



Digitalization and Corporate Citizenship

Perception and Reality for Social Impact

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Research report on behalf of the Bertelsmann Stiftung

Digital transformation of society equals digital Corporate Citizenship?

Companies' responsibility towards society

Today, there is hardly no one questioning a company's responsibility towards society. In order to operate well, companies rely on a well-functioning society and ecosystem. In return it is not only their responsibility to prevent both from harm but also to contribute to the sustainable maintenance of both. In fact, a large part of companies already accept this responsibility. They support non-profit organizations, cooperate with regional communities and develop neighborhood programs. There are numerous companies setting a good example for how business can be engaged in society.

The majority of companies accept their social responsibility and set good examples of how to engage with society.

Society's transformation and Corporate Citizenship

Society, however, is exposed to continuous change. Currently we are going through one of the most disruptive transformations: digitalization. Digital technologies such as the internet of things, blockchain or artificial intelligence already have an impact on our every-day life, work and relations.

To what extent does digitalization, one of society's most disrupting transformation, affect Corporate Citizenship activities?

To what extent does this transformation also affect companies and their social responsibility?

This question can be approached on a normative level. There is a good reason why the public debate more and more turns towards the term of corporate digital responsibility in order to counter risks of unknown, disrupting technologies. However, the actual consequences of these technologies on our society are still difficult to predict. Therefore, we decided to focus on the chances rather than on the potential risks of the current digital transformation. More precisely, we dealt with the opportunities digitalization offers on the operational level of Corporate Citizenship. Within the last five years, new technologies have been developed for companies to influence and encourage deeper social impact. Today's corporate leaders have these new tools at their disposal to manage their Corporate Citizenship activities and to engage employees in everything from crowdfunding campaigns and volunteer events to better social impact reporting.

But do these new tools provide companies with new opportunities, greater challenges or both?

Lack of research

Given there is little research on how digitalization affects companies working to achieve social change, the Bertelsmann Stiftung commissioned Beyond Philanthropy to conduct exploratory research on Corporate Citizenship in the digital age. Assuming there might be considerable differences between Germany and the USA as a technological pioneer, Beyond Philanthropy partnered with research advisors Derrick Feldmann and Amy Thayer, researchers based in the US that have studied the behaviors of social impact, millennials and company/cause engagement.

The Bertelsmann Stiftung commissioned Beyond Philanthropy to conduct an exploratory research.

Digital tools for Corporate Citizenship

Corporate Citizenship Management	
<p>Purpose: Provide Corporate Citizenship practitioners with the tools to design, manage and execute community and cause initiatives. Each tool is designed to help the practitioner focus Corporate Citizenship efforts and maximize social impact.</p> <p>Benefit: Allows for the largest return on human and corporate capital as it relates to social impact. Resources can be redirected to social impact initiatives rather than management of Corporate Citizenship due to the efficiency and effectiveness of these tools.</p>	<ul style="list-style-type: none"> • Social Issue Research Software • Nonprofit and Organizational Background Query and Search Software (Legal, Financial and Organizational Sustainability) • Impact Reporting and Dashboard Platforms • Grant Management and Corporate Giving Reporting Software

Employee Engagement Digital Tools

Purpose: Provide an opportunity for employees to investigate, select and participate in individual cause interests along with corporate community initiatives. Each tool allows the individual to create their own workplace community engagement program.

Benefit: Allows for low barriers of entry to participate in employee cause engagement programs, democratization of social and cause engagement programming at the employee level and reduces management and human capital resources expended to match employee interests with opportunities.

- Employee Giving, Matching and Donation Software
- Volunteer Opportunities and Training Software
- Social Issue Interest, Knowledge and Content Platforms
- Employee Community Participation Reporting Software

How we explored the field

Mixed method research approach

The research is based on a mixed method approach. Qualitative interviews with eleven Corporate Citizenship managers and experts in Germany and the USA delivered the main insights for the following results. In addition to that, an online survey covering the topic of digital Corporate Citizenship was shared with more than 350 company representatives – also in Germany and the USA.

The qualitative interviews had already shown the research topic needs ample opportunities for discussion and explanation. Therefore we had to expect difficulties with exploring the topic in an anonymous online survey. Eventually, different factors such as the time the survey was fielded as well as the state of discussions about digitalization in the public narrative, hindered the response rate additionally. Altogether, the survey reached a response rate of only 7%.

Next to an anonymous online survey, the research team interviewed eleven Corporate Citizenship experts and practitioners.

Neutral quantitative results

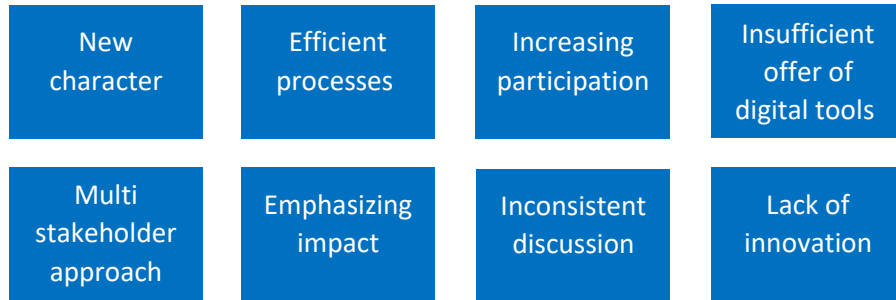
Consequently, the findings vary a lot. Whereas we received interesting insights and future oriented outlooks from the qualitative interviews, the results from the quantitative survey remained rather neutral.

Other than the qualitative interviews, the quantitative results remained rather neutral.

Instead of separately representing the quantitative and qualitative results, the following main findings cumulate the responses of the interviewees and the survey respondents from this exploratory exercise. Thus, the overarching summary of the research results provides a snapshot view of the current state of digital Corporate Citizenship activities.



Snapshots from the field – the main findings



1. New character

New topics and levers for Corporate Citizenship

According to the companies surveyed and interviewed, digitalization is, at this moment, not influencing Corporate Citizenship as much as other business units. However, particularly large technology companies already acknowledge that digitalization can be perceived as a basis for new topics and fields of social engagement. In this regard, the qualitative interviews have clearly shown that topics such as digital literacy and inclusion are more and more important for companies who reconsider their responsibility and scope for action in society. Interviewees stated that it is very important for them to guarantee that every member of society will be capable of keeping up with the developments that come with the digital transformation. Thus, e.g. technology companies can more effectively link their Corporate Citizenship activities with their core competencies. Further, digitalization also comes with new levers for Corporate Citizenship efforts such as donating data or software.

Digitalization helps companies to better assess social challenges and introduces fields of engagement such as digital education.

Digitalization does not only provide companies with new fields of engagement but it also allows them to build new understanding of social issues along with potential solutions for social change. Digital tools can be useful to collect and analyze data on social challenges what in return helps to increase corporations’ (employees, stakeholders, etc.) knowledge of the social sector and current social issues. Half of the survey respondents indicated they already use a data-driven approach to decide on which social cause they want to support as well as on appropriate partners for their social activities.

2. Efficient processes

Digital efficiency

In general, digitalization converts analog information into digital form and consequently makes decision-making and working processes within companies faster and more efficient. With this in mind, digitalization should also have positive implications for Corporate Citizenship. For example, it's getting easier for companies to allocate, distribute and manage funds through digital corporate giving platforms. Also, digital management systems allow Corporate Citizenship teams to enhance their social impact monitoring efforts thus increasing not only the efficiency but also the effectiveness of a company's social giving. In practice however, Corporate Citizenship managers complain about a lack of accessible and trustworthy tools.

Digitalization leads to more efficient processes e.g. when it comes to involving employees.

At the same time, more and more companies try to increasingly involve their internal stakeholders such as employees in their Corporate Citizenship engagement. This is often linked with a concept of individual choice in giving and volunteering through the workplace which particularly demands new digital solutions and systems to enable efficiency in employee matching for opportunities to give and serve.

The opportunity for more efficiency should encourage companies to design new digitalization efforts to maximize their Corporate Citizenship operations. Yet, it is important to keep in mind that Corporate Citizenship is located at the interface between business and social sector. Therefore, it might be tempting but problematic to put efficiency over impact – something that has been particularly shown by interviews with US based companies.

3. Increasing participation

Involving stakeholders through digital communication

While interviewees described the way digitalization affects their Corporate Citizenship in many different ways, one thing was immediately named by almost every participant: effective communication with stakeholders. Digital communication tools provide a mechanism for feedback from employees, partners and other stakeholders. This in turn is an opportunity for companies to involve stakeholders in decision-making processes which then leads to an increasing internal and external legitimation of their community engagement.

Digital forms of communication help companies to better involve stakeholders.

Participation of employees

Digital tools not only make it easier to communicate with stakeholders but also increase their expectations of being involved. One prominent example of how to better involve employees is corporate volunteering. More and more companies recognize the benefits and put a lot of effort in implementing successful corporate volunteering programs. These programs help companies in many ways. They can increase employee retention, develop their staff and improve their overall reputation. Therefore, it is no surprise that – according to the survey – the involvement of employees is one of the main reasons for the use of digital tools in Corporate Citizenship activities.

Managing corporate volunteering becomes easier through digital tools but employees need to be animated to use these tools.

Even though participation has increased due to new technologies such as social media, digital platforms, groupware, etc., it has not reached desired levels. Employees' engagement with and in the tools is dependent upon multichannel methods of internal communication and awareness building. Therefore, participation in such programs which use the tools tend to take more traditional methods (peer to peer engagement, team and group discussions, leadership involvement, etc.).

4. Multi stakeholder approach

Improving multi stakeholder cooperation

Digital developments may not only guarantee better communication with employees and other stakeholders, it also has the potential to increasingly contribute to better partnerships by enabling both sides to understand and to meet their respective partner's (e.g. NGOs) needs.

Practitioners hope that digital tools might help to improve the cross sectoral cooperation of different partners.

This approach however assumes that all partners are ready, capable and have the capacity to populate digital tools. Examples for such tools include digital platforms that ease cooperation between different organizations or reporting software which could help the NGO landscape improve their impact reporting and feedback loops to increase the corporate partners' understanding of their specific situation.

As stated by one interviewee, this development might contribute to a better understanding between the business and social sector thus leading to more effective cross sectoral cooperation.

5. Insufficient offer of digital tools

Lacking useful tools

As mentioned above, Corporate Citizenship practitioners perceive a lack of digital tools that meet their individual corporate needs. Even though certain digital tools for Corporate Citizenship already exist, they are still very expensive and raise questions about data security. These doubts also exist within US companies. Therefore, they bring these tools through privacy, data breach screen testing and hacking scenarios before introduction to the employee base.

Existing Corporate Citizenship tools are either too expensive or do not meet practitioners' needs.

It became obvious that the majority of existing digital tools is still far from standardization. Nevertheless, in order to get tailored digital solutions for their Corporate Citizenship operations, some companies – especially from the technology industry – develop their own digital tools. However, as they do not invest in further developing similar tools that might be sold to other Corporate Citizenship practitioners, these tools remain primarily proprietary.

6. Emphasizing impact

Emerging importance of creating impact

Even though Corporate Citizenship practitioners are still missing satisfying tools for their operations, they agree that specific digital tools could make it easier to collect data with implications on certain programs' impact. According to an interviewee, this possibility in return could lead to higher expectations from stakeholders concerning the impact of a company's Corporate Citizenship activities. Other interviewees, however, disagreed on the implied correlation: Is it the development of digital measurement tools or a changing mind-set that currently causes the increasing importance of creating impact?

Digital tools increase companies' possibilities to collect data but it remains unclear how to effectively measure social impact.

The key challenge remains the non-existence of a joint definition of social impact. Even if they want to measure their activities' impact, many Corporate Citizenship practitioners just don't know what indicators to use. As long as we are lacking a common understanding of impact, developing digital measurement tools will remain a difficult challenge. With social impact reporting varying among subsectors and verticals within the NGO sector, Corporate Citizenship teams must be skilled on devising social issue impact

claims they want to accomplish with their partners in an effort to benchmark, monitor and achieve such outcomes.

7. Inconsistent discussion

Gap between digital
business and digital
Corporate Citizenship

None of the interviewees doubted the effects that digitalization already has on business and society alike. On the one hand it disruptively changes business models and social interaction and on the other hand it simply allows us to increasingly digitize everyday operations. Since the research focused on the operational level, respondents described digitalization as an issue that has been dominated and influenced their companies' operations for years. However, when it comes to Corporate Citizenship operations many of these companies still seem to be rather stagnant in their implementation of larger vision of how to use digitalization in order to benefit society at large.

Digitalization's effects
on Corporate
Citizenship remain
vague even though
companies and
society are
unquestionably
influenced by the
digital
transformation.

Whereas digital measurement and tracking systems were named as an important benefit for becoming a more sustainable business – e.g. tracking the supply chain or measuring CO₂ emissions – it remained rather vague how Corporate Citizenship and social impact initiatives could also benefit from the technological developments that come with digitalization.

This inconsistency is additionally fueled by Corporate Citizenship initiatives and social impact being measured across several units within the company (CSR, HR, Diversity and Inclusion, etc.). Consequently, this leads to a lack of unanimously defined outcomes the company desires as long as there is no overarching Corporate Citizenship strategy. Digital tools however provide unique opportunities to allow fragmentation of social issue support, awareness and adoption but corporate social impact initiatives will need to remain diligent and in line with the company's Corporate Citizenship strategy in an effort to ensure progress toward consistency in desired social outcomes.

8. Lack of innovation

Missed chance to become a digital pioneer in the social sector

The interviews have proven that some companies already socially engage in digitalization related topics but so far they do not use digitalization to revolutionize their Corporate Citizenship operations. This is particularly unfortunate since they could be the ones who have the resources and competencies to advance the social sector with tailored digital solutions. After all, companies consider social sector organizations as even more behind and less innovative.

With regards to digitizing Corporate Citizenship, companies have not yet come up with revolutionizing ideas.

Given the expansion of social good through many mechanisms (not just through corporate volunteering and giving), companies continue to be challenged with particular roles they can play with social issues. Therefore, participating or leading on issues and how digital tools will support their efforts is still up for consideration and debate.

Differences between Germany and the USA

Based upon conversations and individual impressions in the field prior to this exploratory study, the research team designed a hypothesis that significant differences would exist on the topic of Corporate Citizenship digitalization between USA and German companies. Therefore, the final research results surprised all the more. According to the qualitative interviews and the quantitative survey, there is not enough statistical difference between the two countries to report at this time based upon the exploratory study. Further study is necessary to determine future variances.

What's next?

New questions resulting from the research

Upon further reflection of the data, new questions have arisen out of the study that must be addressed, not only by research but also by those that are seeking to enhance and build a stronger Corporate Citizenship community and the leaders of Corporate Citizenship programs.

The gathered data leads to new questions concerning the future of digital Corporate Citizenship.

How can the field move beyond interest and into deeper and broader implementation of tools that can achieve greater social impact?

What barriers exist for companies to move beyond using data just for social issue understanding and research and rather for social issue achievement and new milestones?

Who will develop and provide digital tools and technologies that meet the needs of Corporate Citizenship practitioners?

Given the current state of technology and the capabilities offered by new digital tools, it would be advantageous for professionals to utilize these tools to broaden their social impact scope. If the tools exist, but usage and implementation is lacking, advancements in the field of corporate social impact will be limited.

Therefore, it is important that companies, corporate social leaders, and sector experts work together in peer groups to elevate the implementation and opportunity that is available with digitalization. This can be done through new networks, professional and leadership forums and ongoing dialogue between corporate executives and technology providers. It is also clear that this exploration into digitalization and Corporate Citizenship has yielded a need for further research that can inform those that seek to elevate the field. However, deeper and broader action among the practitioner community coupled with ongoing observation and environmental analysis will lead to better understandings.

In essence, if the tools exist for broader social impact, now is the time for companies to take advantage of these tools in order to amplify their impact. This also implies the developers of such tools should build upon their existing platforms and incorporate the needs of Corporate Citizenship practitioners. The result of this move would mean people and societies will benefit at greater rates than we see today.

Building networks to
develop digital Corporate
Citizenship

Networks of
practitioner and
social leaders can
help to increase the
digitalization of
Corporate
Citizenship.

Conclusion

No digital revolution of
Corporate Citizenship

What the findings of the quantitative as well as of the qualitative exploratory research study suggest is that digital tools have allowed for deeper engagement by employees, better communication among internal and external stakeholders, and deeper knowledge and insights on social issues. But, according to those that participated, companies do not yet use digitalization to revolutionize their social engagement and impact.

At the same time, it seems that on an operational level, digitalization is more advanced than on a strategic or conceptual level. Digital tools have been introduced to the daily Corporate Citizenship business when it comes to practical project and grant management whereas strategic decisions seem to be done in rather traditional ways.

The results presented in this report are mainly derived from qualitative interviews with global companies leading in digitalization, communications, technology and logistics. All of them have an enormous power for digital progress. Therefore, they might be way ahead regarding the stage of digital maturity leaving behind a mass of slowly digitalizing small and medium sized companies. As long as there is no general understanding of how important and promising digitalization in the Corporate Citizenship field is, it is very unlikely that the majority of companies will start to allocate sufficient resources for digital change within Corporate Citizenship.

This interpretation of the research results shows that more formative research on the evolving changes in the Corporate Citizenship field as well as the possibilities that come with digital tools is highly needed. Instead of indicating promising, future-oriented developments of current Corporate Citizenship activities, our participant responses rather displayed the complexity of the debate which is still lacking answers. Broader research and sector wide exchange will help to further explore the question on how the practice and impact of Corporate Citizenship might benefit from the ongoing digital transformation.

The results show, that there is still a long way to go in order to fully benefit from digitalization in the field of Corporate Citizenship.

Especially international technology companies seem to be way ahead, in order to change this gap further research and sector exchange is needed.



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