important conceptual orientation for decision making. This can also contribute to organizational advantage as it is deeply embedded in the social interactions in which firm actors participate. Nahapiet & Ghoshal (1998) use the term “intellectual capital” to identify the beneficial resources —knowledge and knowledge capacity of a collective—obtained from activities that

promote and benefit from the generation of social capital. In purposefully creating networks that include and seek out stakeholders, the firm serves as a nexus of exchange that can benefit the organization, community, and wider society. Programs like Corporate Volunteering can be constructed to build social capital across societal divides, generate norms, and create ties that in all likelihood would not have existed without the program. Thus the structural dimension of the volunteering initiatives leads to cognitive understanding and affective relationships. This helps build on the “shared moral community” that generates trust (Larsen, 2014) and the identification of “common interests” necessary for cooperation (Bogdanor, 1987). The firm and its stakeholders can then make collective decisions that increase the overall amount of value generated while building relationships that contain resources to be drawn on for future use, the “capital” of social capital or rather “communal resources” like opportunities to develop, security, freedom of expression, and support (Inkeles, 2000). Social cohesion fits into this category of communal resources that can enhance the competitive context of Shared Value. Broad social cohesion and high levels of trust across a society can reduce transaction costs, opportunism, and monitoring costs (Putnam, 1993; Nahapiet & Ghoshal, 1998) and barriers to information while increasing the sharing of information, resources and the generation of more opportunities for collaboration.

---

## Corporate Volunteering

For this analysis, I will be using the term “Corporate Volunteering” (CV) to describe firm supported activities that allow employees to contribute their time to social welfare. The modifier “corporate” instead of “employee” directs the focus of

analysis to firm-level (meso) activities that originate from collective internal decision making (Herzig, 2006; Licandro, 2017). At the meso-level, the firm's CV and CSR interact with communities, organizations, and stakeholder groups to carry out goals and objectives. This ties volunteering activities under analysis to firm priorities rather than individual priorities in order to center attention on strategic motivations for Corporate Volunteering. Porter and Kramer (2002) argue that activities under the umbrella of strategic philanthropy, like Corporate Volunteering, can contribute significantly to strengthening the "competitive context" but are often underutilized. Of course, as Corporate Volunteering is carried out by individual employees, the micro-foundations of interpersonal motivation, values, and relationships play a significant role in the execution of CV programs. The linkages between individuals from disparate backgrounds allow for bridging between groups that foster perspective-taking (Nahapiet & Ghoshal, 1998). The ability to see the world from the perspective of a person outside of one's bonded social group can be a precursor to the larger concept of social cohesion. Thus a meso-level analysis attempts to bridge the effects of micro-level interactions, supported by meso-level initiatives, that lead to macro-level effects.

The value of Corporate Volunteering has largely been analyzed in terms of internal CSR covering topics like human resource management and company culture (Licandro, 2017). CV has largely been seen as a Human Resources tool building bonds between employees and between the employees and the company. This research uses the acknowledgment of CV as an internal social capital building tool to examine its dynamics in external impact and stakeholder engagement. The backdrop of the COVID-19 crisis is a salient opportunity to examine if there is

empirical evidence for Freeman and Reed's assertion that stakeholder engagement and responsiveness is needed in turbulent times (Freeman & Reed, 1983) and that in the aftermath of crisis strategic CSR enhances legitimacy through trust and reliability that leads to financial stability (Lauesen, 2013). Though the nature of the COVID-19 crisis—and the more recent Global Financial Crisis—are significantly different than the social and political threats that Freeman and Reed (1983) had in mind when describing the strategic necessity of stakeholder involvement, they are nevertheless extreme cases of turbulence when business and society are strained at nearly unprecedented levels. Finding empirical support for the proposed hypothesis that CV programs with strong bridging ties have built enough social capital to withstand such an external shock would demonstrate the strength of both Social Capital Theory and the social as well as the strategic value of CV programs.

Corporate Volunteering links and bridges divides between those that work within a firm and beneficiary groups that the firm has identified as significant to social and, at times, strategic goals. The building of a relationship between the organization and beneficiaries generates social capital; the strength of which is reflected in the nature of the CV activity. CV can therefore be positioned as a tool by which firms can build their social capital through repeated interactions with diverse stakeholders. The firm can directly benefit from the commodification of social capital in the form of intellectual capital. Intellectual capital is a resource characterized by knowledge and knowing that a firm can explicitly cultivate and is also produced by the tacit interactions among network members. Knowledge is built through engagement with the world which, “acknowledges the significance of socially and contextually embedded forms of knowledge and knowing as a source of value differing from the

simple aggregation of the knowledge of a set of individuals” (Nahapiet & Ghoshal, 1998). Thus it is within the sustained combination and exchange of knowledge between individuals that this resource is cultivated. This is of particular importance when discussing the conscious inclusion of stakeholders through Corporate Volunteering activity identification because, “both types of knowledge creation involve making new combinations— incrementally or radically—either by combining elements previously unconnected or by developing novel ways of combining elements previously associated” (Nahapiet & Ghoshal, 1998). A firm can consciously seek out new opportunities for knowledge creation, which can lead to competitive advantage, through Corporate Volunteering that facilitates sustained exchange with stakeholders that have a significantly different knowledge base, network, and experience as the firm.

The proximity of the stakeholders to the firm and its operations are also a strategic determinant as developing “local clusters” has a greater impact on firm and community value as illustrated by the Shared Value framework (Porter & Kramer 2006; 2011). In order to facilitate and make use of the information gained from social exchange a common knowledge base or context is necessary (Nahapiet & Ghoshal, 1998). The local community context shared by the firm, its stakeholders and beneficiaries of Corporate Volunteering programs facilitates the exchange and combination of social capital resources. It allows for greater perspective making and perspective taking activities that build a richer knowledge base from which all participants can benefit (Boland & Tenkasi, 1995).

The chance to build social capital through Corporate Volunteering demonstrates the, “two-way interaction between trust and cooperation: trust lubricates cooperation, and cooperation itself breeds trust (Nahapiet & Ghoshal, 1998). CV can generate joint action from the outset as an explicitly cooperative activity that is designed to build trust along with the intervention's specified social impact goals. This trust building can be moved from a tacit by-product of an initiative to a central goal placing emphasis on social cohesion as a firm and community advantage. This allows both the firm and the community to gain from the tight reciprocal relationship between civic engagement and trust benefitting from the firm's infusion of participation as, “the connection is stronger from participation to interpersonal trust, rather than the reverse” (Bjørnskov & Svendsen, 2003; 11). CV operates as a conduit through which firms can demonstrate their position as a good corporate citizen leading to favorable perceptions of the firm by communities and consumers. The increased adoption of CV programs by firms ahead of empirical evidence supports the assumption that the activity is perceived as highly beneficial (Plewa et al., 2014). This perception leads to increased legitimacy as it avoids the disingenuous nature of cause-related marketing and other non-strategic corporate philanthropy (Porter & Kramer, 2002).

Corporate Volunteering links directly to social cohesion as volunteering is a component of pro-social behavior which is an indicator of social cohesion. The OECD asserts that, “social cohesion is more positively evident in the extent to which people participate in their communities” (OECD, 2011). The OECD is careful to point out that social capital is only a part of social cohesion but it too contains civic engagement as an indicator among with personal relationships, social network

support, and trust and cooperative norms (Cloete, 2014). Volunteering is a well recognized component in enhancing social cohesion as in 2008 the European Parliament resolution on the role of volunteering in contributing to economic and social cohesion stated it promotes inclusion and integration in communities as demonstrated by countries including Germany (GHK, 2010). It follows that in the building of social capital through Corporate Volunteering, companies contribute to greater social cohesion. In this respect, this research will analyze to what extent the structure and strategic motivations of a firm's CSR influence the same in their Corporate Volunteering programs to see which combination supports activities that have greater social cohesion potential.

## **Methodology**

This study will focus on firms with a substantial presence in Germany. The country is an important location to consider the role and impact of firms on social cohesion for several reasons. Germany has significant challenges in regards to creating a cohesive society after the devastating impacts of WWII and partitioning of the country, but it has nonetheless put considerable resources towards the effort. Since reunification in 1990, Germany has expended nearly two trillion Euros to bring the living standards of the former East to the levels found in the West (Greive, 2014). The country also took a stand during the 2015 refugee crisis suspending the "Dublin Rules" allowing Syrian refugees to claim asylum in countries beyond the point of entry, relieving the strain on weaker EU countries, and opening Germany as a humanitarian refuge (Dernbach, 2015). Germany, in partnership with France, drives much of the EU's economic power. These countries support weaker economies in the effort to keep the bloc unified like the unprecedented bailout of Greece after the

2008 financial crisis and the recent plan to allow the European Commission to borrow 500 billion Euros of common debt to support the regions and industries hardest hit but the COVID-19 pandemic (Chalmers, 2020). The European Solidarity tracker shows Germany leading in solidarity support during the pandemic completing 61 actions over the period of March 4 - June 18, 2020, as compared to the second most actions completed by France over the same period at 35 (European Solidarity Tracker, 2020). Though Germany is often seen as reluctant to take a firm leadership role in the EU the country's actions show a concern for solidarity both EU and human.

Germany is also a highly developed industrial economy with its top 5 companies possessing a combined annual revenue of 771.5 billion Euros in 2017 (Webster, 2019). The corporate sector controls significant resources and market power to influence societal outcomes. Beyond the social support provided by economic activity, firms can contribute to the development of society through corporate citizenship and activities that contribute to general welfare. Corporate Volunteering offers a direct and tangible way for a company to become more embedded in the community, build resource networks, and demonstrate pro-social behavior to and among its stakeholders. As a CSR activity, CV serves as a good proxy to measure overall CSR commitment as the program's reduction or elimination in a time of crisis, arguably when it is needed most, puts CSR squarely in the "nice to have" but not essential business commitments. Therefore we can gauge the overall level of CSR commitment by analyzing the continuation of corporate volunteering activities during or immediately following a crisis. This is not a simple continuation of activities on the part of the firm, as many existing activities become difficult or

impossible due to quarantine or social distancing restrictions, but a commitment to support the community regardless of shifting needs and/or barriers. This is a demonstration of corporate citizenship, a commitment to contribute to the wellbeing of one's community even when it becomes difficult. It is possible that many companies would choose to shift the method in which they support the community during a pandemic such as monetary contributions over volunteering, however, I argue that this is more difficult and also a form of retrenchment as donated funds may be significantly less and less useful than support through employee time.

Germany has a more underdeveloped volunteering culture than other advanced nations but was making strides towards more formalization and development of the sector (GKH, 2010). Nevertheless, Germany has seen a slight increase in the number of volunteers over the last 30 years but much of that can be attributed to the significant increase in volunteers over age 50 who do not suffer as much from wage stagnation and job insecurity as younger workers (GHK, 2010). As the sector was already in a state of development it would be interesting to see how the COVID-19 pandemic affects this development. Studies have shown that Corporate Volunteering was a priority for the companies interviewed and evidenced by yearly increases in the number of volunteering hours (Herzig, 2006; UPJ, 2018). The companies interviewed also indicated that their main motivation for the programs (94.4%) was "contribution to solving social problems" and companies were planning on increasing internally managed projects in which employees could participate (UPJ, 2018).

Large companies in Germany that have strong established Corporate Volunteering programs are a particularly good focus for studying a firm's commitment to solving social problems in light of the COVID-19 pandemic. Firstly, German companies have an established stated goal of tackling social problems as their main focus of CSR activities. Germany is also experiencing a breakdown in social cohesion as the country has become increasingly segregated over the last 40 years (Gardels, 2018). Focusing on larger companies with similar levels of Corporate Volunteering increases comparability and the likelihood that these firms can better absorb the economic shocks resulting from the pandemic and thus are the most likely to have significant resources to put towards activities it defines as ethically and strategically important. Ideally, this would highlight significant retrenchment as a strategic choice rather than essential for the company's survival. As such, this research attempts to answer the question:

*What effects has the COVID-19 pandemic had on firm commitment to corporate volunteering in Germany?*

- This is an important investigation as, in theory, Corporate Volunteering supports social cohesion which leads to a stronger possibility for cooperation to deal with current and future crises.

I believe this research can help shed light on essential questions. Will companies use this time as an opportunity to deal with systemic problems and the increase in societal need or will the external and internal pressures result in retrenchment?

Under what conditions will companies be willing or able to continue Corporate Volunteering? How firm is a company's commitment to corporate citizenship in a crisis when the world arguably needs support the most?

There is a strong argument to be made that Corporate Volunteering is even more essential during a pandemic. It is a highly visible form of Corporate Social Responsibility and generally focused on needs at the community/interpersonal level, precisely where the virus has caused a breakdown. Communities in crisis need support services and connections with others, even to accomplish simple tasks, in order to continue lifesaving quarantine measures. It is also conceivable that companies will acknowledge the crisis as a platform for increased scrutiny of their corporate citizenship or “social license to operate.” It is a simple and direct question that consumers, governments, communities, potential employees, and society to ask, “what did your company do during the crisis?” Companies will be judged based on their response to the pandemic. For any company surviving the crisis intact, inaction or subpar action could result in a significant loss of market share and a revocation of the “social license to operate” as a groundbreaking study into consumer preferences demonstrated that companies are rewarded modestly for ethical behavior but punished almost twice as harshly for unethical behavior (Trudel & Cotte, 2009). To do nothing or very little during a global health crisis, while having the means to contribute, could easily be perceived as deeply unethical.

---

## Research design

This research will employ a deductive approach drawing indicators for strategic CSR from the theories of Shared Value, Stakeholder Theory, and Corporate Social Performance while considering the foundations these theories share with Social Capital Theory. I will evaluate whether the level of strategic CSR has an impact on the design of a firm’s Corporate Volunteering programs. The assumption is that the higher the strategic orientation of a firm’s CSR the more likely it is to have CV

programs that foster strong bridging ties between employees and beneficiaries. Though some specific volunteers and beneficiaries may share several characteristics, for the purpose of this study, the ties between them will be considered bridging or linking as group membership for volunteers is contingent on being employed by the firm. This leads to the first hypothesis under investigation:

- H1: Companies that have strategic motivations for CSR are more likely to have CV programs that encourage the creation of strong bridging ties.

First, the level of strategic CSR is analyzed. The following table represents the nine indicators employed to assess the level of strategic CSR within a firm drawn from Porter and Kramer’s Shared Value framework (2006), Freeman and Reed’s Stakeholder Theory (1983), and supported by Wood’s (1991) conception of Corporate Social Performance.

<b>Strategic CSR Indicator</b>	<b>Question</b>	<b>Expression</b>	<b>Evidence</b>
<b>Secure business inputs and supply</b>	How do the company’s CSR activities contribute to the supply of firm resources or inputs?	Activities that increase the quality of labor/ inputs, screen practices of supply chains, improve local economic activity, preference of local/ minority suppliers/ labor	Supply-chain configuration, hiring policies, activities that support external and internal skill development
<b>Improve governance of competition</b>	What CSR activities make your firm more competitive?	CSR activities increase firm competitiveness through greater efficiency, employee productivity, increased demand for and/or awareness of the firm, its products or services	Community partnerships, employee satisfaction/ investment, involvement in issues of community concern sustainability savings
<b>Increase demand potential</b>	Do any CSR activities contribute to product or service improvements linked to increased demand?	Local differentiation, products altered based on stakeholder input/ assessment, tailored to meet a social need	Information channels that facilitate community feedback, Presence in community groups, CSOs/NGOs

<b>Leverage capabilities</b>	Are CSR activities based on firm core competencies or related to the sector in which the firm operates?	CSR activities are directly related to a firm's business competency	Offering low or no cost products, services and training related to the firm's core business
<b>Stakeholder inclusion</b>	How does the firm view its stakeholders and what impact do they have on decision making?	Established regular communication where feedback has an impact on decision making	Diversity of stakeholders that receive information, give regular feedback, whose input has a significant impact on decision making
<b>Formalized CSR goals and objectives</b>	What does the firm hope to accomplish through its CSR activities?	Formal goals and objectives informed by stakeholders and evaluated on regularly	CSR reports, mission and vision, targets for CSR activity achievement, tracking of targets/goals
<b>Principles of responsibility</b>	How does the firm see itself in relation to the community and wider society?	Mission and vision of the CSR department, related to firm mission and vision	Responsive to concerns, proactive assessment of operational externalities, guiding principles/ethics
<b>Impact Evaluation</b>	How does the firm measure progress towards social impact goals?	Regular evaluation periods, involvement of third party evaluators, evaluation results impact future plans	Formal evaluation processes carried out at regular intervals, targets and objectives with reasonable timeframes, accountability for targets, third party evaluations
<b>Core Business Integration</b>	Are the company's CSR goals tied to firm goals? If so, how?	Overlap between business and CSR strategy, impact of CSR goals on decision making	CSR reports, company charitable foundation activities, alignment of sustainability and corporate behavior

As discussed in the theoretical section, the Shared Value Framework acknowledges the importance and influence of stakeholders but reframes their strategic importance to encourage firms to select a narrower range of stakeholders according to their impact on the different Shared Value indicators. Stakeholder Theory is broader in its conception of a stakeholder and includes a consideration important to this analysis, the necessity of a diversity of stakeholders to deal with turbulent

times. The importance of this diversity is bolstered by Social Capital Theory considering access to network resources and knowledge can lead to organizational advantage, while Corporate Social Performance links CSR motivations with firm decision making and norms. It is in the overlap of these theories that CSR program motivations can be framed in terms of their influence on Corporate Volunteering.

CV programs that create strong bridging ties represent a significant investment of firm resources (time, money, expertise). It is reasonable to assume that if the firm did not benefit in some way from these activities it is unlikely that the firm or activity would be sustainable over the long term. As a significant investment, another assumption of this research is that Corporate Volunteering programs, which create strong bridging ties, are more likely to withstand external shocks and crises. This leads to the second hypothesis under investigation:

- H2: Companies that form strong bridging ties through corporate volunteering are more likely to continue CV activities during and/or after a crisis.

The analysis will focus on the relational and structural aspects of the social capital building as it exists within Corporate Volunteering programs. The focus will be on analyzing the norms and strategic motivations for a firm's CSR activities and seeing how those values are expressed in CV programs. Then an additional analysis will determine how CV programs are affected by external shocks using the COVID-19 pandemic as the source.

The definition put forth by Granovetter (1973) serves as the foundation for the description of "strength" regarding interpersonal ties, "the strength of a tie is a (probably linear) combination of the amount of time, emotional intensity, the

intimacy (mutual confiding), and the reciprocal services which characterize the tie” (Granovetter, 1973: 1361). I will use this description to build a set of indicators with which to analyze the CV programs of the study companies to determine if strong or weak ties are encouraged.

In the context of Corporate Volunteering, I will use Granovetter’s assumption that ties fostered through CV activities are also positive and symmetric despite power differences that often exist between volunteers and beneficiaries. This symmetry rests on three factors. First, the volunteer and the beneficiary both enter into the exchange with the expectation of receiving a benefit. The anticipation of value creation that results from the interaction, regardless of whether or not the exact benefit is apparent, motivates both parties to exchange and combine resources (Nahapiet & Ghoshal, 1998). Beneficiaries are generally motivated to participate by the perceived value of the program offering. The benefits to volunteers can be quite diverse from a personal expression of values and boosting self-esteem to building social connections, improving health, and improving skills (Fundación CODESPA & European Volunteer Center, 2014). Second, though the volunteer and beneficiary may enter into the exchange from different power positions, the environment of the program reduces those inequalities through shared purpose and goals. The beneficiary is motivated to participate to gain from the purported objectives of the program and the volunteer is obligated to deliver on the promised benefit. The reciprocity inherent in the exchange, volunteers want to “give back” to the community while gaining the aforementioned benefits, and beneficiaries want program benefits while contributing to a firm’s “license to operate” or potential support in terms of becoming a customer, employee, or advocate (Muthuri, Matten,

& Moon, 2009). The future orientation of reciprocity makes sense from the perspective of the firm's strategic goals in reference to CV, as the continued relationship built by the exchange, though imbalanced during the intervention, there is the mutual expectation that benefits should be repaid" (Lins, Servaes, & Tamayo, 2017).

Thus reciprocity is assumed in the willing participation in CV activities from both the volunteer and beneficiary. Whether or not this reciprocity is achieved and the impact of the intervention is outside the scope of this research. Indicators will be used to analyze the structure of the program only to see if it has the necessary characteristics to form strong ties. Continuing with Granovetter's definition, the time dimension of the CV program will be quantified using the length of time the firm has participated in or conducted the activity. A more significant time commitment is assumed where the program originates from within a firm, managed by an internal department, rather than if the activity takes place largely with the support and coordination of an external organization. Considering time as a resource, conducting CV activities on company time rather than personal time also shows a greater level of firm commitment. Emotional intensity will also be regarded as a function of time but on the volunteer level. The maximum number of volunteer hours per employee per year will be divided among the pool of participating employees. High emotional intensity is assumed if the majority of participating employees utilize the maximum number of available volunteering hours. In order to commit the maximum number of hours, it is reasonable to assume that the employee volunteer sees the program as valuable and is motivated to fulfill the commitment, which both have a cognitive and affective dimension. Finally, intimacy will be quantified by

programs that pair individual volunteers with individual beneficiaries (i.e. mentorship, tutoring programs) and are conducted over multiple sessions. The one-on-one interaction obviously has a higher chance for intimacy than group to group or individual to group interactions. Intimacy also includes a time dimension as the more frequently persons interact, the stronger their feelings of friendship can be (Granovetter, 1973). The intimacy dimension is also essential for the strengthening of social capital as repeated interaction is needed for the development and maintenance of dense social capital while a lack of interaction causes relationships to die out (Nahapiet & Ghoshal, 1998). The operationalized indicators are diagrammed in **Figure 4**.

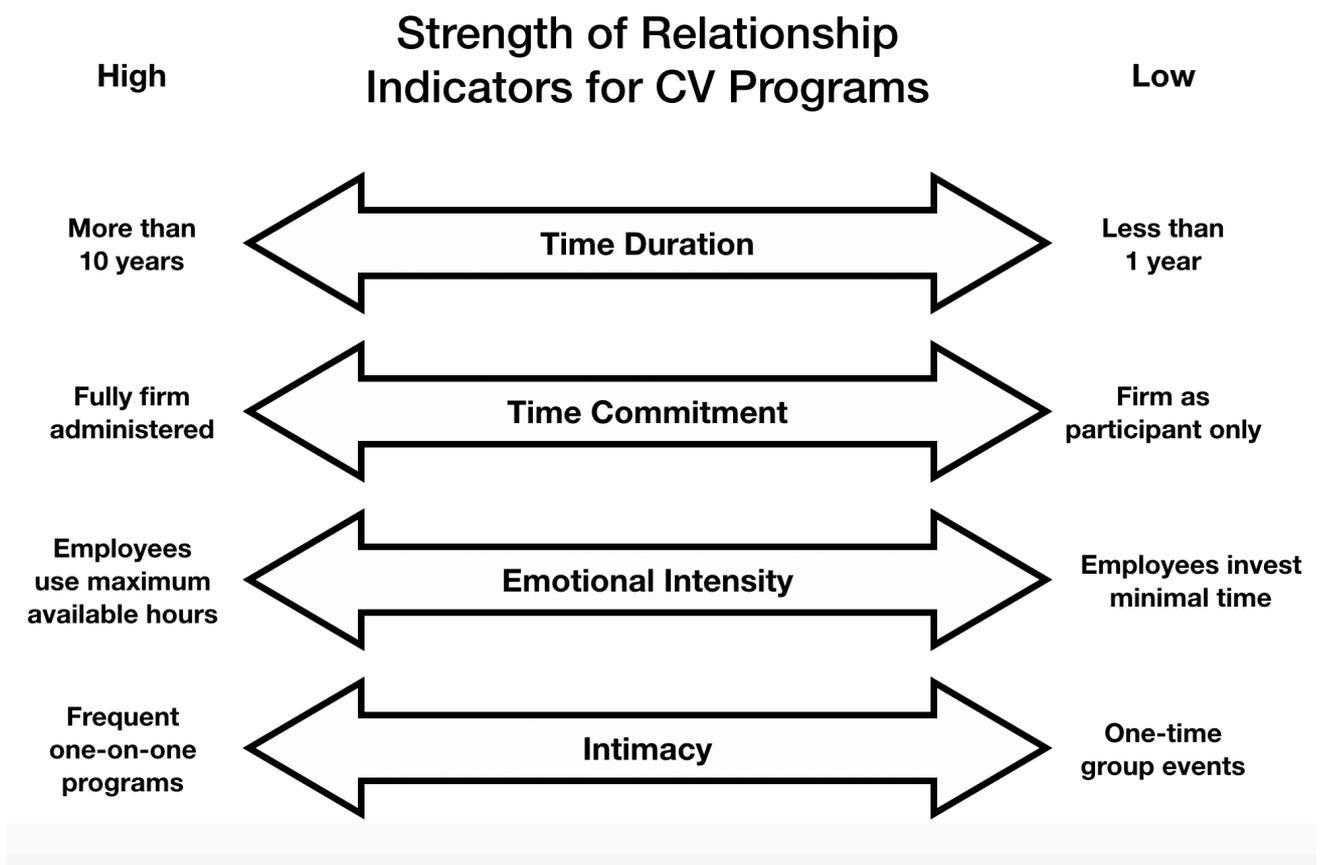


FIGURE 4: INDICATORS BASED ON GRANOVETTER'S "STRONG TIES" DEFINITION. ADAPTED FROM "THE STRENGTH OF WEAK TIES" BY GRANOVETTER, M. S. (1973). *AMERICAN JOURNAL OF SOCIOLOGY*, 78(6), 1360-1380.

For this analysis, I will consider social cohesion, not in terms of generalized trust, which operates on the aggregate macro-level and is difficult to quantify, but consider it in terms of the inclusivity and diversity of ties in a population that facilitate cooperation and serve as a resource (Ramos-Pinto, 2006; Woolcock, 2001). This highlights the social capital building role that institutions, organizations, and firms play in reducing transaction costs and creating a lower threshold for valuable exchanges between parties to occur (Moran & Ghosal, 1996). The typology of coordination as fostered by a stakeholder inclusive CSR program is one of formal coordination and divergent interests, similar to policy networks, coordination is high where interests may be complementary but not necessarily common (Carlsson, 2000). This implies that the essential ingredient in coordination is the ability of individuals to identify with one another through a shared norm or identity which motivates group behavior. Thus the level at which individuals, and perhaps even organizations, identify with one another is not determined by their similarities but by the strength of the norm that defines the relationship (Ramos-Pinto, 2006). This reduces the scope of analysis to the group and organizational level (meso) which fits with the analysis of firm-level values related to their CSR initiatives and the concepts of bridging and linking social capital which describe the connections made between disparate groups and groups at different power levels respectively (Woolcock, 2001). The meso-level analysis within social capital research focuses on norms and networks; analyzing how social capital works at the same level of analysis is an important step to building a theory of how these interactions are related to macro-level effects like social cohesion (Ramos-Pinto, 2006).

The firms under analysis were selected based on features that make them comparable and also demonstrate a strong likelihood of confirming the hypotheses under investigation. The “most likely” research design is an appropriate design for testing theoretical arguments with relatively precise measurements and measurement error being low (Levy, 2008). As the theoretical framework used to assess the level of strategic CSR and Corporate Volunteering in this research has been informed by widely utilized frameworks and specified with detailed indicators, the use of a “most likely” case design is selected. As this research attempts to build theory, confirmation in the “most likely” case design would warrant further investigation while evidence that disproves the operationalized hypotheses and/or inadequacy of the indicators would indicate the theory is not substantiated enough to have merit.

## **Empirical Evaluation**

As Shared Value expressions of strategic CSR and Social Capital Theory have several conceptual overlaps concerning creating greater economic and social value through inclusive practices this empirical section seeks to discover whether a correlation exists between strategic CSR and Corporate Volunteering programs that support the creation of robust bridging ties. Two international companies with strong ties to Germany are analyzed, first to determine the level of strategic CSR using the aforementioned indicators, and then their CV programs assessed for potential to build strong ties using a modified version of Granovetter’s (1973) “strong ties” indicators.

It is important to note that the Corporate Volunteering sector as a whole has evolved rapidly over the last decade as society increases its demands for meaningful corporate citizenship and companies evolve their practices to meet consumer and employee expectations. This evolution has the potential to generate more inclusive and long term CV activities that foster social cohesion. In opposition to that development, the COVID-19 pandemic has also put pressure on the sector reducing volunteering opportunities on both the corporate side and the NGO/NPO side (S. Frost, personal communication, July 13, 2020). Vostel, a Berlin-based social enterprise that serves as an intermediary for individuals and corporates to organize volunteering activities with NPO's, provided an insider perspective on the sector for this research to frame the evolution of corporate volunteering over the last five years and the current challenges. Data was obtained from an interview with Stephanie Frost one of the co-founders of Vostel. Ms. Frost indicated that corporates have increasingly become more interested in having their employees participate in volunteering as Vostel has seen their corporate requests for service grow considerably, "It has doubled in the last years...without Corona, I think it would have doubled again this year or at least 75% more from the requests we get. Not every request becomes a customer in the end, but the interest is really raising" (S. Frost, personal communication, July 13, 2020). Due to internal and external pressures, Ms. Frost assesses that, "companies that don't care for the environment and society can't be successful in the long run anymore." Vostel has also fielded many companies that tie their volunteering to their core business model, like a sports company wanting to do sports activities with children. While this orientation can provide NPOs with highly skilled volunteers, inflexible strategic orientation—particularly from larger companies with many layers of decision-makers—may lead

to a poor fit with the needs of the partner NPOs (S. Frost, personal communication, July 13, 2020). Thus a strategic drive may not always be correlated to desirable impact. But overall, Ms. Frost stated that she thought CV activities had become more purposeful, “I think 10 years ago Corporate Volunteering was only a PR topic and now it really changed. This is a great development.”

As an intermediary between companies and NPOs, Vostel helps both sides communicate their needs clearly in search of a good fit. Ms. Frost indicated that most companies were interested in finding longterm partners they could work with. This orientation has the potential to reduce transaction costs, build stronger ties, and refine the quality of the volunteering service provided, which increasingly benefits the company and the NPOs. The COVID-19 pandemic has had a significant impact on the voluntary sector as typical in-person support became unfeasible. Vostel has experienced a 70% decline in offline volunteering due to the pandemic but online volunteering has more than doubled. Nonetheless, Vostel has registered a 20% decline in volunteering activity overall as of July 2020. When asked to give her assessment of the Corporate Volunteering sector going forward Ms. Frost stated that, particularly in Germany, companies overall had not suffered a severe loss of economic activity and would thus return to normal operations more quickly. This return would include reinvesting in volunteering activities, which she predicted to have the potential to grow once again to pre-pandemic levels, barring unforeseen circumstances (S. Frost, personal communication, July 13, 2020). This assumption is supported by the German orientation towards social welfare; as reflected by the robust voluntary infrastructure in Germany which includes extensive government and private resources (GHK, 2010a).

---

## Firm Analysis

The companies under analysis are Franz Haniel & Cie. GmbH (Haniel), a 264-year-old limited liability company managed by a holding company with six divisions, and the United Postal Service (UPS) Germany, the German branch of the 112-year-old US-based international logistics and package delivery company. Companies were selected based on having international and German-based operations, revenue exceeding 1 billion Euros per year, more than 10,000 employees, presence of extensive corporate volunteering activities, formal CSR departments, company generated foundations, company longevity, and data availability as the companies have updated sustainability/CSR reports and spokespersons willing to contribute to this research.

Haniel's six divisions operate in diverse sectors including textiles, hygiene and workwear, steel and alloy manufacturing, fish processing, packaging equipment, and mail-order services. Strategic initiatives are designed with the input of all divisions under the Haniel Holding Company's coordination and then appropriate implementation is the responsibility of the divisions. A similar process is used for the design and implementation of the CSR strategy (Haniel, 2018). This results in the different companies pursuing Corporate Responsibility activities tailored to their company culture and business model. Thus not all companies express their CSR in the same way. Similarly, the expression of CSR varies between the 125 countries in which UPS operates but they are largely guided by the corporate level CSR and sustainability strategy (UPS Media Relations, 2020; K. Stodick, personal communication, July 27, 2020). The locus of these operations originating from two different countries may have an impact on the analysis and expression of CSR.

As this research is focused on building a theory concerning the link between strategic CSR and Corporate Volunteering, the analysis will discuss Haniel in terms of the Haniel Holding Company and the division TAKKT as they are the only entities that conduct Corporate Volunteering. This allows for a comparison of the level of strategic CSR between entities that have a similarity in CSR expression. TAKKT is also a holding company for B2B marketing solutions and thus can be considered “most similar” cases in relation to one another. UPS also expresses its CSR through Corporate Volunteering and has other similar previously mentioned features to Haniel in the aggregate, thus it is also appropriate for comparison under the “most similar” framework.

Haniel was selected as a “most likely” case for this research as the company has an extremely long history of linking business goals with social welfare and is primarily based in Germany which has strong volunteering ethics and infrastructure. The company also expresses its social commitment through a wide array of Corporate Volunteering activities. The company was founded on the idea of the “honorable businessman,” a Middle Age custom where merchants had to operate with the utmost integrity, had self-imposed standards for behavior which were supported by guilds and required education, to remain in business and uphold trade reputations (Haniel Stiftung, 2020; Caulfield, 2013). Similarly, UPS is also a “most-likely” case for a connection between strategic CSR and Corporate Volunteering that builds strong ties as the company has an extensive history of CV activities and was founded in the US, one of the countries that pioneered the concept of Corporate

Volunteering (UPS, 2015; Licandro, 2107; K. Stodick, personal communication, July 27, 2020).

The level of strategic CSR is analyzed using the aforementioned strategic CSR indicators for the Haniel Group focus companies and UPS. Data for Haniel was gathered from a personal interview with Haniel Historian Marco Heckhoff, Haniel's 2018 CR Report, 2018 Non-Financial Statement, and TAKKT's 2019 Sustainability Report. Data for UPS was obtained from two personal interviews, Slavica Baralic, Area Sales Manager Germany, and Klaus Stodick, Referent City Logistik/CSR Germany, the UPS 2019 Sustainability Progress Report, the UPS 2015 Corporate Sustainability Report, and the UPS Foundation 2018 Social Impact Report. The data was coded to the most relevant indicators and appears as quoted evidence in the following assessment and associated appendices. The expression section contains the evaluation of the company's expression of the indicator based on the associated evidence. The same data sources are also used to determine the structure of the Corporate Volunteering activities which are assessed using the previously mentioned indicators based on Granovetter's (1973) definition of "strong ties."

---

## Strategic CSR Assessments

### **Indicator 1: Secure business inputs and supply**

#### Haniel Holding Company

*Expression:* As a Holding Company the inputs for the business can be considered company or asset acquisitions. Haniel uses its established Values and CR standards to assess which companies are acquired. A company not meeting these

standards is not pursued. The Holding company is also in charge of developing an overarching CR strategy for all divisions, ensuring consistency and compliance.

---

*Evidence: Haniel pursues a holistic CR approach across the entire value chain, from the investment phase to portfolio management through to divestment. When looking into potential acquisition targets, social and ecological criteria are also examined using Haniel's investment filter to assess the candidate's CR profile...the Holding Company is also responsible for the strategic guidelines for the operating divisions... This also applies to corporate responsibility (CR) (Haniel, 2018; 2).*

---

## TAKKT

*Expression: TAKKT works with an external certification to increase the sustainability of its products along the supply chain. This increases the quality of inputs and efficiency while supporting firm commitments to the SDGs. The platform streamlines compliance and allows for benchmarking to make future improvements. TAKKT considers Scope 3 emissions and thus takes responsibility for not only their emissions but that of their suppliers. This consideration is a more accurate accounting of negative externalities and an attempt at mitigation. Taking responsibility for the entire value chain demonstrates a greater awareness of the business ecosystem and what the firm can do to be responsible.*

---

*Evidence: To transparently map the relevant aspects of sustainability in suppliers' business models and identify potential improvements, TAKKT cooperates with the internationally recognised EcoVadis platform... TAKKT also uses the EcoVadis platform to assess suppliers for direct imports, with 39.3% being certified in 2018 (2017: 39.8 %) (Haniel, 2018; 14).*

*Printed advertising... [accounts] for the majority of TAKKT's CO<sub>2</sub> emissions. TAKKT therefore works exclusively with efficient, modern printing companies...paper almost exclusively from sustainably managed forests (FSC/PEFC) is used (Haniel, 2018; 14).*

*Companies approach the SDGs strategically by documenting the current and potential positive and negative impacts of their company activities on the SDGs along the value chain (Weiss, 2019; 8).*

## *More Evidence in Appendix 2.1*

---

### UPS

*Expression:* UPS considers the environmental and social impacts of its immediate business operations and along the supply chain. The company invests in the development of new technologies to satisfy customer demands and policy constraints placed on stakeholders, particularly in Europe where cities are under pressure to meet emissions targets. UPS makes investments in its workforce to improve professional competency and operations. The company highlights some sourcing from some minority suppliers and employing people with disabilities. It is unclear if the sourcing or hiring practices make up a significant portion of UPS's operations and if these initiatives improve company profitability or sustainability.

---

*Evidence:* One UPS initiative designed to encourage individuals with disabilities to join the team and thrive as UPSers is the Transitional Learning Center at the WorldPort<sup>®</sup> facility. The TLC, which opened in September 2014, is a joint effort with the Louisville-based Coalition for Workforce Diversity (The UPS Foundation, 2018; 37).

*The UPS Foundation is a key supporter of the innovative, data-driven research that is fueling the move to create an efficient, cost effective transition to electrification in the transportation sector around the world (The UPS Foundation, 2018; 44).*

*Investing more than \$1 billion in training and development programs to help employees build their skills and knowledge (UPS, 2019; 4).*

## *More Evidence in Appendix 3.1*

---

### **Indicator 2: Improve governance of competition**

#### Haniel Holding Company

*Expression:* Haniel is a very good example of “local cluster development” leading to the “competitive context” of Shared Value. Instead of relocating the company to a

more favorable environment, Haniel sought to increase the availability of quality inputs and quality of life in their community. Increased investments in schools, hospitals, and an innovation center in their Duisburg campus increased the availability of skilled labor, the level of economic activity, and the health and well-being of the city to the company's benefit.

---

*Evidence: "Our history is full of examples where we support employees, we support the inhabitants of Duisburg... it is very local. We are here in this location [for] more than 250 years, in the 1970s our management wanted to go to Dusseldorf... it is nicer...we had problems in the rural area with pollution and recruiting ...it was not nice here in the 1970s. We could not get good employees for the company because of the location so the management wanted to go to Dusseldorf. But the Haniel family said, 'No way, we are here since 1756, our founder house is here,' so we changed the area, we created a campus, we invest a lot of money to have a nice place here in Duisburg to get the qualified employees and it is the same with CSR. We do a lot for the city of Duisburg" (M. Heckhoff, personal communication, July 20, 2020).*

*Franz Haniel started with his golden wedding anniversary in 1856...when he donated a hospital and a high school. All his descendants did the same, supporting the hospital until it was replaced in the 1970s. Its tradition, success, and responsibility for the public, city, and the community"(M. Heckhoff, personal communication, July 20, 2020)*

*More Evidence in Appendix 1.2*

---

## TAKKT

*Expression:* Through embracing technologies that reduce raw material consumption TAKKT is able to save resources and increase contact with customers. The company also reaps benefits from internal CSR with employee skill development and volunteering opportunities that increase job competence and satisfaction. Partnerships formed through volunteering activities also provide a PR benefit allowing for greater exposure and demonstration of values while supporting community needs. In this way, the community and TAKKT gain from some moderate local cluster development as the volunteering activities are not directly linked to

core business functions. Values fit also plays a role in which projects are selected for partnerships and volunteering opportunities while incorporating the needs of the community for better stakeholder understanding and relationship building.

---

*Evidence: By refining its business model into a multi-channel company, TAKKT is increasing the efficiency of customer-oriented marketing and saving resources by reducing the use of paper (Haniel, 2018; 15).*

*TAKKT employees' digital skills are also developed through targeted training. The objective is to find and retain talent with digital skills (Haniel, 2018; 16).*

*They have become true partners of the Displays2go family and are always willing to provide exposure for Displays2go in the form of social media posts...and to gain public exposure for the Group's achievements (Weiss, 2019; 23).*

*More Evidence in Appendix 2.2*

---

## UPS

*Expression: As one of the world's largest logistics companies, UPS has the presence and market power to shape policy, offer economies of scale, and expand into weaker markets in which small players cant absorb the costs and risks. UPS recognizes that strong and diverse partnerships help support a dominant market position, open opportunities for innovation, and increase CSR impact. The company is also able to develop and deploy new technologies as it has the resources to support R&D and influence the market through its massive purchasing power. UPS is further differentiating itself and enjoying efficiency savings by switching to lower-emission operations as the delivery sector expands rapidly.*

---

*Evidence: During uncertain times, you can always count on UPSers to deliver. We will continue partnering with customers, governments, and nonprofits globally so we all come back stronger and healthier from this crisis (UPS, 2019; 3)*

*...we're already seeing our investments in lower-emission vehicles and fuels beginning to pay off...We are helping to commercialize and scale alternative fuels*

*and technologies...collaborating with NGOs on environmental targets for airlines and exploring pathways for lower-emission jet fuel options (UPS, 2019; 3).*

*In Q1 2020, we also announced a significant investment in the U.K.-based startup Arrival, which will expand our fleet to include an additional 10,000 all-electric vehicles (UPS, 2019; 11).*

*More Evidence in Appendix 3.2*

---

### **Indicator 3: Increase demand potential**

#### Haniel Holding Company

*Expression:* As the Haniel Holding Company has no products and services or direct customers this indicator does not apply.

---

*Evidence:* "CSR is very special with Haniel because we have no products, no direct services, no customers... we are a holding company, we own other companies and they have their own CSR (M. Heckhoff, personal communication, July 20, 2020).

---

#### TAKKT

*Expression:* Through circular product development TAKKT provides differentiated products to its customers. This satisfies customer demands for free products and reduces expenses on both sides of the B2B as a closed-loop reduces the need for waste management and the acquisition of new materials. This also results in products of higher quality and usable life, a savings in a circular system. The company has also experienced increased market share from the responsible practices.

---

*Evidence:* TAKKT therefore assumes responsibility for the entire life cycle of the products distributed...the company is systematically expanding its line of sustainable ("green") products (Haniel, 2018; 15).

*...the share of sales from sustainable product ranges (Weiss, 2019; 9).*

*TAKKT assumes responsibility for the entire life cycle of the products, from procurement and use to the disposal of materials and packaging (Weiss, 2019; 9).*

*More Evidence in Appendix 2.3*

---

## UPS

*Expression:* As UPS has achieved a high amount of market saturation it makes strategic sense to pursue new products and markets tailored to “bottom of the pyramid” customers segmenting the market to find new opportunities for growth and service to social value creation (Rangan, Chu, & Petkoski, 2011). UPS uses its enormous capacity for innovation to serve the diverse needs of customers as other stakeholders including SMBs, emerging markets, and minority businesses.

Environmental solutions demanded by customers and well as increased delivery speeds and volume leads to environmental solutions like e-vehicles, access points, route optimization, and drone delivery. UPS was able to field test the drone delivery technology while providing humanitarian assistance in Africa. A clear instance of CSR value leading to service improvements.

---

*Evidence: The Rwanda Medical Drone partnership between The UPS Foundation, Gavi, The Vaccine Alliance, and Zipline came together to support the launch of the world's first national drone delivery network, operated by Zipline in 2016... Developing an innovative, robust network in tandem with the community is paramount to creating sustainable solutions that tackle the local health crises (The UPS Foundation, 2018; 17)*

*Knowing our customers are looking for ways to ship more with less impact, we were the first small package carrier to offer a carbon neutral shipping option in 2009 (UPS, 2019; 3).*

*NGOs and GOs in Africa and we were transporting, delivering medical stuff with drones. This was done years ago already in Africa. This gave us a small push as well for delivering with drones, especially in the Healthcare sector....and we do this already in the US and a couple of times now on a commercial level for some medical*

*institutions, hospitals and stuff like this deliver with drones, especially in Healthcare. [sic] (K. Stodick, personal communication, July 27, 2020)*

*More Evidence in Appendix 3.3*

---

#### **Indicator 4: Leverage capabilities**

##### Haniel Holding Company

*Expression:* Haniel recognizes that the promotion of CR values is the most effective when the company can leverage a greater proportion of its resources. By tying firm goals to CSR goals the firm is able to make strategic choices that bring the financial backing of the company to bear rather than treating responsible practices as an extra expense. Business capabilities then become largely indistinguishable from CSR capabilities as the company searches actively for strategic fit and opportunities for Shared Value. This occurs on the acquisition and management level as well as at the operational level as evidenced by the campus Social Impact Lab. The Lab is responsible for fostering entrepreneurship in an area with fewer opportunities using the firm's unique skill set and also provides Haniel with the energy and insights of the startup scene, a benefit to a traditional company. Haniel gains as well from employee satisfaction as staff contributes to startup development regularly.

---

*Evidence: ... "focus where it has the greatest leverage: in managing the investment portfolio" (Haniel, 2018; 2)*

*Haniel set up a start-up lab for social entrepreneurs. Haniel employees can volunteer as mentors to advise and assist the start-ups (Haniel, 2018; 5).*

*"We started with the Social Impact Lab 5 or 6 years ago. It's supported by Haniel but its own business...for startups in social business. Last year the Lab changed into Antopia and today its not only social, it is also other ideas, we support startups for their first steps. Our employees also support them...in financial things, our employees go to the startups and help answer questions...the Lab is located here on our company's grounds. We see the startups and talk about how the idea grows.*

*And that is also very good for us. Because we get input from the startups, startup thinking. Young people having great ideas, a lot of power and we are the old holding company with tradition. It is another kind of work and that is important for us...it is a wonderful cooperation and a very good thing. We support them not only with money but with our workload” (M. Heckhoff, personal communication, July 20, 2020).*

---

## TAKKT

*Expression:* Expanding on the circularity principle leads to greater local cluster development as products must be used rather than disposed of. Unsold products are used to support local businesses creating a direct link from the company’s advertising and marketing competencies to improving the level of professionalism in local businesses.

---

*Evidence:* We have also begun more actively seeking out businesses in the local community to donate product samples in order to make the best use of products that cannot be sold. This helps to prevent products from being disposed of and offers small businesses a hand by supplying free fixtures (Weiss, 2019; 23).

---

## UPS

*Expression:* UPS tackles issues primarily inline with its core business competencies. The firm helps countries, NOGs, and communities to solve pressing problems and prepare for the future with logistics solutions. Though the initiatives may not be initially designed with business returns in mind several projects bolster the stability of regions and assist in disaster recovery which boosts UPS’s ability to maintain, increase or resume operations in disaster areas. Road safety educational projects promote more safe drivers potentially reducing firm losses. Projects like delivering medical supplies in Rwanda allowed the company to field test drone delivery which it now supplies to developed markets creating a competitive advantage and a new

service offering. Supporting the development of women-owned businesses that export can increase UPS's customer base and increase sustainability.

---

*Evidence: The UPS Foundation in collaboration with...the Uganda Ministry of Health, launched a pilot project to expand vaccine coverage to more people through the creation of a last-mile cold chain delivery network in Uganda...The UPS Africa operations team and authorized service contractor, F.I.T., developed an operational plan with refrigerated delivery trucks, motorcycles, and a boat to provide scheduled delivery service to local and remote health centers (The UPS Foundation, 2018; 11). STEP provides tailored, needs-based training for public health officials that focuses on strengthening supply chain management, project management, communication, and problem solving skills (The UPS Foundation, 2018; 12).*

*The UPS Foundation announced the launch of a new public-private partnership to improve supply chains in low- and middle-income countries. Through private-sector supply chain management and best practices in transport, warehousing, and distribution, the partnership will improve access to life-saving medicines and healthcare products. The program will allow private companies like UPS to bring logistics expertise to GFF-supported governments to promote better health and nutrition (The UPS Foundation, 2018; 13).*

*The UPS Foundation provides loaned managers, technical assistance, and global thought leadership to expand the capacity of our relief partners, enabling them to better respond to humanitarian crises and operate with less business disruption (The UPS Foundation, 2018; 14).*

*More Evidence in Appendix 3.4*

---

## **Indicator 5: Stakeholder inclusion**

### Haniel Holding Company

*Expression:* Haniel has an extremely broad recognition of stakeholders inviting comment and expression of priorities from both internal and external parties. This fits well with Freeman and Reed's (1983) consideration of stakeholders in the "wide sense" as the most strategic position. Stakeholders are purposefully defined and regularly informed of company activities and engaged in dialog. The company solicits feedback from stakeholders and uses it to define priorities moving forward aggregated in a materiality analysis.

---

*Evidence: Haniel's CR management approach was drawn up based on a systematic analysis of the demands and expectations of a variety of stakeholder groups (Haniel, 2018; 2).*

*...prioritizes the CR issues which are relevant to it on the basis of stakeholder expectation...initiated a process to determine the key issues, building on the materiality analyses already conducted (Haniel, 2018; 3).*

*An open, trusting and regular dialogue with advocates and interest groups forms the basis for Haniel's CR strategy as well as for society's acceptance of business decisions...the corporate website also offers a broad communications platform to address all interest groups...annual press conference to discuss the financial statements is also broadcast via website...the annual employee review, management conferences, dialogue events and employee survey which is regularly conducted by the Holding Company offer opportunities for constant exchange...Materiality Matrix we sought out structured dialogue with our stakeholders in the beginning of 2019... we identified [and surveyed] five key stakeholder groups [employees, family, lenders, society, investment portfolio] based on our business model as a strategic management holding company (Haniel, 2018a; 7).*

*More Evidence in Appendix 1.5*

---

## TAKKT

*Expression: Goals and focus areas are designed employing input from stakeholders.*

Dialog and input are solicited from the planning and selection of priorities to evaluation. The company echos the ethic of the Holding Company including stakeholders at several points in the decision-making process, categorizing feedback into a planning tool, and identifying stakeholders in the “wide sense.”

Feedback is integrated into the business model to optimize value for the company and stakeholders.

---

*Evidence: the core issues were identified in a stakeholder dialogue, assigned weightings and corresponding measures were initiated to implement them and achieve goals (Haniel, 2018; 14).*

*has developed a sustainability strategy for the years to come: the core issued were identified in a stakeholder dialogue, assigned weightings and corresponding measures were initiated to implement them and achieve goals (Haniel, 2018a; 16).*

*TAKKT has drawn up the expectations of the stakeholders and the challenges specific to the business model with respect to sustainability and categorized them according to six focus areas. Specific measures and goals have been formulated for each focus area and built into the group's management system (Weiss, 2019; 4).*

*More Evidence in Appendix 2.5*

---

## UPS

*Expression:* UPS states that its customers, employees, and shareholders are the major drivers for its sustainability initiatives. UPS has extensive examples of employee-driven volunteering and connections to external welfare projects and organizations. The most recent materiality assessment engages stakeholders from Canada, Europe, Asia-Pacific, the Middle East, Africa, and the Indian subcontinent to contextually embed decisions and build on the 2013 global materiality assessment. Stakeholder concerns are benchmarked against the influence on business success to create the Materiality Matrix that has a direct impact on issue prioritization (UPS, 2016). UPS views its stakeholders in “the wide sense” as recommended by Freeman and Reed (1983). UPS further has long term engagement soliciting regular feedback from stakeholders which illustrates a commitment with the potential to build reciprocity. The increase in global operations was followed by an expansion of stakeholder recognition and the building of more partnerships. Interviews in Germany garnered conflicting information as participants both indicated that sustainability solutions were important and unimportant to customers. This is perhaps a difference between customer acquisition and customer retention. Customers seek out and acquire UPS services based on economic rather than CSR rationale. However, established customers may then

experience demand pressure from their customer base seeking and thus seek solutions from an already established relationship with UPS.

---

*Evidence: Our customers look to us to help reduce climate impacts across their supply chains. UPSers want to work for a company that balances profit with a responsibility to protect the planet and take care of its people. Additionally, investors and other stakeholders are raising the bar and expecting more from companies on all aspects of sustainability (UPS, 2019; 7).*

*“In 15 years of sales I have not known that our CSR impacts customer decisions...I am not aware of much stakeholder involvement in Germany” (S. Baralic, personal communication, July 21, 2020).*

*“We do have requests from customers asking us for green solutions. We try to fix this. We offer a broad range of sustainable deliveries and as crazy as the ideas can get we try to fix these solutions together with them. But we have limited resources, that’s for sure. Another input is the materiality index. [Those are] our customers as well. We survey them and we are in touch with them even if we can’t fulfill everything they ask for” (K. Stodick, personal communication, July 27, 2020).*

*More Evidence in Appendix 3.5*

---

## **Indicator 6: Formalized CSR goals and objectives**

### Haniel Holding Company

*Expression:* The company has little in the way of specific CSR targets beyond the integration of CSR criteria into its acquisition and management practices. The company reports on issues of concern including energy efficiency, reporting/ procurement guidelines, and principles behind decision making. But the company has few stated CSR targets. This may be due to the fact that much of Haniel’s CR is responsive to the immediate needs of the community and woven deeply into business functions where having specified company targets does not fit with the philosophy and nature of the CSR contributions. The lack of specified targets at the company level may also have to do with its structure as a holding company in charge of designing strategy but the specific targets are left to the divisions.

---

*Evidence: The goal is a further professionalization of the incubator for companies that want to use their ideas to counter pressing social challenge...All three initiatives pursue the same objective with their individual approaches: to break down barriers to education and to provide schoolchildren with a path to a successful future (Haniel, 2018; 5)*

*“If there is a situation and it is necessary to help, then we do it and we do it quite soon. There is a problem and we help solve the problem...If we see the problem and we can support like with the mattresses [200 provided to a hospital in the early days of the pandemic] then we do it. We have a company CWS that can produce these masks so we sent 2,000 into the hospital. Where we have companies that are active in these areas we can offer more support during this time. And we also support our employees all over the world. Every employee of our holding [company] put money into a pool to help the families of employees in companies we own in Mexico and South America and also those in Europe, they have not enough money to pay their rent so we support them” (M. Heckhoff, personal communication, July 20, 2020).*

---

## TAKKT

*Expression:* The company has formal targets for CSR goal tracking and achievement particularly in the realm of environmental sustainability. The company measures itself against its internal targets and external standards as a signatory to the UN Global Compact. Social goals are also integrated into TAKKT's CSR activities but the targets are more narrative than numerical targets. The sustainability targets are used to improve firm efficiency, differentiate products for concerned customers, and reduce negative environmental impact while enhancing the company's reputation. They are similarly responsive to local social needs and thus this may influence the lack of specified targets. Though the external impact is not quantified the company has specific targets for employee volunteering engagement which has increased.

---

*Evidence: The targets of offering paid leave for volunteering to 55-60% of employees by 2020 and of 8-12% of employees volunteering by 2020 have therefore again been achieved (Haniel, 2018).*

*The company-wide SCORE "Sustainable Corporate Responsibility" program lays the foundation for coordinating sustainable business management activities...Having an established system of indicators is an important instrument to ensure that progress is measurable and transparent... The procurement volume from suppliers certified by EcoVadis was 44.2% (2017: 46.8%). The objective is to increase this to 50-60% by 2020 (Haniel, 2018; 14).*

*As a proportion of total revenue, sustainable ("green") products accounted for around 9.5% in 2018 (2017: 9.3%). The target is for this figure to be 12-15% in 2020 (Haniel, 2018; 15).*

*More Evidence in Appendix 2.6*

---

## UPS

*Expression:* UPS has a wide array of formalized CSR goals and objectives both environmental and social. It is not clear how the goals are decided or benchmarked but there is evidence that the materiality assessment plays a role as targets are of material importance according to the matrix (particularly in the areas of energy, emissions, and fuel supply and sustainable shipping and supply chain offerings) and are designed in considers ion of global trends (UPS, 2016). UPS is a highly visible consumer-oriented company which strongly correlates to an increased need for firm legitimacy in the eyes of stakeholders (Young & Makhija, 2014). UPS can then demonstrate its commitments and achievements through formal CSR goals and objectives in an effort to bolster legitimacy and reduce vulnerability.

---

*Evidence: Achieving four of our 2020 sustainability goals one year ahead of schedule, including donating \$117 million in charitable contributions; volunteering 20 million hours; planting 15 million trees; and reducing auto accident frequency by 3 percent (UPS, 2019; 4)*

*Environmental goals: 12% Reduction in absolute GHG emissions in global ground operations by 2025 from a 2015 baseline. Our goal is to reduce overall carbon intensity 20 percent by 2020 (2007 baseline), 25% renewable energy by 2025, 40% alternative fuel as a percentage of global ground fuel (by 2025), 25% alternative fuel and advanced technology vehicles as a percentage of total vehicles purchased (in 2020) (UPS, 2019; 10-11).*

*Issues related to congestion, urban growth, air pollution, and mobile carbon emissions are emerging and provide opportunities for UPS to lead...Customers are becoming more interested in sustainable supply chains and shipping solutions... Concerns about air pollution and congestion locally, and climate change globally, make emissions a strategic priority (UPS, 2016).*

---

## **Indicator 7: Principles of responsibility**

### Haniel Holding Company

*Expression:* Haniel is a largely values-based company and has leveraged that core competency to success through numerous changes of industry according to Historian Marco Heckhoff. The company excludes involving itself in businesses that have a decidedly negative impact on society and strategizes its CSR across multiple issue areas. This comprehensive accounting of CSR is a reflection of the company's longevity ethic tied to the health and longevity of the community in which they operate. They are very responsive to the needs of the community and focus CSR activities on issues of immediate and long term concern.

---

*Evidence: The decision-making process for selecting financial assets for investment...takes CR considerations into account...there is a general ban on certain sectors (Haniel, 2018; 3).*

*"If we want to buy a company it is important that there is no relationship to military things. It couldn't be a company that has a connection to producing weapons... drugs, tobacco, alcohol is the same" (M. Heckhoff, personal communication, July 20, 2020).*

*CR experts identified relevant information for the various companies and sectors under the five categories of "environmental issues", "employee issues", "social issues", "respect for human rights" and "combating corruption and bribery" (Haniel, 2018; 3).*

*More Evidence in Appendix 1.7*

---

TAKKT

*Expression:* TAKKT has a clearly defined vision of itself as a member of society adhering to its principles as well as those held up as international standards. The company is particularly focused on supporting the local community with its needs but activities are often outside of its core business competencies. As such TAKKT adds value to the community but does not necessarily share it. The PR boost may help with governance of competition but it falls short of local cluster development.

---

*Evidence:* The divisions are also members of the UN Global Compact or adhere to the principles underpinning it. They issue their own codes of conduct based on Haniel's Code of Conduct, tailored to their respective business model (Haniel, 2018; 4).

*TAKKT sees social commitment as an important component of corporate responsibility. The company sees itself as part of society and therefore feels it is important to support local projects (Haniel, 2018; 16)*

*As a supporter of the Global Compact Initiative and has committed to respecting and spreading the ten universal principles (Haniel, 2018; 17).*

*More Evidence in Appendix 2.7*

---

## UPS

*Expression:* UPS demonstrates recognition of the link between market power and the increased importance of CSR not only for business success but for social and ecological sustainability. Large MNCs have the requisite resources, influence, and partnerships to make significant changes in how markets operate and the impact that follows. The influence of large corporations like UPS incorporates and goes beyond local cluster development to shape the operations of entire sectors and policies of governments. The company holds principles like climate sustainable practices, commitment to capacity building in emerging markets, and inclusive

practices as ethically and economically beneficial demonstrating adherence to principles of responsibility.

---

*Evidence: As we face an urgent global pandemic, and continue to address prevailing challenges such as climate change, UPS remains a force for positive impact (UPS, 2019; 4).*

*As part of UPS's enterprise-wide strategy, we are focused on four Strategic Growth Imperatives to drive business growth. These initiatives align with our sustainability priorities and include focused investments in areas that will create a more inclusive global economy (UPS, 2019; 5).*

*We envision a world in which everyone has discovered their power to make a difference, creating healthy communities in vibrant, participatory societies (UPS, 2016; 30).*

*More Evidence in Appendix 3.7*

---

## **Indicator 8: Impact Evaluation**

### Haniel Holding Company

*Expression:* Haniel is a group of companies acquired by the holding company as part of a long term investment strategy. The Holding Company benefits from generating more successful entrepreneurs in line with its CR principles that the company could one day acquire. Better education and ethical entrepreneurs make this possible. The company does not have specified targets for participation but supports the continued growth of its initiatives and monitors progress. The report is not evaluated by a third party.

---

*Evidence: At 31 December 2018, 56 start-ups had already completed the eight-month program. 31 companies have resulted from this incubator, 28 of which are still on the market...The project now covers 26 schools in Duisburg, reaching around 1,500 schoolchildren per year....More than 1,600 future leaders have been supported with bursaries thus far (Haniel, 2018; 5).*

*This report has not been reviewed by an external auditor (Haniel, 2018; 24).*

---

## TAKKT

*Expression:* TAKKT has a clear impact evaluation for environmental indicators but the accounting for social indicators is either not present or not available to the researcher. The company notes its support and involvement in local NGOs and the gratitude expressed but does not have evaluative measures for the impact achieved. Contents of the report are independently verified as meeting GRI standards.

---

*Evidence:* Goals are defined directly on the basis of the results of the impact analysis and the prioritization, which serves to ensure good performance (Weiss, 2019; 8).

*Kaiser+Kraft Germany's operations have been carbon-neutral since January 1, 2018, followed by those of Kaiser+Kraft Switzerland since January 1, 2020. All of the emissions produced in the division have been recorded for this reason (Weiss, 2019; 20).*

*The Group has chosen to partner with BHC for their environmental preservation efforts and with Angel's Anonymous for their social commitment to the less fortunate in the community (Weiss, 2019; 23).*

*More Evidence in Appendix 2.8*

---

## UPS

*Expression:* Impact evaluations are largely quantitative assessments of GHG emission reductions, use of alternative energy vehicles, and uptake of efficient processes that reduce emissions. As the transport sector makes up a quarter of Europe's emissions, —worsening air quality particularly in cities— and road transport alone accounts for 70% of that amount (European Commission, 2017), UPS has a strong incentive to demonstrate its commitment to reducing emissions and providing clean air for cities where much of its service takes place. This orientation is largely strategic, particularly in Germany, as many cities came under pressure

when they were unable to meet emissions and air quality targets enforced by EU regulations. UPS has already employed 25 e-trucks in Dusseldorf when the city closed some roads to diesel vehicles thus preserving the continuity of operations (K. Stodick, personal communication, July 27, 2020). The impact is also demonstrated in UPS employing its market power to bolster minority-owned businesses and employ a diverse workforce. UPS tracks and reports on these indicators as a point of responsibility and sound business practice demonstrating an awareness of which issues are important to stakeholders and global issue trends.

---

*Evidence: As of 2019, UPS has realized an overall carbon intensity reduction of 19 percent, 20 million volunteer hours (cumulative since 2011), 15 million trees planted (cumulative since 2012) (UPS, 2019; 9-10)*

*In 2015, 40 percent of U.S. employees are considered ethnically diverse as defined by the U.S. Equal Employment Opportunity Commission (UPS, 2016; 31).*

*We do not currently report specific numbers or percentages related to screening or impact assessments, because we consider the information confidential. However, in 2015, we were not aware of any significant environmental, social, or labor concerns related to our suppliers (UPS, 2016; 55).*

*More Evidence in Appendix 3.8*

---

## **Indicator 9: Core Business Integration**

### Haniel Holding Company

*Expression:* Haniel makes acquisition decisions based on its CR strategy and corporate values as a family company building long term equity. The Holding Company is involved in guiding the divisions' CR strategy commitment and supports the individual development of CSR practices. The Holding Company is critically concerned with the sustainability of acquired companies to maintain equity and considers commitment to CSR as a pillar of that value creation.

*Evidence: Only those companies which are in line with Haniel's values are considered... it is also verified to what extent the business model of the company concerned can make a positive contribution to sustainability in the future” (Haniel, 2018; 2).*

*The Holding Company also makes a detailed analysis of the CR implications of divisions' investments and acquisitions... Decisions are taken on the basis of the Capital Expenditure and Valuation Guidelines, which require all significant investments to be assessed in terms of impact on the CR strategy. (Haniel, 2018; 3).*

---

## TAKKT

*Expression:* TAKKT has a strategic orientation to its CSR activities considering the practice as a value-add to the company. TAKKT recognizes that environmental sustainability, diversity, and social commitment help their business and society. This echoes the Shared Value ethic that companies are embedded in society and thus share the same fate. By implementing environmentally-friendly measures the company gains profit, by helping the community the company differentiates itself from its competitors. Value is gained on both sides of the initiatives.

---

*Evidence: “...develops a CR program with objectives and measures tailored to its respective business model (Haniel, 2018; 3).*

*At TAKKT profitable growth and sustainability go hand in hand (Haniel, 2018; 14).*

*TAKKT focuses on the areas with the greatest potential for savings or development (Weiss, 2019; 9).*

*More Evidence in Appendix 2.9*

---

## UPS

*Expression:* UPS sees itself as embedded in the wider ecosystem of society aligning itself with the “competitive context” of Shared Value and the inclusive foundations of Stakeholder Theory. UPS primarily focuses its CSR activities on areas related to its core competencies to offer assistance and build partnerships with contributions

of expertise. UPS uses its skills in logistics to offer assistance in disaster-prone areas while this activity also allows UPS to resume delivery service, learn more about local challenges, and learn how to deliver in challenging new markets. UPS's CSR efforts are ultimately always strategic as the company has limited resources and is highly selective about what issues to address. As a matter of course the company only selects issues that have a direct impact and keeps expenditure low by having employees volunteer on their personal time or in conjunction with multi-day training which will be further addressed in the Corporate Volunteering assessment section.

---

*Evidence: This mindset of resiliency underpins everything we do at UPS, from helping communities recover from disasters to creating more sustainable practices that strengthen our business in a changing world (UPS, 2019; 3).*

*Making the U.S.'s largest-ever investment in renewable natural gas, which will reduce emissions by more than 1 million metric tons. Adding more than 6,000 compressed natural gas vehicles to our fleet (UPS, 2019; 4).*

*Our core competency, logistics, is about more than just moving goods. Every day, we connect millions of people and businesses across 220 countries and territories; the issues and challenges affecting local communities naturally become our issues too. We have the vision and commitment to create more sustainable connections around the globe; the needs of our communities and our planet spur us to act (UPS, 2016; 3).*

*More Evidence in Appendix 3.9*

---

## **Haniel Strategic CSR Assessment Summary:**

Considering both the Haniel Holding company and TAKKT divisions as the representative organizations for the Haniel Group one sees significant evidence for strategic CSR based on the presented indicators. The high level of responsiveness of Haniel to issues of local concern demonstrates a strong commitment to the community and a concerted effort to understand needs as they exist and arise. This

orientation echoes the recommendations of Ms. Frost as companies may tend to offer only the CSR activities that they are most interested in pursuing rather than supporting what the NGO or community needs. She felt that this was indicative of the company using corporate volunteering as a PR activity rather than evidence of true social commitment. Haniel's need-based activities are then a robust example of Corporate Social Responsiveness and Shared Value "embeddedness" recognizing that society's concerns are also company concerns. Haniel strongly displays three of the nine indicators (Stakeholder Inclusion, Principles of Responsibility, Improve Governance of Competition), moderately displays Secure Business inputs and supply, Increase Demand Potential, Leverage capabilities, Core Business Integration, Formalized CSR goals and objectives, and weakly displays Impact Evaluation.

### **UPS Strategic CSR Assessment Summary:**

UPS operates from a strong set of responsibility principles with particular emphasis on its unique position as a powerful MNC. UPS stays active in addressing CSR issues while also being generally focused on only those areas that are of particular salience to its core business practices, competencies, and employees. UPS uses its market power and CSR activities to innovate, support development, and increase firm legitimacy in order to mitigate risk and seize opportunities for growth and customer base maintenance. Activities largely center around reducing the emissions produced from its operations through the use of more efficient services or alternative vehicles. The company recognizes the significant impact its operations have on climate change and addresses them as a matter of principle and as a competitive advantage. Much of UPS's CSR is philanthropic with numerous organizations receiving "support" and grants, community investment grants and

others, from the UPS Foundation. These organizations range from those that have a direct link to UPS's core business functions (like road safety) to relatively unrelated activities like helping the blind, scholarships for Native American college students, and supporting an organization to mentor minority students in science (The UPS Foundation, 2018).

Many of UPS's CSR activities are directly related to risk management and operational continuity which include disaster support, PPE supplies to employees, supply chain reconfigurations and logistics support due to the COVID-19 pandemic (The UPS Foundation, 2018; UPS, 2019). While UPS's CSR activities are extensive and grounded in strong principles many activities are still purely philanthropic perhaps a reflection of the company's long history with CSR and high visibility where philanthropy has been entrenched as meaningfully responsible behavior. UPS also takes advantage of building "intellectual capital" as described by Nahapiet & Ghoshal (1998) by collaborating with governments, NGOs, and other industry partners to solve problems while developing new products and services. UPS strongly displays four of the nine indicators (Principles of Responsibility, Leverage Capabilities, Core Business Integration, and Formalized CSR goals and objectives), moderately displays Increase Demand Potential, Improve Governance of Competition, Stakeholder Inclusion, Secure Business inputs and supply, and Impact Evaluation.

---

## Corporate Volunteering Assessments

Haniel will again be considered as the sum of the activities of the Holding Company and the division TAKKT. UPS' International CV activities are considered with a

particular focus on the German context taking into account the company and the UPS Foundation's activities. Corporate volunteering is assessed based on the aforementioned indicators which include: time duration, time commitment, emotional intensity, and intimacy.

**Time duration** refers to the amount of time the company has been involved in corporate volunteering activities.

**Haniel:** Though it is not specifically considered formal volunteering by the company Haniel has contributed employee time and expertise to issues of personal and community concern since at least the 1970s when the company chose to remain in and develop Duisburg. However, it is difficult to determine from the available information how much of that involvement was corporate philanthropy or direct service by employees to the community. This includes the 6-year-old Social Impact Lab incubator on the campus where employees contribute to the development of new businesses (M. Heckhoff, personal communication, July 20, 2020; Haniel, 2018a). TAKKT more formally offered Volunteer Time off in 2018 and subsequently organized several company-driven activities with local organizations (Weiss, 2019). Thus the company ranks medium on time duration as it has formal corporate volunteering accounting available from the last six years.

**UPS:** The company set a target of 20 million cumulative volunteer hours by 2020 which the company started counting in 2011 and achieved by 2019 (UPS, 2019). In Germany, efforts started at least 15 years ago in Bavaria with renovations of Kindergartens. The idea of Corporate Volunteering was imported from the US where the practice is a longer standing tradition relative to Germany (K. Stodick, personal

communication, July 27, 2020). Thus the company well exceeds the 10 year threshold for high time duration.

**Time commitment** refers to the amount of company involvement in its Corporate Volunteering program taking into consideration if the firm organizes and administers the activities itself, relies on partners to direct employee volunteers, or uses a third party to handle all aspects of employee volunteering. Time commitment also refers to the amount of paid time the employee can use for volunteering activities. Paying the employee for all or part of the volunteering hours demonstrates a corporate commitment to supporting the activity rather than the employee alone shouldering the cost and responsibility. Offering on-company-time volunteer programs also garners more employee participation and commitment (CECP, in association with The Conference Board, 2018). This is a distinction between the activity as “corporate volunteering” rather than “employee volunteering” (Herzig, 2006).

**Haniel:** Haniel’s CSR contributions are often directly responsive to community requests and needs. Therefore they are fully firm administered. While a great deal of the response is in the form of donations, employees are often mobilized to make these resources available as in the case of painting a local kindergarten, making care packages for refugees, and providing refugees with German language training (M. Heckhoff, personal communication, July 20, 2020). The company offers employees a great deal of flexibility in how they contribute to supporting individual requests on a case-by-case basis to encourage employee contributions to causes of personal importance. Depending on the discussion with management, these activities could amount to up to several hours per week as in the case of language

training or a few days a year which are hours paid by the firm. The firm began by fully administering the Social Impact Lab on its campus and as it grew it became its own business supported by Antopia (M. Heckhoff, personal communication, July 20, 2020). TAKKT administers its Corporate Volunteering in partnership with the Blackstone River Valley National Heritage Corridor and Angels Anonymous. As such, the programs are partially administered. Employees may also use their VTO for personal volunteering activities. The company offers support at regular intervals as well as responding to urgent requests (Weiss, 2019). TAKKT also encourages employee uptake of the paid leave volunteering benefit making it available to over 70% of employees. The company has and pursues targets for employee volunteering participation (Weiss, 2019). As some programs are partially administered but supported by company hours Haniel exhibits a mostly high level of time commitment.

**UPS:** UPS's global operations means its corporate volunteering takes many forms. Most projects are carried out in cooperation with large organizations like World Economic Forum, the American Red Cross, U.S. Chamber of Commerce, Points of Light, the world's largest volunteering organization, country-specific organizations like Corporate Social Responsibility of Turkey, Philippines Disaster Resilience Foundation, German safety organizations, the Landwirtschaftsministerium, and German universities and local organizations that employees personally select (UPS, 2016). The company self-administers very few programs the most notable of which are the UPS Road Code program and the associated Fleet Forum Modular Driving Program. These programs originate from UPS but largely rely on local partnerships to function with UPS staff participating occasionally. UPS tries to make these programs self-sufficient with technology, training, and resources to local groups

(UPS, 2018, K. Stodick, personal communication, July 27, 2020). Most volunteering hours take place on an employee's personal time as the company does not have the resource to pull drivers from their routes. The volunteering that does take place on company time is usually associated with multi-day staff training (UPS, 2018, K. Stodick, personal communication, July 27, 2020). Thus the majority of UPS' volunteer hours are unpaid personal contributions of individual employees volunteering their time on weekends (generally Saturdays in Germany) (UPS, 2018, K. Stodick, personal communication, July 27, 2020). UPS promotes and encourages volunteering while avoiding a sizable amount of associated costs. As the majority of programs are join administered and UPS does not subsidize the majority of volunteer hours the company ranks medium-low on time commitment.

**Emotional intensity** is represented through employee involvement in volunteering activities utilizing as much available time as possible.

**Haniel:** Granular detail on the amount of VTO used or the total hours volunteered by Haniel was not available to this research. However, both Haniel entities noted their encouragement and support of employees to volunteer and provided frequent opportunities to do so. Based on the company values as "lived CSR" and corporate culture of community support (M. Heckhoff, personal communication, July 20, 2020; Haniel, 2018a; Weiss, 2019) emotional intensity is rated as medium-high.

**UPS:** UPS professes a desire to instill a "culture of volunteering worldwide" as a part of their Corporate Volunteering program goals and commits to a Global Volunteer Month every October (UPS, 2018; 2 & 56). Though UPS's corporate volunteering began in the US, German employees have embraced the practice enthusiastically and the activities within the country have grown and diversified in

the past decade (K. Stodick, personal communication, July 27, 2020). UPS reached its goal of 20 million volunteer hours a year early demonstrating strong employee motivation for participation. However, the inclusion of hours contributed by “friends and family” inflates the number of hours beyond employee contributions alone. But this is keeping in line with the company’s desire to promote a future of CV by extending opportunities to employees’ network of relationships, which increases the reach of the volunteerism ethic. There is no upper limit to the number of hours an employee can volunteer as activities are largely carried out on personal time rather than company time so benchmarking the use of “available hours” is not applicable. Paid positions like the UPS Volunteer Coordinator fall under the budget of the UPS Foundation. UPS’s volunteer encouragement is extensive but the participation burden falls largely on the employee, who nevertheless participates frequently. As such the emotional intensity ranks medium.

**Intimacy** is rated based on the interpersonal nature of volunteering activities. Activities that involve frequent and repeated contact with the same individuals or small groups rates higher than infrequent, one-time contact with large groups. This is a prerequisite to building closer personal relationships that allow people to identify with one another. **Haniel:** The on-campus mentorship at the Haniel Social Impact Lab allows for frequent formal and informal contact between small groups of employees and a handful of entrepreneurs. Allowing employees the freedom to select their volunteering opportunities could lead to frequent familiar contact between the employee and a specific organization/group or single beneficiary as self-directed volunteers tend to continue volunteering with the same organization they find a personal connection with and feel motivated to contribute more (S. Frost,

personal communication, July 13, 2020). TAKKT encourages volunteering 2-3 days per year with BHC and two days a month with Angel's Anonymous. This is a relatively large available commitment compared to the average maximum number of volunteer hours offered by companies which amounts to 2.5 days a year (United Way NCA, 2019). Thus the company ranks high on intimacy.

In aggregate, the company ranks medium-high on its strength of relationship indicators. Haniel provides employees with financial and time support to contribute to society through self-directed and company directed initiatives. Employees are encouraged to volunteer repeatedly with the same organizations with has the potential to frequently come in contact with the same beneficialness providing opportunities for bridging and linking ties that can lead to bonding with external group members. In the case of the Social Impact Lab, the linking ties demonstrate their usefulness in the "get ahead" mentality as well as increasing the generation of "intellectual capital" (Woolcock, 2001; Nahapiet & Ghoshal, 1998). Thus the Lab adds value in both the Social Capital and Shared Value dimensions.

**UPS:** Again the extensive nature of UPS's operations means the company's CV activities vary widely from short-term disaster relief with no direct contact to beneficiaries to ongoing mentorship activities in women's business associations (UPS, 2018). With notable exceptions like the UPS Road Code previously mentioned and Transitional Learning Center at the WorldPort® facility designed to facilitate the integration of employees with disabilities, most activities that UPS carries out under the umbrella of its operations are largely project-based and short-term (UPS, 2018). UPS is much more involved with providing technical expertise and logistics capacity on a large scale than sustained employee involvement in local issues. UPS employees themselves are encouraged to make such contributions and

their efforts highlighted by the company but these activities fall in line with “employee volunteering” rather than “corporate volunteering” (Herzig, 2006). Thus the company ranks medium-low on intimacy.

---

## Results

This section briefly covers the analyzed evidence concerning the proposed hypotheses. Concerning H1: Companies that have strategic motivations for CSR are more likely to have CV programs that encourage the creation of strong bridging ties. The aggregate strategic analysis for each company is considered relative to its Corporate Volunteering capacity to create strong bridging ties.

For Haniel, the strategic analysis revealed a strong correlation between business function and CSR practices which stem from the company’s long history and founder ethic of community support engendering business success. UPS also had a very strong strategic CSR orientation, particularly when leveraging its capabilities and capacity to create social and business value. Of the nine indicators, both companies displayed moderate to strong evidence for the majority of indicators, representing a significant adherence to elements defined as strategic CSR. The companies conducted activities in line with business competencies and gained economic benefits from many interventions that enhanced legitimacy and improved operations as well as offerings. UPS was more often able to leverage CSR activities into revenue generating or customer maintenance activities, while Haniel was particularly strong in local cluster development.

UPS is much more focused on leveraging its enormous capacity to deal with global issues and disasters while Haniel makes long term commitments to uplifting the communities when it operates. This is a reasonable and desirable orientation as UPS is in a unique position to address issues of such enormous scope and benefits from the increased stability. Haniel has a stronger focus on developing its local communities and improving the outcomes for community members in a way that has more diffuse benefits, like increasing the level of education, that improves the local environment but may have very little direct impact on the business itself. In terms of purely strategic value, UPS garners a great deal of economic benefit from many of its CSR initiatives while also supporting programs that promote reputation building value while gaining much less in observable economic impact. In the ideal manifestation of Shared Value, all of the companies activities would engender a similar amount of value for the company and the partner or community. UPS's activities exist along a spectrum with only a few centrally located activities like longterm contracts with diversity suppliers and development of drone delivery in Africa for medical supplies perhaps coming the closest to ideal-type Shared Value. Again, Haniel benefits in a more diffuse way from uplifting the communities in which it operated with the activity coming closest to Shared Value realization in the Social Impact Lab.

Nonetheless, both companies ranked highly in terms of creating CV programs that have the potential to foster strong bridging ties and contributing to social cohesion. An additional factor not considered in the CV indicators, but also has the potential to have a profound effect on social cohesion, is the company encouragement of a volunteering ethic among its employees and their networks. Both companies

fostered a volunteering and service orientation among their employees be it the “lived CSR” of Haniel or the explicit goal of manifesting a volunteering culture of UPS. This additional element uncovered in this research further strengthens the connection of strategic CSR to robust Corporate Volunteering and the selection of these two companies as “most likely” cases.

In terms of H2: Companies that form strong bridging ties through corporate volunteering are more likely to continue CV activities during and/or after a crisis; the companies seemed to follow the assumption that the greater the capacity to build strong ties the more likely the company was to continue CV activities during and/or after the COVID-19 pandemic.

Overall Haniel ranked higher than UPS in the capacity to build strong ties due to its support of employees volunteering on company time and participating in more long-term programs with sustained interpersonal interaction. Haniel anticipated no significant retrenchment of its community support in the near term, “We have problems too, like other companies from this economic situation but I see no change. We have money for these things and they are important for us. Corona so far doesn’t affect that. But we don’t know how long the pandemic will be. In 2-3 years it may be different but today it is no problem” (M. Heckhoff, personal communication, July 20, 2020). The company has extended more support in reaction to the pandemic as the company has donated more supplies to hospitals, supported employees to donate more time to COVID relief, and started an internal fund where employees in countries with more social support and donate to employees in countries that are more insecure (M. Heckhoff, personal

communication, July 20, 2020). This is reflective of the “family” company solidarity and service ethic that Haniel promotes in its corporate culture.

UPS, on the other hand, had a complete stoppage of CV initiatives in Germany, due in large part to the social distancing and quarantine restrictions. It was unclear if the company would be able to adapt to the new restrictions as the initiatives surrounded bringing people together to help the elderly and disabled. In the near term, Mr. Stodick said that activities would certainly resume once the pandemic was over but if the situation lasted into the long term the company would adapt its CV programs to suit the new conditions (K. Stodick, personal communication, July 27, 2020).

## **Conclusion**

This research has developed and tested a framework, based on established theories of CSR and Social Capital Theory to assess the potential link between a company’s strategic CSR practices and its impact on Corporate Volunteering program structure to build strong bridging ties that have the potential to foster greater social cohesion through social capital enhancement. The framework was tested on two “most likely” cases, large corporations with a significant presence in Germany, to determine if it had merit in terms of theory building relative to the link under investigation. The results of the analysis indicate that there is reason to believe a link between strategic CSR and building social capital exists and the framework employed could be a viable tool for analyzing the CSR-CV relationship to determining if firms have a meaningful and sustained commitment that positively impacts social cohesion. The analyzed cases revealed a correlation between

strategic CSR and the development of Corporate Volunteering programs that can influence stronger tie formation between the company, its beneficiaries, and the community networks. As a result of the social capital and affective ties built in CV programs, which influence employee behavior and corporate culture, a service ethic is generated and an appreciation of the company as an entity embedded in the wider society, influencing a more enduring expression of corporate citizenship even in the face of unprecedented challenges.

This research recommends that firms view Corporate Volunteering as a high-value activity both in terms of social as well as strategic goal achievement. Firms generate social capital resources through the interaction between the organization and its beneficiaries; a useful resource for both firm and community development which is the core tenant of Shared Value operationalization. The employment of firm expertise to solve social and environmental challenges allows firms to leverage their capabilities for societal benefit while exploring solutions in one context has the potential to translate to business value in another. Activities that build strong bridging ties through repeated contact have the potential to bring beneficiaries into the realm of stakeholders, as their influence on the firm increases through the affective relational connection with firm employees. In a strategic/Shared Value model of CSR, activity beneficiaries have already been identified as strategically important in the “competitive context.” Firms deepen their understanding of and commitment to beneficiary groups through sustained Corporate Volunteering activities. The maintenance of these relationships builds in more access to diverse information for all parties involved creating greater potential for unique exchanges that increase the likelihood of innovation. A greater presence of the firm in

community life augments firm legitimacy as an actor that understands, is affected by, shares in, and has a meaningful stake in the success and failures of the society.

The theoretical implications highlight a greater need for stakeholder identification and inclusion in the process of Shared Value Creation to include the value built by social capital networks that can serve as a public good. Broadening social capital networks can increase resource diversity—particularly of information, build connections between individuals at different levels of power, lower transaction costs, and promote voluntary service. Shared Value in this interpersonal dimension is not explicitly explored in Porter and Kramer’s concept but this research demonstrates that community and firm value can be built through social capital and cohesion building activities like Corporate Volunteering. It further shows that the commitment built between the volunteers and the community served encourages continued firm commitment and identity building as an active corporate citizen. This engagement enhances firm legitimacy while encouraging the promotion and expansion of Corporate Volunteering activities potentially leading to a virtuous cycle. Future research could examine the correlation of strategic CSR to CV programs that build strong ties across SMEs or in other focal countries. Micro-level research could also examine the volunteer-beneficiary relationships themselves to assess the strength of the bonds and the accessed network resources. It would also be interesting to discover how companies with social cohesion as an explicitly stated goal conduct their CV programs and if they indeed build strong bridging and linking ties.

## Bibliography

- Arvidson, M., Lyon, F., McKay, S., & Moro, D. (2013). Valuing the social? The nature and controversies of measuring social return on investment (SROI). *Voluntary Sector Review*, 4(1), 3-18. doi:10.1332/204080513x661554
- Bjørnskov, Christian & Svendsen, Gert Tinggaard, 2003. "Measuring social capital – Is there a single underlying explanation?," Working Papers 03-5, University of Aarhus, Aarhus School of Business, Department of Economics.
- Bogdanor, V. (Ed.). (1987). *The Blackwell encyclopedia of political institutions*. New York, NY: Blackwell Reference.
- Boland, R. J., & Tenkasi, R. V. (1995). Perspective making and perspective taking in communities of knowing. *Organization Science*, 6, 350-372.
- Bourdieu, P. (1986). The forms of capital. In: Richardson, J., *Handbook of Theory and Research for the Sociology of Education*. Westport, CT, Greenwood: 241–58.
- Carlsson, L. (2000). Policy Networks as Collective Action. *Policy Studies Journal*, 28(3), 502-520. doi:10.1111/j.1541-0072.2000.tb02045.x
- Carvalho, S. W., Sen, S., Mota, M. D. O., & Lima, R. C. D. (2010). Consumer Reactions to CSR: A Brazilian Perspective. *Journal of Business Ethics*, 91(S2), 291–310. doi: 10.1007/s10551-010-0620-0
- Caulfield, P. A. (2013). The evolution of strategic corporate social responsibility. *EuroMed Journal of Business*, 8(3), 220-242. doi:10.1108/emjb-05-2013-0030
- CECP, in association with The Conference Board. (2018). *Giving in Numbers: 2018 Edition*. <https://cecp.co/home/resources/giving-in-numbers/?tid=975>
- Chalmers, J. (2020, May 20). 'It's up to us': How Merkel and Macron revived EU solidarity. Retrieved June 25, 2020, from <https://www.reuters.com/article/us-eu-recovery-france-germany/its-up-to-us-how-merkel-and-macron-revived-eu-solidarity-idUSKBN22W0JB>
- Claridge, T. (2020, February 15). Criticisms of social capital theory and lessons for improving practice. Retrieved July 23, 2020, from <https://www.socialcapitalresearch.com/criticisms-social-capital-theory-lessons/>
- Clarke, C. (2019, July 7). Corporate Volunteering: Beispiele in Unternehmen, Programme, Netzwerke. Retrieved April 29, 2020, from <https://www.nachhaltigejobs.de/corporate-volunteering-unternehmen-programme-netzwerke/m>
- Cloete, A. (2014). Social cohesion and social capital: Possible implications for the common good. *Verbum Et Ecclesia*, 35(3). doi:10.4102/ve.v35i3.1331

- Coleman, J. S. (1986). Social Theory, Social Research, and a Theory of Action. *American Journal of Sociology*, 91(6), 1309-1335. doi:10.1086/228423
- Coleman, J. S. (1988). Social Capital in the Creation of Human Capital. *American Journal of Sociology*, 94, S95-S120. Retrieved August 9, 2020, from [www.jstor.org/stable/2780243](http://www.jstor.org/stable/2780243)
- Coleman, J. S. (1990). *Foundations of social theory*. Cambridge, MA: Belknap Press of Harvard University Press.
- Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the Value of “Creating Shared Value”. *California Management Review*, 56(2), 130-153. doi:10.1525/cm.2014.56.2.130
- Dembek, K., Singh, P., & Bhakoo, V. (2015). Literature Review of Shared Value: A Theoretical Concept or a Management Buzzword? *Journal of Business Ethics*, 137(2), 231-267. doi:10.1007/s10551-015-2554-z
- Dernbach, A. (2015, August 26). Germany suspends Dublin agreement for Syrian refugees. Retrieved June 25, 2020, from <https://www.euractiv.com/section/economy-jobs/news/germany-suspends-dublin-agreement-for-syrian-refugees/>
- European Commission. (2017, February 16). Transport emissions. Retrieved August 08, 2020, from [https://ec.europa.eu/clima/policies/transport\\_en](https://ec.europa.eu/clima/policies/transport_en)
- European Solidarity Tracker. (2020). Retrieved June 25, 2020, from <https://www.ecfr.eu/solidaritytracker>
- Federal Ministry for Family, Seniors, Women and Youth. (2010). Monitor Voluntary Activities, Issue No. 2 Volunteering in Germany 1999 – 2004 – 2009, Summary of the 3rd Survey on Volunteering.
- Feldman, P. M., & Vasquez-Parraga, A. Z. (2013). Consumer social responses to CSR initiatives versus corporate abilities. *Journal of Consumer Marketing*, 30(2), 100–111. doi: 10.1108/07363761311304915
- Fonteneau et al. (2010). *Social and Solidarity Economy: Building a Common Understanding*, Reader for the Social & Solidarity Economy Academy, Turin: International Labour Organization.
- Fundación CODESPA and European Volunteer Center. (2014). *Employee Volunteering and Employee Volunteering in Humanitarian Aid in Europe* (Contract No. ECHO/EVHA/BUD/2013/01005 Lot 3). European Commission. [https://ec.europa.eu/echo/files/euaidvolunteers/EUAV\\_Study\\_Employee\\_Volunteering\\_Europe\\_FINAL\\_en.pdf](https://ec.europa.eu/echo/files/euaidvolunteers/EUAV_Study_Employee_Volunteering_Europe_FINAL_en.pdf)
- Freeman, R. & Reed, D. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. *California Management Review*, 25(3), 88-106. doi:10.2307/41165018

- Friedman, M. (1970, September 13). The Social Responsibility of Business is to Increase its Profits. *New York Times*. Retrieved from <http://umich.edu/~thecore/doc/Friedman.pdf>
- Gardels, N. (2018, September 21). Behind the breakdown of political consensus. *The Washington Post*. Retrieved from <https://www.washingtonpost.com/news/theworldpost/wp/2018/09/21/social-cohesion/>
- GHK. (2010). VOLUNTEERING IN THE EUROPEAN UNION Final report. <https://issuu.com/jevgenisemtsisin/docs/volunteering-in-the-european-union-english>
- GHK (2010a): Study on Volunteering in the European Union – Country Report Germany. Study on behalf of the European Commission (Directorate-General for Education and Culture). Published on 17 February 2010, <http://ec.europa.eu/citizenship/eyv2011/doc/National%20report%20DE.pdf> (Retrieved on 01 July 2010).
- Global Sustainable Investment Alliance (GSIA). (2015). Global Sustainable Investment Review 2014. Retrieved from [http://www.gsi-alliance.org/wp-content/uploads/2015/02/GSIA\\_Review\\_download.pdf](http://www.gsi-alliance.org/wp-content/uploads/2015/02/GSIA_Review_download.pdf)
- Global Sustainable Investment Alliance (GSIA). (2019). Global Sustainable Investment Review 2019. Retrieved from [http://www.gsi-alliance.org/wp-content/uploads/2019/06/GSIR\\_Review2018F.pdf](http://www.gsi-alliance.org/wp-content/uploads/2019/06/GSIR_Review2018F.pdf)
- Gold, J. (2017, October 9). Standard ESG Framework Is Key. Retrieved March 1, 2020, from <https://www.spglobal.com/en/research-insights/articles/standard-esg-framework-is-key>
- Granovetter, M. S. (1973). The Strength of Weak Ties. *American Journal of Sociology*, 78(6), 1360-1380. doi:10.1086/225469
- Greive, V. (2014, May 04). Das Land der zwei Billionen - WELT. Retrieved June 25, 2020, from <https://www.welt.de/print/wams/politik/article127589555/Das-Land-der-zwei-Billionen.html>
- GRI. (2018, July 1). GRI 101: Foundation 2016 (Rep.). Retrieved May 17, 2020, from <https://www.globalreporting.org/standards/gri-standards-download-center/?g=9032c7c1-4ad7-49b6-8dd3-1bd87f6e428d>
- Haniel. (2018). *Franz Haniel & Cie. GmbH Non-financial statement 2018*. [https://www.haniel.de/fileadmin/content/06\\_verantwortung/Non-financial\\_statement\\_2018.pdf](https://www.haniel.de/fileadmin/content/06_verantwortung/Non-financial_statement_2018.pdf)
- Haniel. (2018a). *Franz Haniel & Cie. GmbH Corporate Responsibility Report 2018*. <https://haniel-cr2018.corporate-report.com/en/index.html>
- Haniel Stiftung. (2020). The Honorable Merchant. Retrieved July 14, 2020, from <https://www.haniel-stiftung.de/en/about-us/the-honorable-merchant>

- Herzig, C. (2006). Corporate volunteering in Germany: survey and empirical evidence. *International Journal of Business Environment*, 1(1), 51. doi: 10.1504/ijbe.2006.010128
- Hofferth, S. L., Boisjoly, J., & Duncan, G. J. (1999). The Development Of Social Capital. *Rationality and Society*, 11(1), 79-110. doi:10.1177/104346399011001004
- Inkeles, A. (2000). Measuring social capital and its consequences. *Policy Sciences*, 33(3,4), 245–268
- Jacob, C. K. (2012). The Impact of Financial Crisis on Corporate Social Responsibility and Its Implications for Reputation Risk Management. *Journal of Management and Sustainability*, 2(2). doi: 10.5539/jms.v2n2p259
- Larsen, C. A. (2014). Social cohesion: Definition, measurement and developments. *Institut for Statskundskab, Aalborg Universitet*.
- Lauesen, L. M. (2013). CSR in the aftermath of the financial crisis. *Social Responsibility Journal*, 9(4), 641-663. doi:10.1108/srj-11-2012-0140
- Levy, J. S. (2008). Case Studies: Types, Designs, and Logics of Inference. *Conflict Management and Peace Science*, 25(1), 1-18. doi:10.1080/07388940701860318
- Leydet, D. (2017, July 17). Citizenship. Retrieved July 22, 2020, from <https://plato.stanford.edu/archives/fall2017/entries/citizenship/>
- Licandro, O. (2017). The relationship between corporate volunteering and corporate social responsibility: results of an empirical study. *Ekonomski Vjesnik*, 30(1), 67-83.
- Lin, N. (2008). A network theory of social capital. *The Handbook of Social Capital*, 50(1), 69.
- Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social Capital, Trust, and Firm Performance: The Value of Corporate Social Responsibility during the Financial Crisis. *The Journal of Finance*, 72(4), 1785-1824. doi:10.1111/jofi.12505
- Misztal, B. A. (1996). *Trust in modern societies: The search for the bases of social order*. Cambridge, U.K.: Polity Press.
- Moir, L. (2001). What do we mean by corporate social responsibility? *Corporate Governance: The International Journal of Business in Society*, 1(2), 16-22. doi:10.1108/eum0000000005486
- Moran, P., & Ghoshal, S. (1996). Value Creation By Firms. *Academy of Management Proceedings*, 1996(1), 41-45. doi:10.5465/ambpp.1996.4978175

- Muthuri, J. N., Matten, D., & Moon, J. (2009). Employee Volunteering and Social Capital: Contributions to Corporate Social Responsibility. *British Journal of Management*, 20(1), 75-89. doi:10.1111/j.1467-8551.2007.00551.x
- Nahapiet, J., & Ghoshal, S. (1998). Social Capital, Intellectual Capital, and the Organizational Advantage. *The Academy of Management Review*, 23(2), 242. doi:10.2307/259373
- OECD. (2011). Society at a Glance: Asia/Pacific 2011, *OECD Publishing*. <http://dx.doi.org/10.1787/9789264106154-en>
- OECD. (2018, July 04). Rising employment overshadowed by unprecedented wage stagnation. Retrieved July 07, 2020, from <https://www.oecd.org/employment/rising-employment-overshadowed-by-unprecedented-wage-stagnation.htm>
- Onyx, J., Edwards, M., & Bullen, P. (2007). The Intersection of Social Capital and Power: An Application to Rural Communities. *Rural Society*, 17(3), 215-230. doi:10.5172/rsj.351.17.3.215
- Pirson, M. (2012). Social entrepreneurs as the paragons of shared value creation? A critical perspective. *Social Enterprise Journal*, 8(1), 31-48.
- Plewa, C., Conduit, J., Quester, P. G., & Johnson, C. (2014). The Impact of Corporate Volunteering on CSR Image: A Consumer Perspective. *Journal of Business Ethics*, 127(3), 643-659. doi:10.1007/s10551-014-2066-2
- Porter, M. E., & Kramer, M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 56-68.
- Porter, M. E., & Kramer, M. R. (2006) Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 84, 78-85.
- Porter, M. E., & Kramer, M. R. (2011) Creating shared value. *Harvard Business Review*, 89(1/2), 62-77.
- Putnam, R. D. (2001). Social capital Measurement and consequences. *Canadian Journal of Policy Research*, 2, 41-51.
- Putnam, R. D. (1993). The Prosperous Community Social Capital and Public Life. *The American Prospect*, 4, 35-42.
- Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York, NY: Simon & Schuster.
- Raithel, S., Wilczynski, P., Schloderer, M. P., & Schwaiger, M. (2010). The value relevance of corporate reputation during the financial crisis. *Journal of Product & Brand Management*, 19(6), 389-400. doi:10.1108/10610421011085703

- Ramos-Pinto, P. (2006). Social Capital as a Capacity for Collective Action. In R. Edwards, J. Holland, & J. Franklin, *Assessing Social Capital: Concept, Policy and Practice* (pp. 53-69). Newcastle: Cambridge Scholars Press.
- Rangan, V. K., Chu, M., Petkoski, D. (2011). Segmenting the base of the pyramid. *Harvard Business Review*, 89(6), 113-117.
- Stark, A. (1993). What Is the Matter with Business Ethics? *Harvard Business Review*, 71 (May/June), 38–48.
- Stefano, V. D. (2015). The Rise of the Just-in-Time Workforce: On-Demand Work, Crowd Work and Labour Protection in the Gig-Economy. *SSRN Electronic Journal*, 471–504. doi: 10.2139/ssrn.2682602
- The UPS Foundation. (2018) *The UPS Foundation 2018 Social Impact Report (Rep.)*. Retrieved from: <https://sustainability.ups.com/media/2018-social-impact-report.pdf>
- Trudel, R. & Cotte, J. (2009). 'Does It Pay to Be Good?', *MIT Sloan Management Review* 50(2), 60–68.
- United Parcel Service of America (UPS). (2016). *UPS 2015 Corporate Sustainability Report (Rep.)*. Retrieved August 8, 2020, from [https://sustainability.ups.com/media/2015\\_UPS\\_CSR.pdf](https://sustainability.ups.com/media/2015_UPS_CSR.pdf)
- United Parcel Service of America (UPS). (2019) *UPS 2019 Sustainably Progress Report (Rep.)*. Retrieved from: [https://sustainability.ups.com/?campaign\\_id=VAN701023](https://sustainability.ups.com/?campaign_id=VAN701023)
- United Way NCA. (2019, October 28). Volunteer Time Off (VTO): By the Numbers. Retrieved July 25, 2020, from <https://unitedwaynca.org/stories/volunteer-time-off-by-the-numbers/>
- UPJ e.V., (2018). Corporate Volunteering in Deutschland Ergebnisbericht. [https://www.upj.de/fileadmin/user\\_upload/MAIN-dateien/Aktuelles/Nachrichten/upj\\_praxis-studie\\_cv-in-deutschland\\_2018.pdf](https://www.upj.de/fileadmin/user_upload/MAIN-dateien/Aktuelles/Nachrichten/upj_praxis-studie_cv-in-deutschland_2018.pdf)
- UPS Media Relations. (2020). UPS Fact Sheet. Retrieved July 22, 2020, from <https://pressroom.ups.com/pressroom/ContentDetailsViewer.page?ConceptType=FactSheets>
- Webster, P. (2019, March 13). Top 30 companies in Germany by Revenue in 2017. Retrieved June 25, 2020, from <https://www.globaldatabase.com/top-30-companies-in-germany-by-revenue-in-2017>
- Weiss, J. (2019). *Sustainability Report 2019 (Rep.)*. Retrieved July 22, 2020, from TAKKT AG website: [https://www.takkt.de/fileadmin/user\\_upload/TAKKT\\_Sustainability\\_Report\\_2019\\_EN.pdf](https://www.takkt.de/fileadmin/user_upload/TAKKT_Sustainability_Report_2019_EN.pdf)

- Williams, R. & Hayes, J. (2013). Literature review: seminal papers on 'Shared value', *Oxford policy management*, January.
- Wood, D. J. (1991). Corporate Social Performance Revisited. *The Academy of Management Review*, 16(4), 691-718. Retrieved May 18, 2020, from <http://www.jstor.org/stable/10.2307/258977?refreqid=search-gateway:d9edb28b8d7a49297cf2ac4cf936ae52>
- Woolcock, M. (2001). The Place of Social Capital in Understanding Social and Economic Outcomes. *Paper Presented at the Contribution of Human and Social Capital to Sustained Economic Growth and Well-Being*, Ottawa. Available from: <http://www.oecd.org/innovation/research/1824913.pdf>.
- Young, S. L., & Makhija, M. V. (2014). Firms corporate social responsibility behavior: An integration of institutional and profit maximization approaches. *Journal of International Business Studies*, 45(6), 670-698. doi:10.1057/jibs.2014.29

# Appendices

## Appendix 1: Haniel Holding Company Additional Evidence

---

1.2: *As a corporate citizen, Haniel provides financial, material and conceptual support to individual initiatives and projects at its location in Duisburg, with the aim of improving the city's standard of living and creating long-term benefit for the region (Haniel, 2018a; 21).*

*The Company and the Haniel Foundation in Duisburg work hand in hand in promoting education: in 2010 the cooperation project "Bildung als Chance" ("Education as Opportunity") was established...All three initiatives pursue the same objective with their individual approaches: to break down barriers to education and to provide school- children with a path to a successful future. The project now covers 26 schools in Duisburg, reaching around 1,500 schoolchildren per year (Haniel, 2018a; 22).*

---

1.5: *More than 80 per cent of those surveyed are satisfied with the Haniel Holding Company's efforts to ensure sustainability...After analysing the responses to the stakeholder survey, the findings were subjected to an internal assessment by executives and CR experts from the Holding Company, who weighted each topic to account for their economic, environmental and social impact. This resulted in four focal points standing out from both the stakeholders' and the Company's perspective (Haniel, 2018a; 8).*

---

1.7: *...comprehensive compliance management system has been established to effectively mitigate the risk of non- compliance with rules and regulations which might jeopardize the Company's reputation and economic success... Haniel's Code of Conduct lays out principles for carrying out business activities at every level; these principles are based on those set out in the UN Global Compact ...to ensure that its operations have as little impact on the environment as possible...awareness among the employees of the importance of this principle is raised accordingly (Haniel, 2018; 4).*

*Haniel's Values: the ability to combine generations of economic success with responsibility for employees, society and the environment...thinking in generations, creating value, assuming responsibility, acting in an entrepreneurial manner, shaping change, supporting our staff (Haniel, 2018a; 18).*

*"For us it is normal if you have success in business to give something back.. it's part of our DNA and part of the DNA of the Haniel family. Franz Haniel led the company for over 60 years and it was natural to give back for religious reasons ...it was a Protestant family and this played a major role...it is lived CSR, also [for] the employees" (M. Heckhoff, personal communication, July 20, 2020).*

---

## Appendix 2: TAKKT Additional Evidence

---

2.1: *Indicators include the share of sourcing volume from certified suppliers... Modern environmental and energy management systems and the corresponding certifications are part of the high standards that the company demands of itself and its business partners along the entire value chain (Weiss, 2019; 9).*

*We require our top suppliers to be [EcoVadis] certified... The advantage is being able to quickly see where our suppliers rate in the four corporate social responsibility themes (environment, labor and human rights, ethics, and sustainable procurement). We can compare their results to benchmarks and quickly make evaluations of their performance (Weiss, 2019; 16).*

*...the supplier sustainability program through the international EcoVadis platform helps to do just that: all of the sustainability activities in the supply chain of the B2B direct marketing company are systematically collected, documented, and improved (Weiss, 2019; 17).*

*The Kaiser+Kraft Group not only documents its own emissions along the value chain but also the carbon emissions of external service providers (Weiss, 2019; 19). In 2017 the purchase volume from suppliers certified by EcoVadis amounted to 51.6% (Weiss, 2019; 61).*

---

2.2: *We chose these projects based on the community's need, the capacity for group participation, and the alignment of core values (Weiss, 2019; 24).*

*...to invite other businesses in the community to these events [volunteering activities] to further establish relationships and networks... Our social and environmental efforts have certainly helped us forge relationships and network with other businesses in the area that then spread the word about our company (Weiss, 2019; 24).*

---

2.3: *...not only because more and more customers want to promote their own business activities with a clear conscience, but also because you don't have to look far to find the benefits of fair operations and purchasing: products with long warranties for the length of the service life benefit the consumer, reduce waste, and represent a seal of quality for the manufacturer (Weiss, 2019; 17).*

*With its EUROKRAFT Active Green product series, the Kaiser+Kraft Group offers its customers carbon-neutral business equipment... all without resulting in additional costs for customers... the process of assessing product life cycles is expensive, but it is all worthwhile, as the brand's share in sales is growing (Weiss, 2019; 18-19).*

---

2.5: *A stakeholder dialogue is organized to develop the sustainability strategy for every four years after 2020, as was done in 2012 and 2016. The stakeholder dialogue is an instrument for structuring a dialogue process between company*

*representatives and all relevant stakeholders, it serves to collect information about stakeholder interests and claims, and it provides information about the company's sustainability activities. The findings and results of the stakeholder dialogue are summarized with the aid of a materiality analysis (Weiss, 2019; 5).*

*...employees from an incredibly broad range of areas came together to compile a list of the SDGs that are relevant for TAKKT (Weiss, 2019; 8).*

*A successful agenda for sustainable development requires partnerships between governments, the private sector, and civil society (Weiss, 2019; 9).*

*All stakeholder groups with which TAKKT comes into contact in the course of its business activities are defined and included as stakeholders. The major stakeholders affected by TAKKT's business activities are also taken into consideration (Weiss, 2019; 47).*

---

*2.6: TAKKT believes strongly that mixed teams add value and considers it a company-wide objective to ensure equal opportunities for women and men (Haniel, 2018; 16).*

*TAKKT is one of the few German companies to have achieved the Global Compact's "advanced level" and the company's objective is to remain at this high level (Haniel, 2018; 17).*

*As part of the Sustainable Development Goals, TAKKT could set itself the goal of carbon-neutral operations throughout the entire Group over the medium term (Weiss, 2019; 20).*

*The BHC Group reached out to the Displays2go team for help, and we quickly assembled a team (Weiss, 2019; 23).*

*Stated 2020 goals for core business, environment and social commitment indicators (Weiss, 2019; 28-34).*

---

*2.7: The SDG Compass represents guidelines for company activities associated with the SDGs and served as a manual for introducing the SDGs at the company (Weiss, 2019; 8). By implementing the Diversity Charter, we want to create a work environment that is free from prejudice (Weiss, 2019; 20).*

*The BHC Group reached out to the Displays2go team for help, and we quickly assembled a team (Weiss, 2019; 23).*

---

*2.8: Status reports for core business, environment and social commitment indicators (Weiss, 2019; 28-34).*

*We conducted the audit review...in accordance with the German standards for the audit re- view of sustainability reports established by the Institute of German Auditors (IDW)...Ebner Stolz GmbH & Co. KG (Weiss, 2019; 39).*

---

*2.9: ...issues can only be solved in interdisciplinary project teams. We need many different perspectives and skill sets, which increasingly makes diversity all the more important (Weiss, 2019; 13).*

*...when participating in environmental or social efforts, it is our core values – namely passion, integrity, and partnership – that we see surface in our team members (Weiss, 2019; 24).*

*Our single-tier direct sales business model to the end customer generates significant environmental advantages over multi-tier distribution systems...it allows high product availability, short delivery times, adherence to delivery dates and optimized transport of goods...In all business processes, we focus on those areas with the greatest savings or improvement potential (Weiss, 2019; 27).*

---

## Appendix 3: UPS Additional Evidence

---

3.1: *Working with suppliers who reflect UPS's diverse markets helps us better serve customers and contributes to the economic development of our communities. Belle-Pak, a minority-owned business and long-time supplier to UPS, provides packaging materials such as polyethylene bags, waybill pouches, and clinical bags (UPS, 2019; 30)*

*You probably heard about DeutscheUmwelt and about all the lawsuits [that] all the cities had about the EU regulation and they all skip the EU regulations. [sic] They never reached the certain threshold of [ppm] and CO2 emissions. So a lot of cities were under pressure and we were seeing just a little bit longer in advance, this was already ongoing like in Dusseldorf we already have a large electric vehicle fleet of about 25 vehicles. [sic] (K. Stodick, personal communication, July 27, 2020).*

---

3.2 *But methane can also be put to use by being purified and processed into RNG that can be used in place of other types of natural gas to power vehicles, displacing their associated emissions. Today, UPS is putting its purchasing scale to work to help commercialize this renewable transportation fuel (UPS, 2019; 17).*

*When bikes replace trucks in dense city centers, they reduce congestion and emissions where these problems are most acute... We launched our first eBike delivery pilot in Hamburg, Germany, in 2012. Today, we are working on more than 30 urban logistics projects in cities worldwide (UPS, 2019; 17).*

*eBike solutions can help cities meet their emissions reduction goals—but only if cities are on board. City officials are instrumental in helping communities adapt to this new logistics model, including providing space for Eco Hubs and allowing eBikes to temporarily park in loading zones. Copenhagen and Stockholm plan to be carbon-neutral by 2025 and 2040, respectively, and UPS eBikes play an important role in helping them reach their goals (UPS, 2019; 19).*

---

3.3: *[Supporting Small to Medium Sized Businesses] Introducing UPS Smart Pickup™ service free of charge to help SMBs simplify shipping with automated pickup requests and instant discounts... Launching the UPS Digital Access Program, which enables SMBs to provide the same high-quality customer experience as larger e-commerce companies... [Environmental support] investing in technologies that improve customer choice and convenience, while also reducing environmental impacts. Expanding the UPS Access Point® network and UPS My Choice® solutions, which reduce missed deliveries... Deploying last-mile solutions, such as electric vehicles, eBikes, and delivery lockers... [Expanded Healthcare solutions] Pioneering drone delivery of vaccines and other critical medications to remote locations... Building UPS® Premier, a healthcare technology solution that enhances on-time reliability through priority handling and temperature-sensitive packaging... [Emerging markets support] Introducing the UPS Women Exporters Program to help women expand their businesses to global markets... Expanding UPS Worldwide*

Express<sup>®</sup> service to more than 140 countries with speedy inventory replenishment and expanded delivery hours (UPS, 2019; 5).

To help sellers keep up with these demands, UPS announced several service enhancements that not only improve convenience and control for consumers and small- and medium-sized businesses (SMBs), but also reduce the environmental impact of deliveries. Centralized pickup and drop-off locations, coupled with route optimization technology, reduce the number of delivery stops our drivers make, which decreases fuel usage and emissions (UPS, 2019; 16).

Nespresso offers consumers pre-paid recycling bags to mail back used capsules, which can be dropped off at any UPS location or returned to any Nespresso Boutique or other participating retailers. Capsules are then sent to recycling partners who separate the coffee grounds from the aluminum (UPS, 2019; 17).

Areas with a high density of UPS customers, therefore, are bike delivery sweet spots. Packages can be transported to an Eco Hub that serves as a mini distribution center, then efficiently delivered to customers via bike or on foot (UPS, 2019; 19).

A new concept from UPS's Upstarts innovation challenge addresses this need. The Rove team pitched a tech-enabled packaging solution: a container outfitted with an electronic label and sensor system that is secure, durable, and, best of all, reusable. (UPS, 2019; 42).

---

3.4: By assessing UNHCR's areas for supply chain improvement, Ruby established the business and technical requirements for an end- to-end tracking system that uses live updates and provides delivery progress in real time to stakeholders across UNHCR operations (The UPS Foundation, 2018; 15).

To ensure a smooth implementation of Optimus [from the World Food Program], Expert on Mission Jim Janetzko leveraged UPS expertise in onboarding new tools and systems, including the training of staff (The UPS Foundation, 2018; 16).

In 2018, The UPS Foundation expanded access to Sağlam Kobi tools by developing Resilience in a Box business disaster tool- kit. Resilience in a Box includes small business disaster resilience assessment tools, checklists, and a business continuity planning workbook (The UPS Foundation, 2018; 18).

In 2018, support from The UPS Foundation allowed CBI to activate its networks and improve disaster preparedness and response in Cote d'Ivoire, Fiji, Haiti, Indonesia, Kenya, Madagascar, Philippines, Sri Lanka, Turkey, and Vanuatu (The UPS Foundation, 2018; 19).

The UPS Foundation provided support for the American Red Cross's Global Disaster Preparedness Center, which worked with the Uganda Red Cross to engage small and medium businesses to improve business continuity planning in the event of a pandemic outbreak like Ebola (The UPS Foundation, 2018; 20).

*Since 2015, The UPS Foundation has worked alongside the Philippines Disaster Resilience Foundation (PDRF) to provide volunteer technical and logistics support (The UPS Foundation, 2018; 21).*

*2017 paved the way for UPS to be more active not only in disaster response but also in disaster preparedness and resilience. UPS has been providing assistance in pre-positioning of relief goods, delivering food packs and shelter in the aftermath of typhoon, volcanic eruption and flooding (The UPS Foundation, 2018; 21).*

*The LET comprises of UPS and the other three largest transportation and logistics companies: Agility, Maersk and DP World. Leveraging their resources, delivery networks, and logistics expertise, these companies support large-scale disaster response by liaising with on-the-ground humanitarian and disaster response partners (The UPS Foundation, 2018; 24).*

*The UPS Foundation worked with UNICEF to deliver WASH (water, sanitation, and hygiene) materials, psycho-social kits, and personal protection equipment to aid health workers responding to the Ebola outbreak in Democratic Republic of the Congo (The UPS Foundation, 2018; 25).*

*The UPS Foundation provides Good360 with cash and in-kind grants, logistics expertise, and thought leadership to support the organization's preparedness before disasters take place (The UPS Foundation, 2018; 27).*

*The UPS Foundation engages with organizations around the globe to discuss safe driving best practices and provides funding and employee expertise to create safer roads and drivers... The UPS Foundation partners with other global organizations— including non-profits, the United Nations, academic institutions and other companies— to develop standards-based solutions that improve road safety and other related issues in the developing world... The UPS Foundation was the sole funder for the rollout phase of the Fleet Forum Modular Driving Program, which targets small-to mid-sized commercial fleet operators in countries where effective driver training is difficult to obtain (The UPS Foundation, 2018; 29-30).*

*The global training and communication initiative embedded in The Women Exporters Program powered by UPS connects participants with UPS partners worldwide. The program will help unleash the economic power of women worldwide by providing access to exporting tools, financing, and networks connecting women entrepreneurs to global market opportunities. The UPS Foundation provided grant funding for the program's creation, which will make available micro-loans, training, and mentorship to 100,000 women involved in cross-border trading by 2020 (The UPS Foundation, 2018; 34).*

*We are supporting the COVID-19 response with our global smart logistics network and funding local, national, and international community partners with more than \$21 million in funds, in-kind shipments, and logistics support... UPS is providing loaned executive logistics experts to assist with public-private partnerships, including our collaboration with FEMA to help distribute PPE and other necessary materials to healthcare workers across the United States. We are also launching*

*drone delivery alongside CVS to the largest U.S. retirement community, home to more than 135,000 residents (UPS, 2019; 15).*

---

*3.5: Materiality is a critical input into our corporate sustainability strategy because it ensures that we provide our stakeholders with the sustainability information most relevant to them and our business. To determine this, we conduct a formal materiality assessment on a regular basis. Our last corporate global materiality assessment, conducted in 2013, continues to inform the framework for this Report (UPS, 2016; 14).*

*During 2015, we advanced our commitment to sustainability reporting by conducting materiality assessments in four areas of the world where we have significant and growing operations: the Indian Subcontinent, Middle East, and Africa; Canada; Europe; and Asia-Pacific. These assessments involved desktop research, as well as interviews with internal and external stakeholders in each region. Our goal was to identify, analyze, and prioritize issues in each region in order to inform our sustainability strategy and reporting at both regional and global levels (UPS, 2016; 16).*

*Regular dialogue with employees, customers, investors, community leaders, universities, public officials, suppliers, and third-party providers through formal and informal channels is essential to conducting our business, as well as developing and implementing our sustainability strategies... That is why we have ongoing dialogue with a broad array of stakeholders — even those who may be critical of us (UPS, 2016; 16).*

---

*3.7: Perhaps more than at any other time in our history, global businesses are in the best position to step up and take the reins. Big business has the scale, resources, talent, and operational muscle to drive meaningful change. I am confident UPS understands and welcomes this responsibility (UPS, 2016; 3).*

*UPS has the opportunity to act as a positive economic driver in a growing region in need of business capacity building and international market access (UPS, 2016; 16).*

*Cultivating a diverse workforce and inclusive work environment can help increase talent engagement, foster innovation, enhance customer service, and ultimately drive better financial performance (UPS, 2016; 31).*

---

*3.8: \$ 2.3 billion+ in GDP contributions from the direct and indirect economic and community impact of our supplier diversity program. (UPS, 2016; 56).*

---

*3.9: “In Germany, we are working in the same field and giving lessons, teaching young people getting their driving license together with [a German first aid and safety organization]. They teach you the first aid when you come to an accident... You have to complete one course at least and during the course you can also have these lessons together with UPS. There is a simulator, we have two at least, that we gave to [the German safety organization] so that they can teach it without us. And once and awhile we have people from UPS going there on a Saturday, giving sessions and explaining the practical lesson. These are all people that were drivers*

*with a lot of experience. This is more interesting to the young people to talk to someone that has a lot of experience and common knowledge. It is about 10 years old now and we put a lot of money into it” (K. Stodick, personal communication, July 27, 2020).*

*“Okay, so there you can already to see you something about the Strategic. I mean you do not really work in fields which are not really close to you and which does not make sense. We are not really into biodiversity for example. It is something we do not cover for certain reasons. Of course, it would too much stretch our opportunities. We are much better in helping and supporting where our business is for example. My position in general is very strategic, businesses and cities come out to us and ask for support and doing research. I do a lot of research together institutions with various universities in Munich and Dresden. We are going to have research institutes now [sic]” (K. Stodick, personal communication, July 27, 2020).*

---

## **Appendix 4: Interview Questions**

### **Questions related to Strategic CSR:**

How do the company's CSR activities contribute to the supply of firm resources or inputs?

Which CSR activities make your firm more competitive?

Do any CSR activities contribute to product or service improvements linked to increased demand?

Are CSR activities based on firm core competencies or related to the sector in which the firm operates?

How does the firm view its stakeholders and what impact do they have on decision making?

What does the firm hope to accomplish through its CSR activities?

How does the firm see itself in relation to the community and wider society?

How does the firm measure progress towards social impact goals?

Are the company's CSR goals tied to firm goals? If so, how?

Can you list the organizations or key players that contribute to achieving CSR goals? Do any of these players contribute to the achievement of business goals?

### **Questions Related to Corporate Volunteering:**

How long has your firm conducted Corporate Volunteering (CV) activities?

Are the CV programs generally long or short term?

Are your CV activities managed by the company or an external entity?

What is the maximum number of hours an employee can participate in CV per year?

What percentage of the workforce may engage in CV?

How many employees participated last year?

How many volunteer hours did the company log last year?

Do most employees who participate in CV use the maximum number of available hours?

What is the volunteer to beneficiary ratio of the programs on average?

How frequently do individual employees interact with the same beneficiaries?

How have CV programs been affected by the pandemic?

What is the future of the company's Corporate Volunteering?

### **Haniel Specific questions:**

What motivated Haniel originally to embody the precepts of the "honorable merchant?"

Have the firm's values and orientations evolved over the centuries? How?

In light of the pandemic do you foresee any significant changes in Haniel's values or expression of those values moving forward?

**UPS Specific questions:**

Does the CSR strategy and/or activities in Germany differ from the subsidiaries in other countries? If so, how?

Can you comment on how COVID-19 pandemic has affected corporate volunteering in relation to UPS's 2020 target for 20 million hours of volunteer service?

**Vostel Specific questions:**

Could you tell me a little bit about what inspired you to start Vostel?

In your opinion, what are the societal benefits of volunteering in general and corporate volunteering specifically?

Why do firms chose to use organizations like Vostel to coordinate their Corporate Volunteering?

What reasons to companies state for participating in Corporate Volunteering?

How would you characterize the interest in Corporate Volunteering from firms in Germany? Is it a priority, a result of external pressure, focused on employee satisfaction, etc.?

What kinds of projects, programs, and/or partnerships are firms looking to participate in? Long-term or short-term, focused on the local community in which they operate or international, shared goals with partner organization, etc.?

What kind of impact are firms hoping to achieve though Corporate Volunteering?

What are some of the benefits and challenges in working with firms to achieve their corporate volunteering goals?

In your experience, do firms conduct activities on a regular basis or does Vostel have many "one-off" clients?

Are firms operating their corporate volunteering programs through their CSR departments? If not, which departments are involved?

How has the pandemic affected the field of Corporate Volunteering?

Has the pandemic significantly impacted the number of firms looking for volunteering opportunities though Vostel? Have NGOs reduced their requests for volunteers?

What do you think is the outlook for corporate volunteering going forward?

## **Appendix 5: Link to Interview Transcripts and Notes**

[https://drive.google.com/drive/folders/1nodi\\_aqNYSlyuUysC2dbC2bAqmToUuxX?usp=sharing](https://drive.google.com/drive/folders/1nodi_aqNYSlyuUysC2dbC2bAqmToUuxX?usp=sharing)