CSR Leadership Study

Hansen, Erik G.; Reichwald, Ralf

Erik G. Hansen and Ralf Reichwald

CSR Leadership Study

Leading Corporate Responsibility in Multinational Corporations

A study in Germany's biggest firms. Final report.

"The mission of business is to maximize profit. You know, the more I look at it and the more I consider my own experience, the more uncomfortable I feel with this description. It is the only concept of business in economics - there is no other concept. But human beings are not one-dimensional; human beings are not born to become just money-making robots; human beings are much bigger than that. They want to make money; they want to enjoy making money, but there are many other things they enjoy that are not included in economics, and I think that's a flaw in the theory and the way we put it into practice.

The way I see it, being self-centred, being selfish, is part of being human. You cannot ignore it. It's an important part of every human being, but selflessness too is part of a being human. By this I don't mean that there are selfish people and there are selfless people. I mean that every human being is endowed with both attributes.

Now when we look at businesses, there are only businesses based on one of these human attributes, which is the selfish side."

Yunus Muhammad (2009)

Foreword by Prof. Ralf Reichwald

Especially large scale multinational corporations (MNCs) employ a high number of managers on various hierarchical levels. An increasing number of organisations regard their human capital and especially their leadership capital as a strategic resource important for generating competitive advantage. However, not all managers can be charismatic leaders. Hence, corporations provide their managers with a broad set of instruments, methods and tools to support them in achieving outstanding leadership. These instruments stem from various functions like Human Resources, Controlling, Corporate Communication, Strategic Management and Knowledge Management and present the building blocks of so called leadership systems. A key question is, how leadership systems can be aligned with corporate strategy to reach "Leadership Excellence" – a question that has been subject to empirical research in the recent years.

The "Leadership Excellence Study", conducted in 2003 at my Institute for Information Organization, and Management at the Technische Universität München, analysed 40 MNCs and found that, conceptually, a leadership system consists of four key areas: (1) Leadership as a day-to-day interactive process, (2) leadership metrics, (3) leadership deployment (4) and the selection and development of leadership talent. The results of the study showed that most leadership systems were derived from the overarching corporate strategy. However, the results also indicated that leadership systems had only weak ties to topics such as values, ethics, and social responsibilities.

The major ethical crises which some of the "excellent" corporations faced in the past few years, motivated us to revisit the topic of leadership excellence – in 2007, this led to the design of the present study "CSR Leadership". The study analyses leadership systems from a normative-ethical viewpoint and wants to answer the question which guidelines exist for leadership and which norms, values, and guidelines support more responsible leadership. Based on the concept of corporate social responsibility (CSR), "CSR leadership" integrates the economic dimension with the social, ethical, and ecological dimension to a holistic leadership system, which we term "Responsible Leadership System".

Based on the Leadership Excellence study in 2003, the present study shows that most companies address CSR in some elements of their leadership system. This is however more strongly the case in "soft" areas; in "tougher" areas such as compensation systems, the links are weaker. It seems that companies are in a phase of reorientation, where uncertainty remains about the final direction of developments around CR and the related nature of leadership.

Whether responsible leadership systems are positively correlated with firm performance cannot be answered by the present study. However, I hypothesise that, in the long term, companies which align the responsible leadership culture with corporate strategy are in a better position for turbulent environments and the related necessary change processes.

Prof. Ralf Reichwald

Research partners

Funding: **Peter Pribilla Foundation**

Technische Universität München

Munich, Germany

www.pribilla-stiftung.de/eng

Execution: **Institute for Information, Organization and Management**

Prof. Dr. Prof. h.c. Dr. h.c. Ralf Reichwald

TUM Business School

Technische Universität München

Munich, Germany

www.prof-reichwald.de

Partners: **Center for Leading Innovation & Cooperation (CLIC)**

HHL - Leipzig Graduate School of Management

Leipzig, Germany

www.clicresearch.de

Other support: **Stiftung Wertevolle Zukunft**

Stiftung für ethisches Handeln

Hamburg, Germany

www.wertevolle-zukunft.de

For further information, please visit the project website: http://www.csr-leadership.org

Acknowledgements

Contents

Figures

Tables

Abbreviations

BSC	Balanced Scorecard
CCI	Corporate Community Involvement
CO_2	Carbon dioxide
COM	European Commission
CSR	Corporate Social Responsibility
CR	Corporate Responsibility
DAX	Deutscher Aktien Index (German stock index)
DJSI	Dow Jones Sustainability Index
EBIT	Earnings Before Interests and Tax
ECI	Employee Community Involvement
EFQM	European Foundation for Quality Management
EHS	Environment, Health and Safety
GLS	Generic Leadership System
GRI	Global Reporting Initiative
HR	Human Resources
HRD	Human Resource Development
ILO	International Labour Organization
IPM	Integrated Product Management
KPI	Key performance Indicator
LCA	Life-Cycle Analysis
LOHA	Lifestyle of Health and Sustainability
MIT	Massachusetts Institute of Technology
MNC	Multinational Corporations
NGO	Nongovernmental Organisation
RLS	Responsibility Leadership System
SBSC	Sustainability Balanced Scorecard
SRI	Socially Responsible Investment
SV	Sustainable Value
TBL	Triple Bottom Line
TQM	Total Quality Management
UN	United Nations
UNGC	United Nations Global Compact
WBCSD	World Business Council on Sustainable Development

Executive Summary

Goals and Method

The present work embarks from the diagnosis that we are currently in a time of *shifting societal values* towards a greater balance between economic, social, and environmental concerns and that this shift has accelerated through various *excesses of the economic system* both on macro and micro levels. Corporate social responsibility (CSR), or simply corporate responsibility (*CR), is a key concept* to spur an integration of economic, social and environmental considerations. Integrating CR in a business organisation is a *leadership task*. In large-scale organisations, especially *formal systems* (or *leadership systems*, if focusing on executives) are necessary to invoke broad change throughout the entire leadership hierarchies, across sites, and regional destinations. The present study elaborates the role of CR-oriented leadership systems, which we call *responsible leadership systems (RLS),* through three detailed research questions:

> 1. Which formal systems and instruments exist to make CR part of the corporate leadership agenda ("existence")?
> 2. How are these systems and instruments implemented in practice ("implementation")?
> 3. How are these systems and instruments interrelated in the sense of an overall (formal) RLS ("systems perspective")?

We investigated these research questions through qualitative research using expert interviews and case study research. Data collection was mostly achieved during 2008 covering 35 interviews and documentary data from more than 12 organisations. At the core of the study is a *benchmarking analysis* covering seven of the largest German companies (BMW AG, Henkel AG, Linde AG, Merck KGaA, Deutsche Telekom, Siemens AG, and one anonymous company from the automotive industry).

Based on earlier research in leadership excellence, we developed a "RLS framework" in order to structure the empirical investigation. The framework structures different types of leadership instruments and tools into seven fields: The four *core fields* are termed leadership as a day-to-day interactive process; leadership metrics; leadership deployment; and selection of leaders and leadership development. These core fields are framed by the three *contextual fields* strategy, structure, and culture.

Result 1: Responsible Leadership Systems Toolbox

The details of individual corporate solutions for leadership instruments in each of the seven fields of the RLS framework are presented in descriptive manner and, ultimately, result in the *RLS Toolbox*. Some of the most innovative solutions are the following (structured according to the framework):
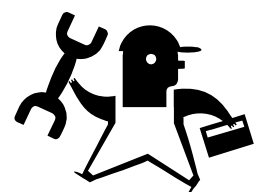
- *Corporate strategy:* One company developed an environmental portfolio in order to nurture sustainability-oriented products and technologies through dedicated investments and market goals.

- *Organisational structure:* One of the companies aims at establishing a stakeholder advisory board consisting of various external experts (e.g., NGOs, researchers, political representatives) in order to advise the executive board.

- *Leadership as day-to-day process:* Most companies integrate CR in their formal values statements and related instruments. One automotive company made principles like responsibility and sustainability a basis of their leadership model (which serves as a basis for evaluation, compensation and development of their managers).

- *Leadership metrics:* One company introduced an "environmental innovativeness KPI" which is used to control the share of environmental technologies in the innovation pipeline. Another company developed an innovative "community-focused balanced scorecard" integrating their long-term community involvement projects into the top-management scorecard system. Innovative output and impact metrics for measuring these societal projects were linked to the goals in the scorecard.

- *Leadership deployment:* As a non-monetary incentive, one firm awards teams engaging in extraordinary CR projects with a "CSR award". The award ceremony is integrated in the yearly general leadership meeting and, hence, reflects the importance of the topic for top-management.

- *Selection of leaders and leadership development:* One innovate organisation uses service-learning in social projects in order to raise awareness of top executives with respect to sustainability and diversity. The projects have a duration of several weeks and are accompanied by introspective methods like coaching.

Result 2: Benchmarking for Use by Individual Firms

Rooted in a scoring model, a comparative analysis in the sense of benchmarking reveals similarities and differences in each area of the responsible leadership systems of the seven benchmarking companies. Informative charts facilitate a cross-company analysis. The benchmarking is achieved on three different levels:

- At the first level, companies are compared using a *single* aggregated score.
  This single score also determines the "CSR Leadership ranking" of companies.

- At the second level, the level of the overall RLS, companies are benchmarked using the main fields of the RLS framework (i.e., core fields: interactive process; metrics; deployment; selection and development; and contextual fields: strategy; structure) using aggregated scores.

- At the third level, each "field" (both core and contextual fields) is subject to a detailed benchmarking which compares the degree of CR integration in specific *leadership instruments*.

The benchmarking results show various *similarities* between companies:

- Companies most strongly engage in instruments of the *interactive process* field (e.g., values statements; guidelines) and in non-monetary instruments of the leadership deployment field (e.g., awards, compliance instruments);

- they are less strong regarding instruments in the field of *leadership metrics* and with regard to monetary instruments in the field of *leadership deployment* (e.g., CR-oriented variable pay); and

- they almost entirely neglect the field of *selection of leaders and leadership development*.

Still, differences exist resulting in a *typology* of RLS covering four types: "doubters", "newbees & greenwashers" (2), "careful optimists", and "enthusiasts". Only two companies are considered *enthusiasts* scoring high in all (core) fields of the leadership system (Figure 1).

Firm benchmarking according to the fields of the RLS framework (in %)
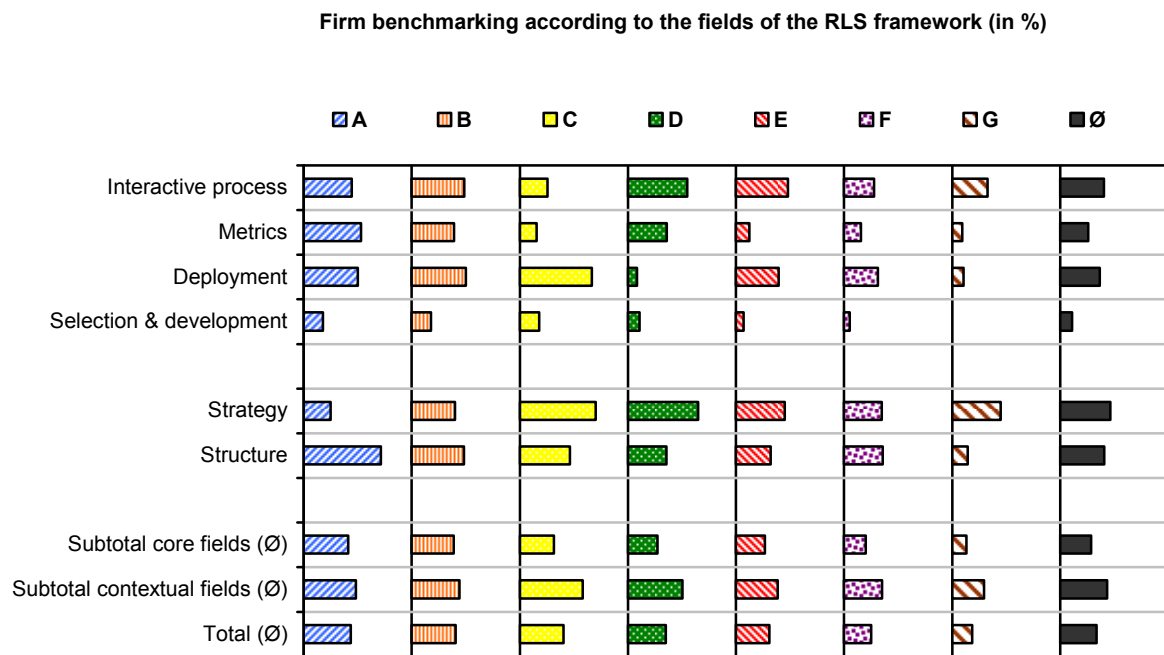
Figure 1   Overall Benchmarking Results

Result 3: Success Factors

The above benchmarking results reveal various *success factors* for responsible leadership systems:

- Leading companies use CR to rethink their current business models and to tap into new markets.

- Leading companies implement strong CR-oriented organisational structures, especially cross-functional structures to coordinate CR (e.g., CR committees, carbon committee). Maybe one of the most controversial findings – these companies <u>do not necessarily</u> integrate CR in their *formal, corporate* strategies; sometimes, they only have (functional-level) CR strategies in place.

- Leading companies go beyond "leadership as day-to-day interactive process" (e.g., values statements) and integrate CR also in other areas of the leadership system, namely performance measurement, incentives and compensation.

- Leading companies integrate CR into leadership development programmes and specialists training more strongly than other companies.

Result 4: A Broader Perspective

The data also shows some broader relationships which help to establish responsible leadership systems and which also show how RLS relates to other constructs like financial performance:
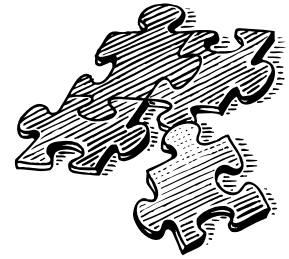
- Different *pathways* towards responsible leadership systems exist. Findings show that, historically, companies either begin their journey towards responsible leadership systems via strategic initiatives (context field strategy), departmental activities (context field structure), or through selection and development efforts aiming at a change in shared values amongst corporate leaders (context field culture). Findings also show that companies with strong *contextual* fields (strategy, structure, culture) of the RLS also have strong *core* fields. We thus assume that CR-oriented corporate strategies, organisational structures, and cultural initiatives all lead to a CR alignment at the core fields of the leadership system. There is, however, no causality and some findings also show that, vice versa, successful CR-oriented changes in the core fields of the leadership system (e.g., new measurements) subsequently lead to revised strategies and organisational structures.

- Our findings also show that investments into RLS are correlated with *CR performance* as evaluated by rating agencies. A direct link to *financial firm performance* is not possible by this study, but could also be implied, considering that some ratings like the Dow Jones Sustainability Index (DJSI) include financial performance as one aspect of CR performance.

Result 5: Trends

The interviews also gave insight into projects and initiatives companies are currently planning or already engaged in:

- *Most frequent:* Most companies currently development appropriate metrics for measuring CR, especially metrics for community involvement schemes. Also, companies are developing CR training units for functional specialists (e.g., product development) or training regarding specific new CR policies (e.g., training on new compliance guidelines).

- *Frequent:* Also, formal stakeholder dialogues, employee community involvement schemes, and innovation KPIs are being developed.

- *Less frequent:* Some companies also work on the alignment of CR with compliance mechanisms, broader (CR-oriented) leadership development programmes, and incentive pay.

1   Introduction

> "Creating a sustainable future,
> economically, socially and environmentally
> requires governments, society, organisations and individuals to
> rethink how we use our resources, how we interact,
> and what we want to achieve.
> There is increasing recognition that we are all part of a complex and
> interdependent system."
>
> *(SIGMA, 2003)*

We are in the midst of change of societal values with respect to the natural environment, technology, and global distribution of resources (Picot, Reichwald & Wigand, 2003: 4, 2008: 5). More and more people think about the "quality of life for all people" (Wood, 1991b: 385) rather than narrow economic benefits. These changes, *systemic* in nature, begin to emerge in various groups of society (e.g., IBLF & SustainAbility, 2001: 11). For instance, ethical consumers increasingly consider social and environmental criteria in their buying decisions; a growing share of investors include social screening services for making investment decisions; talents and employees, more than ever, demand "purpose" in their jobs, which is often related to just, fair, and meaningful organisational practices; and governments around the world are implementing stricter environmental and social policies.

These subtle changes have been accelerating through *excesses* in the economic system (Lockwood, 2004: 2). On a *macro level*, consequences are, amongst others, climate change, increased land use and pollution, and decreasing biodiversity. Some of the social consequences are raising inequality (between developed and developing nations and between various groups within nations). On a *micro level*, various *corporate crises* demonstrated the excesses of individual top-managers or even larger parts of the management (e.g., Malik, 2006: 55; Matten & Moon, 2008: 414; Wieland, 2004). Examples often cited are Shell's decision to sink "Brent Spar"; Enron's accounting fraud; and recent corruption scandals in Germany's multinationals. Managerial greed and ignorance often led individual businesses into bankruptcy and, as current financial crises demonstrates, can even jeopardise entire industries. The overemphasis of economic aspects were spurred especially through the *shareholder value ideology*, which poses return on investments above all else. Interestingly, in a recent newspaper interview, the so called "father of shareholder value movement", Jack Welsh, called the shareholder value concept "a dumb idea" (Guerrera, 2009).

Globally, a vast majority of CEOs recognise increasing external expectation regarding the responsibilities of business, which could be interpreted as challenge for business "how to rebuild trust" (Bielak, Bonini & Oppenheim, 2007: 1; Maak & Pless, 2006: 101). One increasingly recognised concept to address the above challenges is corporate social responsibility (CSR), or simply *corporate responsibility (CR)*. CR aims at transcending the sole focus on economic responsibilities of management to also cover social and environmental responsibilities.

Being at the forefront of this movement, is a *leadership task* (Brown & Treviño, 2006: 608). Where the described challenges as well as the related opportunities are complex and uncertain in its extent, leadership needs to provide a clear vision and goals, in other words, provide stability. Often, individual leaders are key. Consider, for example, the impact of Lord Browne's (the fomer CEO of BP) famous speech on the responsibilities of oil business to engage in renewable energies. Whilst this CEO

leadership is key to any change effort in organisation, *cultural change* requires a much broader approach of leadership *and* culture (Schein 1985/2004) because individual morality can quickly reach its limits so far not supported by the organisation (Wieland, 2004: 14). More specific, corporate leaders are constrained in their behaviour by instruments, systems, and tools, so called *leadership systems* (Huff & Möslein, 2004; Möslein, 2005).

1.1   Research Gap and Research Objective

This present work focuses on cultural artefacts including instruments, systems, tools, strategies, and structures instrumental to make CR an integral part of organisational culture. Little is known today about effective business integration of CR from a leadership system's perspective. Exemplary studies focus on values statements, code of conducts, sanctioning systems, or specific management systems (e.g., Urbany, 2005; Weaver, Treviño & Cochran, 1999). Few studies take a holistic perspective on CR integration in the sense of covering broader types of instruments and tools. The few existing studies are often limited to a theoretical-normative approach (Doppelt, 2003; Epstein, 2008). Also, a large variety of practitioner-oriented literature, mostly from professional service firms, is available (e.g., BMU, econsense & CSM, 2007; Economist Intelligence Unit, 2007; GTZ, 2006; IBLF & SustainAbility, 2001; Quinn & Baltes, 2007; WEF & IBLF, 2003). Academic empirical studies are even fewer, and still limited in the one or other way. Most considerable is the research effort around a group of researchers at IMD business school (e.g., Eckelmann, 2006; Salzmann, 2006; Steger, 2004; Steger, Ionescu-Somers & Salzmann, 2007). However, their research follows the *business case* for CR (i.e., CR as a means to raise profits), which we regard as too narrow. This research also lies significantly in the past and it seems that, since then, organisational approaches towards CR have developed somewhat further. Other empirical studies remain on the surface because they are method-wise solely based on corporate disclosure like reports (Morgan, Ryu & Mirvis, 2009), include only very few cases (Bieker, 2005; Treviño, 1990); or are industry specific (Schmitt, 2005). Some multi-case studies in European MNCs also exist (Hind, Wilson & Lenssen, 2009, Wilson, Lenssen & Hind, 2006; Wirtenberg et al., 2007).

The above review demonstrates that empirical evidence on CR integration in business is very limited. Further, no holistic study exists focussing on *German* companies. This study aims at advancing empirical knowledge on CR integration and focuses on three research question:

1. Which formal systems and instruments exist to make CR part of the corporate leadership agenda ("existence")?

2. How are these systems and instruments implemented in practice ("implementation")?

3. How are these systems and instruments interrelated in the sense of an overall (formal) RLS ("systems perspective")?

1.2   Study Outline

This study is structured into seven chapters. After the introduction, *chapter two* presents the theoretical foundations including corporate responsibility and leadership systems. In chapter *three*, we present the responsible leadership systems framework. *Chapter four* presents the method used for the empirical analysis. *Chapter five* presents the results of the empirical study. Results are discussed in *chapter six*. This study ends with a brief summary and outlook in *chapter seven*.

2   Theoretical Foundation

As already mentioned in the introduction, this report predominantly addresses practitioners and thus does not elaborate in detail the theoretical foundations of "CSR leadership". Rather, this chapter introduced the key concepts, explains the foundations of the present study in the earlier "Leadership Excellence" research and introduces the analytical framework applied in the empirical study. For a detailed theoretical foundation, we refer to Hansen (2009) and to other scholarly publications about the study (cf. Information About Further Publications on p.119).

2.1   Introducing Corporate Responsibility

Numerous works have described CR in detail. We do not want to repeat this effort. Rather, this section gives a brief introduction to CR with the most important definitions as used in this study.

CR roots in the concept of sustainable development which is defined as

> "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (UN, 1987: 54)

CR is the corporate contribution to sustainable development. It is mostly defined by relating to the triple bottom line (TBL). The TBL demands to simultaneously advance three type of capitals: Economic, social, and environmental (Figure 2).
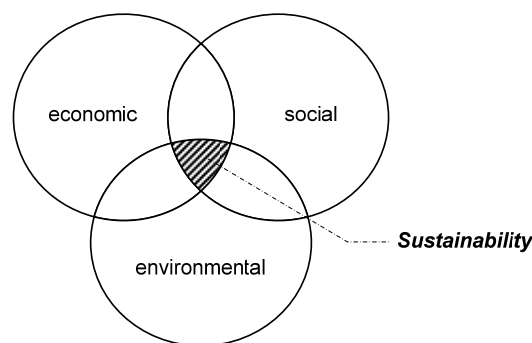
Figure 2   **CR/Sustainability as the Intersection of Economic, Social, and Environmental Capital**

Source: Majer (2004: 25)

As the above figure demonstrates, the three capitals overlap. For example, investments into environmental efficiency simultaneously improves economic capital due to fewer resource consumption (i.e., eco-efficiency).

The three capitals are considered at different levels, which are best described using Carroll's (1991) pyramid of CR. At the first level of the pyramid, Carroll demands corporations to be *economically responsible*. This includes all impacts on any type of the three capitals ultimately leading to an advancement of the economic capital (i.e., both purely economic actions as well as, for example, eco-efficiency belongs to this). At the second level, corporations are held *legally responsible*, i.e. they need to obey laws (this also includes, e.g., environmental laws). At the third level, corporations are held *ethically responsible* expressing the expectation that they should advance capitals also beyond purely economic or legal considerations. Exemplary issues are reduction of environmental harm. The fourth level, *philanthropic responsibilities*, expresses the desire that companies improve the three capitals

also in local communities, i.e. even in areas external to the organisation. Such corporate community involvement (CCI) may either address a community's economic or social conditions (e.g., welfare increase) or the community's natural environment (Figure 3).
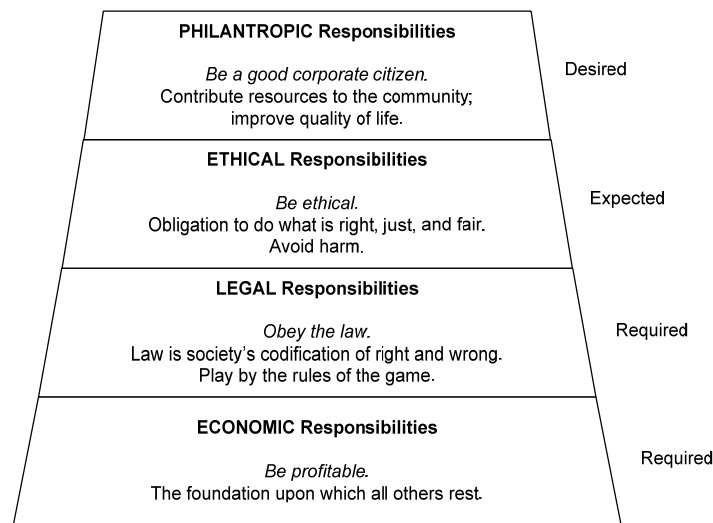
Figure 3   The Pyramid of Corporate Social Responsibility

Source: Carroll (1991: 42); Schwartz & Carroll (2003: 504)

We already noted that CR can both respond to economic or ethical responsibilities. This overlap relates to the question about the *motivation* of companies to engage in CR. Two generic motivations are the "moral case" and the "business case". The former follows CR because it is "the right thing to do", the latter business case describes an instrumental motivation which wants to use CR as a lever to increase profits (Figure 4).
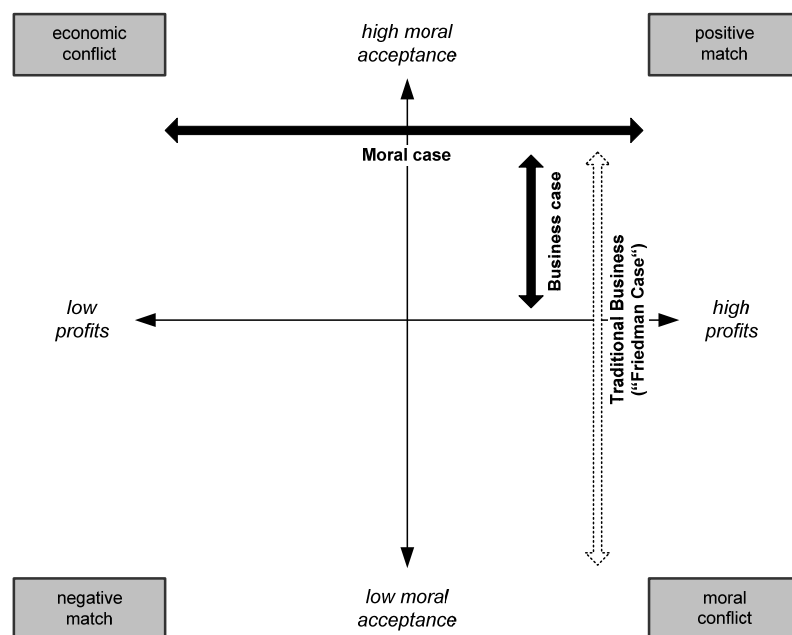
Figure 4   Moral Case and Business Case in the Morality-Profitability Matrix

Source: Based on Husted & de Jesus Salazar (2006: 87); Steinmann, Löhr & Suzuki (2003: 195)

The terms of moral case and business case imply that corporations can only have one definite position. In contrast, the *learning perspective on CR* shows that organisations usually move between different stages of CR through organisational learning. Initially, corporations often deny any further responsibilities beyond making profits. Later, they may arrive at the stage of compliance, realising that they need some level of CR in order to maintain business. Only in later stages, corporations may use CR as a strategy or, ultimately, regard CR as having intrinsic value (Table 1).

Stage/strategy	Properties
1. "Denial"	• Focus on profitability • Oppose government and green activists • Deny practices, outcomes, or responsibilities
2. "Compliance"	• Cost of doing business • Risk management and minimisation • Prevent pollution • Protect reputation
3. "Efficiency"	• Generally regard CR as competitive advantage • Integrate responsible business practices into core management processes • Improve productivity and resource efficiency • Regard stakeholder responsibilities in the entire product life cycle
4. "Strategic I"	• Integrate CR into core business strategies to gain first-mover advantage • Deliver value added in sustainability attributes of products and services / product differentiation • Superior product quality • Innovate safe, environmentally friendly products
5. "Strategic II"	• Improve products and services and adapt to changing technologies • Develop new capabilities and disruptive technologies to directly address and solve social and environmental problems
6. "Transformative"	• Proactive approach that makes "social and environmental issues […] become part of everyone's day-to-day decision-making" • Two-way dialogue with stakeholders as a basis for "competitive imagination" • Promote broad industry participation • Develop market conditions to improve opportunities for sustainability products and services • Involve in base-of-pyramid markets • Promote social progress • Contribute to quality and continuation of life of every being and entity, now & in the future

Table 1   Six Stages of CR

Source: Based on Hansen 2009; also: Zadek (2004)

Responsibilities are not limited to the entity "company". Rather, CR requires to look beyond organisational boundaries to also consider other actors and constituencies in the entire supply chain (Figure 5).

Traditional Value Chain
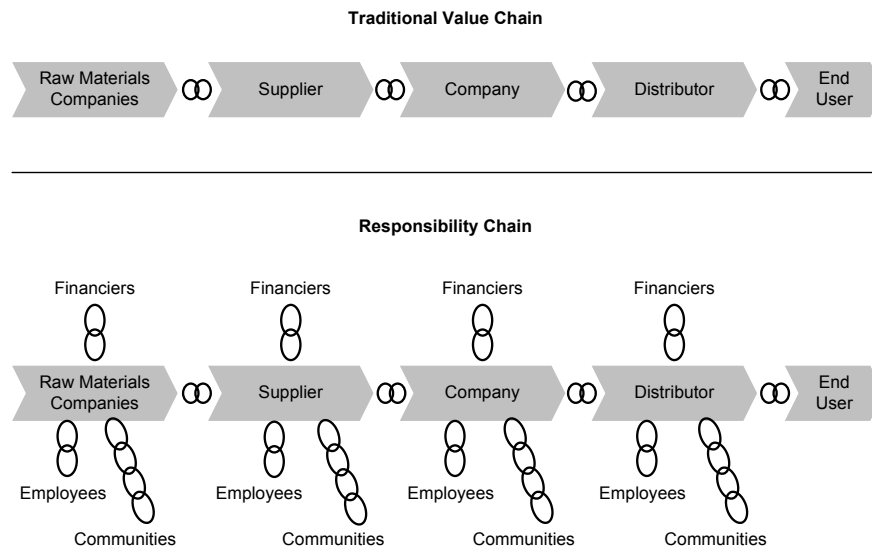
Figure 5   Value Chain and Responsibility Chain

Source: Freeman, Harrison & Wicks (2007: 14)

In summary, we regard CR as the contribution of business to sustainable development achieved by a joint consideration of economic, social, and environmental capitals along the entire value chain (i.e. responsibility chain). This involves both organisational-internal measures (e.g., employee benefits; environmental management) as well as external measures (e.g., CCI). The following Figure 6 shows our terminology.
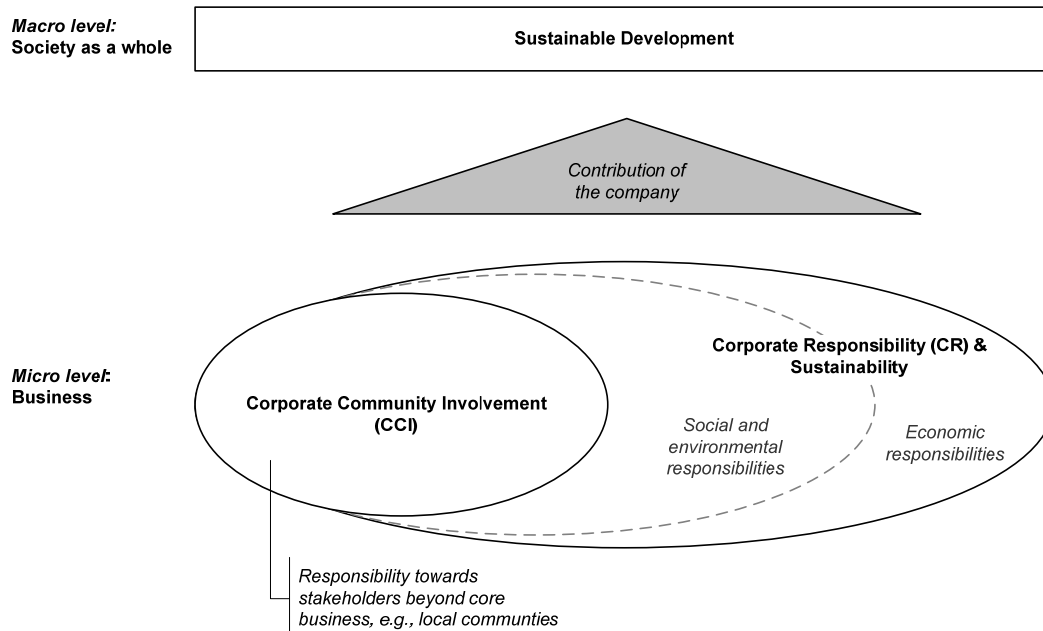
Figure 6   Terms and Abbreviations Used Throughout this Works

Source: Based on Loew et al. (2004: 13)

2.2 Introducing Leadership Systems

The *generic leadership systems (GLS) framework* roots in more than ten years of research in leadership systems (Huff & Möslein, 2004; Möslein, 2005; Möslein, Neyer & Reichwald, 2006a, 2006b; Reichwald & Möslein, 2005, 2007, 2008; Reichwald, Siebert & Möslein, 2004, 2005; Siebert, 2006).[1] At the heart of this research is Reichwald et al.'s "Leadership Excellence" study, a qualitative exploratory study in more than 40 MNCs in Europe and in the US[2]. Whereas the term leadership systems is used by Lowe and Gardner (2000: 495f) to addresses formal leadership development processes, others (Huff & Möslein, 2004; Möslein, 2005; Reichwald, Siebert & Möslein, 2005; Siebert, 2006) use the term more broadly to cover "instruments, concepts, and strategies to develop leadership capital" (Huff & Möslein, 2004: 255). Figure 7 shows the GLS framework.
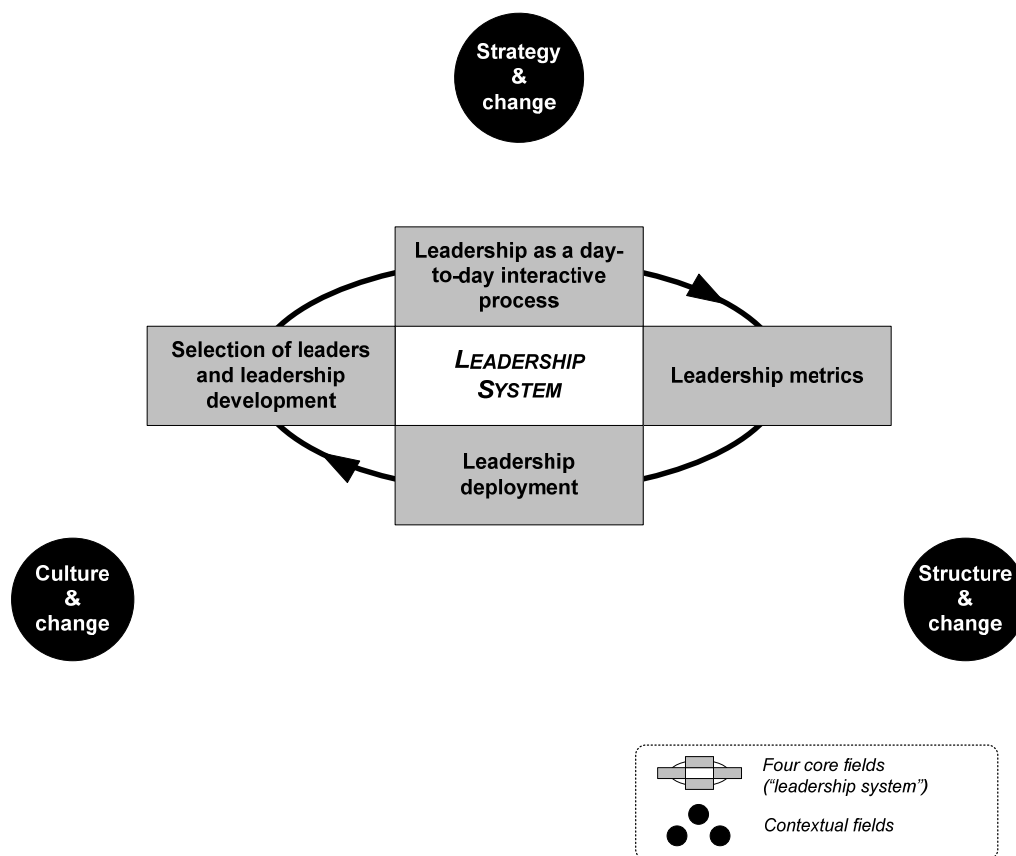
Figure 7   Generic Leadership System in the Context of Strategy, Culture, and Structure

Source: Huff & Möslein (2004); Möslein (2005: 155)

The generic leadership system framework includes two major aspects. First, the leadership system (in a narrower sense) consisting of four *core* fields. And, second, the three *contextual* fields. The core fields (Huff & Möslein, 2004: 256; Reichwald, Siebert & Möslein, 2005: 187) focus on leadership instruments in the following areas of leadership:

---

[1]   A good overview of research and publications is given in Möslein (2005).

[2]   The empirical part of the study included two steps: First, an initial nucleus of seven companies and, second, the main study with 40 MNCs (Möslein, 2005: 127).

- *Leadership as a day-to-day interactive process*. How can tools support leaders in their everyday tasks?

- *Leadership metrics*. How is leadership performance evaluated and measured?

- *Leadership deployment*. How are evaluation results used to more broadly develop leadership capacity in the organisation?

- *Selection of leaders and leadership development*. How can leadership talents be identified and promoted to excellence?

Rooted in models from the domain of leadership development (e.g., Daft, 2002: 171; Hilb, 2001: 19; Mavis, 1994: 43), the arrows in the above figure indicate that the four clusters are designed as a *feedback process* in clockwise direction (Möslein, 2005: 154). However, Möslein (2005: 144) emphasises that the *design of the model is conceptual*: The development, maintenance, and use of instruments may follow entirely different ways and may be anchored in different organisational units. This is not surprising considering that the analysed instruments and tools stem from very diverse functions like personnel management, controlling, corporate communication, organisation, and strategic management (Huff & Möslein, 2004: 255; Reichwald, Siebert & Möslein, 2004: 52), as Table 2 demonstrates.

Personnel management	Controlling	Corporate communication	Organisation	Strategic management
▪ Leadership-assessment centres ▪ Executive surveys and performance reviews ▪ Management training	▪ Shareholder value management ▪ Economic value added (EVA) ▪ Balanced scorecard (BSC)	▪ Vision and mission statements ▪ Corporate culture and value management ▪ Open door policies ▪ Multimedia and event communication ▪ External marketing	▪ Differentiated leadership hierarchies ▪ Profit centre structures ▪ Trust-based organisation structures	▪ Strategic competence planning ▪ Strengths-weaknesses-portfolios ▪ Business impact initiatives ▪ Integrated business planning processes

Table 2   Tools, Instruments, and Strategies from Different Functions

Source: Based on Huff & Möslein (2004: 255); Reichwald, Siebert & Möslein (2004: 52)

The core fields do not exist independently. Rather, they are linked to a *trilogy of contextual factors:* Strategy and change; structure and change; and culture and change (Möslein, 2005; Reichwald, Siebert & Möslein, 2005: 185; Siebert, 2006: 289; also: Bieker & Dyllick, 2006: 91; von Rosenstiel & Comelli, 2003: 136; Rüegg-Stürm, 2005: 26f; Sackmann, 2002: 66[3]). Both, leadership systems and contextual factors *stay in a reciprocal relationship*. Strategy, structure, and culture all influence the arrangement of leadership instruments and, thus, act as a framework for the individual leaders' actions. At the same time, individual leaders are the ones who establish and influence the context through their values (Möslein, 2005: 147; Rüegg-Stürm, 2005: 64; Siebert, 2006: 289).

---

[3]   Siebert (2006: 290) gives a good overview on literature recognising the trilogy of strategy, structure, and culture. In the New St. Gallen Management Model, Rüegg-Stürm uses the English term "structuring forces" (2005: 26f); in the German language the model uses the term "Ordnungsmomente" (Bieker & Dyllick, 2006: 91).

3 The Responsible Leadership Systems Framework

This chapter gives a brief overview of the theoretic framework applied in this work. We refrained from giving a detailed review of literature here for two reasons: First, a review of the fields of corporate responsibility, leadership, and organisational culture would simply require too much space considering the format of this publication. Second, this publication addresses practitioners and, thus, we want to focus on the empirical results of the research project.

The responsible leadership systems (RLS) framework is a further development based on the generic leadership systems framework presented in the prior section. Whilst the RLS framework keeps the overall design of the original framework, it uses modified or different elements at various positions within the framework. An overview is given in the following Figure 8.
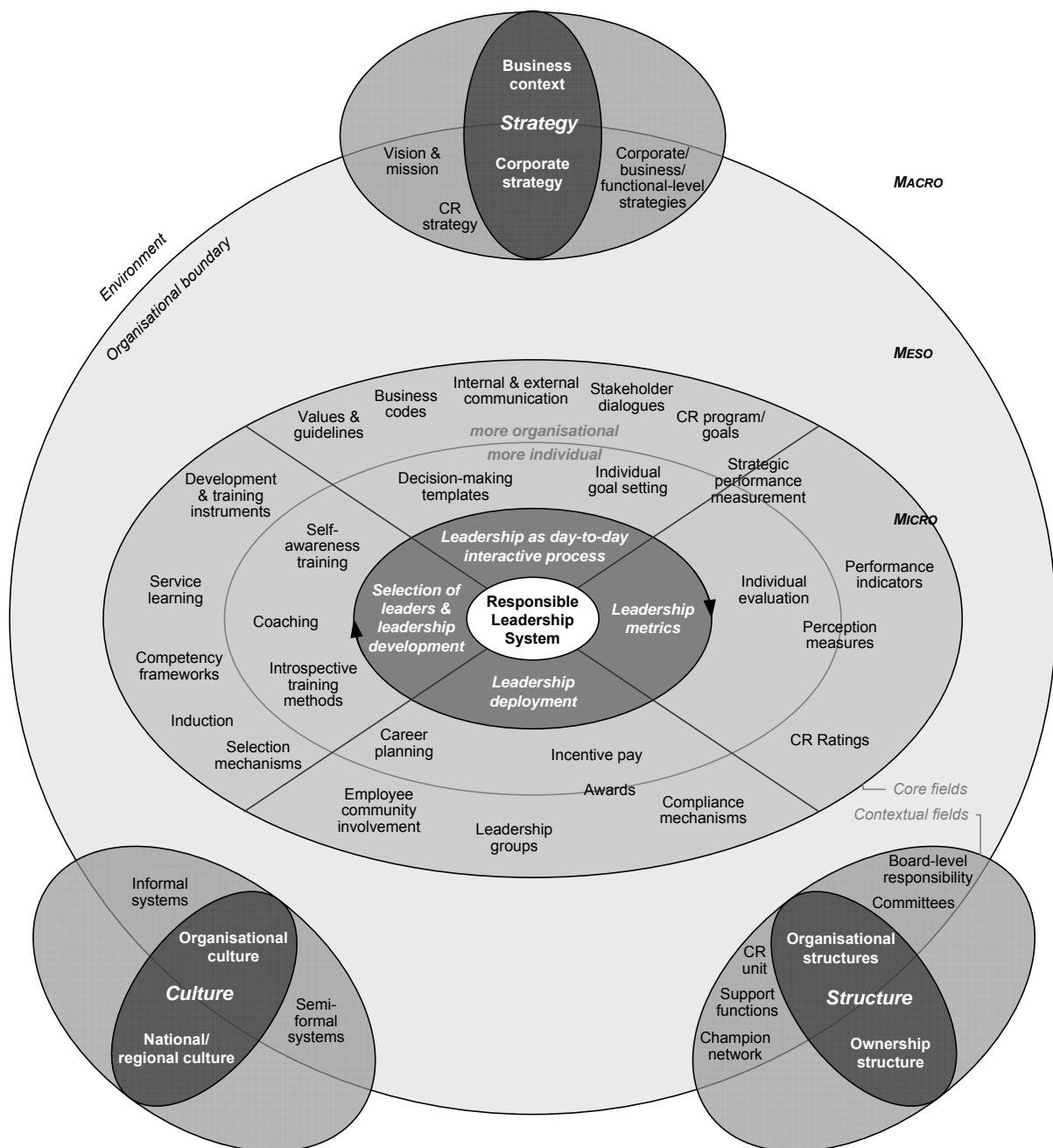
Figure 8 Responsible Leadership Systems Framework

In the following, we give an overview of the various elements of the RLS framework. This should enable the reader to become familiar with the framework and understand the empirical results described in the following chapters. We focus on the elements of the framework within organisational boundaries (i.e., we do not cover business context; ownership structure; and national culture).

3.1 Leadership as a Day-to-Day Interactive Process

Instruments in the core field of leadership as a day-to-day interactive process are manifold. First, and most important, they include *formal values statements* (Hollender, 2004: 115; Waddock, Bodwell & Graves, 2002: 139). In the German-speaking world, such values statements are part of broader documents, so called, "Leitbilder" (Dietzfelbinger, 2004). Whilst values are meant to guide employee behaviour, they usually do not have a binding character.

Business codes take one more step towards that direction and are regarded as company-internal "law" (Kaptein & Schwartz, 2008: 112; Sethi, 2002: 28). Business codes are deployed individually in each firm, but are often informed by international codes like the UN Global Compact or the various standards of the International Labour Organization (ILO) (Waddock, Bodwell & Graves, 2002).

Another type of instruments regards communication and dialogue. *Internal and external communication* is important to provide information on what CR means for the company (Wilson, Lenssen & Hind, 2006: 32). CR communication does not require new instruments but should integrate aspects of CR in existing ones (e.g., Internet, Intranet, corporate reports, CR report, corporate TV, formal speeches) (Lühmann, 2003: ch. 5.3). A "CR moment" can help to address the topic in meetings (Freeman, Harrison & Wicks, 2007: 155).

Rather one-directional communication is an important basis for involving in subsequent two-directional (i.e. dialogic) *stakeholder dialogues* (Maak & Ulrich, 2007: 175ff; Pederson, 2006; Waddock & Bodwell, 2004: 28). In this work, the term stakeholder dialogue refers to interactive and structured approaches with less formal stakeholder (e.g., NGOs, pressure groups, communities).

Last but not least, *goal setting* and *decision-making support* nurture CR-oriented leadership. The standard of the Global Reporting Initiative demands that goals (short-, medium-, and long-term) are clearly specified for all economic, social, and environmental aspects and that they are reported against performance (GRI, 2006). The entirety of CR goals and related activities is then referred to as "CR programme" (Loew & Braun, 2006: 24). Whilst the latter refers to goals on the organisational level, goals are also set on the individual (leader's) level (Reichwald, Siebert & Möslein, 2005: 188). CR goals also need to be operationalised in a way that "goal *attainment* is readily accomplishable and identifiable" (Carroll, 1978: 36). Individual goals can be per-se a normative goal (i.e., a CR goal) and thus contribute to CR. Also, general task-oriented goals are important for CR because they can be a source of irresponsibility, for example, due to the level of difficulty. Behavioural goals help to ethically constrain the solution space (Barsky, 2008: 70). *Decision making templates* (e.g., newspaper test, golden rule, CR lens, environmental impact statements) are also instrumental in this regard.

3.2 Leadership Metrics

Leadership metrics cover various instruments on the *organisational* and *individual* level, which are in fact linked to each other, because individual leaders are often evaluated using organisational metrics. On the organisational level, companies first require *single indicators* measuring specific issues related to CR (e.g., energy use). These indicators belong to all possible CR areas (e.g., environmental

management, supply chain responsibility, community involvement, product stewardship). Single indicators are narrowed down and then grouped (Atkisson & Lee Hatcher, 2001: 512) or aggregated (Olsthoorn et al., 2001: 461) in order to derive key performance indicators (KPIs). One example of an aggregated indicator for CR is the sustainable value (SV) approach (Figge & Hahn, 2004; Hahn & Figge, 2007). Generally, indicator evaluation is either achieved internally; or externally through stakeholder assessments (Epstein & Roy, 2001: 297; 1991a) and social screenings by rating agencies (Waddock 2002/2006: 234).

Often, KPIs are necessary to measure the progress of strategy implementation and are then integrated in *strategic performance measurement systems* like, for example, the balanced scorecard (BSC). CR-oriented scorecard extensions are usually referred to as *sustainability BSC* (SBSC). The *EFQM model* also informs strategic performance measurement systems. CR-related KPIs are, however, only built into such instruments when they are also regarded part of the strategy.

On the *individual level*, instruments (most important first) like target evaluation, 360/180 degree feedback, employee surveys, roundtables/management reviews, and assessment centres help to evaluate performance (Reichwald, Siebert & Möslein, 2005: 193). Especially, qualitative evaluation by managers is an important tool to judge individual CR-related efforts (Epstein, 2008: 130f). Also, evaluation of managers can be based on a multi-dimensional measurement construct (e.g., economic performance and values-fit) (Möslein, 2005: 202f).

3.3 Leadership Deployment

Leadership deployment covers all types of (positive and negative) consequences institutionalised into formal instruments. Three major areas of instruments exist: Monetary incentives and compensation, non-monetary incentives and compensation, and compliance mechanisms. Monetary incentives and compensation are usually based on performance metrics. The nature of instruments differs amongst various hierarchical levels and include variable pay, bonuses, and stock options. It is also important to *balance short-term and long-tem incentives*. An overemphasis of short-term aspects is in contradiction to CR (Urbany, 2005: 180). Some even suggest *flat managerial compensation* (Tirole, 2001: 26f). Also *group incentives* (in contrast to individual incentives) are a possible solution (Siebert, 2006: 243).

Non-monetary incentives and compensation are also very important (Logsdon & Yuthas, 1997: 1223). Consider, for example, the famous quote of strategy guru Pfeffer: "People do work for money—but they work even more for meaning in their lives" (1998: 112). Nonmonetary incentives may relate to recognition and praise, commendation or emotional benefits. However, in this study we are more interested in *formal* or *semi-formal* aspects: *Award schemes* are often yearly events recognising individual or teams for exceptional performance in a certain area of business and are, thus, also possible in the area of CR (Brunner, 2003: 33; Epstein, 2008: 132f). *Employee community involvement mechanisms* give incentives (e.g., the use of working time for community work; travel) for employees to involve in social or environmental issues in local communities whilst, at the same time, increasing company reputation and employee morale. *Career planning* is linked to CR when making the *promotion of line management* dependent on the achievement of social and environmental objectives (Doppelt, 2003: 222; IBLF & SustainAbility, 2001: 29).

In contrast to career *advancement* in case of responsible behaviour, there is also the need for (negative) *sanctions in case of irresponsible behaviour*, which is the task of compliance mechanisms. Compliance *in a narrower sense* regards legal compliance, i.e. "to prevent, detect, and punish legal

violations" (Paine, 1994: 106). *Compliance in a wider sense*, as other authors use it (SIGMA, [2003]: 14; Tenbrunsel, Smith-Crowe & Umphress, 2003: 288; Weaver & Treviño, 1999: 42), means that prevention, detection, and punishment transcends the legal space to regard all kinds of organisational rules.

3.4   Selection of Leaders and Leadership Development

The last core field of a RLS covers the two areas of selection of leaders and leadership development. *Selection of leaders* in the sense of *recruiting* addresses the external market, whereas the internal market (the organisation itself) is also a source for leaders. Empirical findings show that "sustainability talents" have a different values set compared to "ordinary" talents, namely (most important first): Awareness for the environment, social/community engagement, settle disputes, creativity, putting the collective before the individual, honesty, and cosmopolitanism. Whilst also a firm's reputation for CR invokes a *process of self-selection* (Jones, 1995: 419), corporations can also directly influence the nature of recruits using formal *selection instruments* like, for instance, IQ tests; personality surveys; interviews; biographic data; peer rating; simulations; group discussions, in-basket techniques; and assessment centres (Neuberger, 1976: 50–62). Subsequent to recruiting, *instruments for induction* can also address CR. Possible instruments are employee handbooks, lectures on CR, or initial community involvement programmes (Logsdon & Yuthas, 1997: 1223; Epstein, 2008: 203).

The *development of leaders* is addressed by a broad spectrum of *formal development programmes* (there is also informal development, which is however not the focus of this study). Traditional development instruments are, amongst others, seminars, job rotation, action learning, and mentoring. Such programmes are either conducted internal, at corporate universities, or at business schools (Reichwald, Siebert & Möslein, 2005: 193). The integration of CR works either by optional modules, compulsory stand-alone modules, embedding in other modules, or through a "seamless integration/mainstreaming" (Gardiner & Lacy, 2005: 177).

The type of programme differs especially by the hierarchical level and by the contents addressed. We regard '*leadership development programmes*' (in a narrow sense) as programmes which address top-executives and integrate CR and ethics (Bieker, 2005: 143; Brown & Treviño, 2006: 609; Fulmer, 2005; Quinn & Baltes, 2007: 10). '*Specialists training*' are CR training initiatives tailored to the particular (functional) area of expertise of the attendants, for instance, training on CR issues like environmental management, social auditing, and reporting (DTI, 2003: 27). *'New policy training'* is also important to enforce new policies or leadership instruments, or to reinforce existing ones (Urbany, 2005: 179); for example, business codes are best accompanied with compliance training (Kaptein & Schwartz, 2008: 119).

Development (and training) programmes follow either horizontal or vertical development (Cook-Greuter, 2004). Whilst *horizontal development* focuses on specific skills (usually technical and business skills), *vertical development* addresses a *change of mindsets* or "shift in perspectives" (Alexander & Wilson, 2005: 145). A successful change requires "emotional engagement" with CR, or, in other words, a joint approach of "head and heart" (EFMD, 2005: 29; Pless & Schneider, 2006: 220). Such tools are, for example, experimental learning, stakeholder role plays, exposition of managers to places very different from their home base, service-learning, and introspective and stress-relieving techniques (EFMD, 2005: 30; Pless & Schneider, 2006; RESPONSE, [2007]: 72ff; Scalberg, 2005:

394; Wade, 2006: 237). Such programmes are usually accompanied by *coaching* or *mentoring* (Brown & Treviño, 2006: 609).

3.5 Strategy

Many leading thinkers have predicted that CR would become part of strategic thinking (McIntosh & Arora, 2001). This is also based on the insight that integrating major social and environmental issues into strategies is beneficial for business (Logsdon & Yuthas, 1997: 1219f; Porter & Kramer, 2006; WBCSD, 2006: 2). Formal strategy instruments are vision and mission; strategic targets; and formulated strategies on corporate, business, and functional level (Mintzberg, Ahlstrand & Lampel, 1998: 26; Welge & Al-Laham, 2003: 98). A *corporate vision* is "a picture of what the firm wants to be and, in broad terms, what it wants to ultimately achieve" (Hitt, Ireland & Hoskisson, 2007: 19). A *mission statement* is based on the vision and describes its "unique scope of operations and its products or service offerings", "proclaims corporate purpose", "identifies the market(s) in which the firm intends to operate" and "reflects the philosophical premises that are to guide actions" (Ireland & Hitt, 1992: 35). Increased public sensitivity concerning socio environmental issues (Dietzfelbinger, 2004: 131) demands to built responsibility into the vision, mission, and values statements of the organisation (Kuhndt, et al., 2004: 23; Maak & Ulrich, 2007: 242–247; SIGMA, [2003]: 30; Waddock, Bodwell & Graves, 2002: 139). This is achieved, for example, by information about the relative importance of various stakeholder groups and the degree to which the company integrates their interests (Eckelmann, 2006: 168; Logsdon & Yuthas, 1997: 1222).

The *strategy hierarchy* (corporate, functional, business level) should also address CR as they formulate corporate goals in more detail than vision and mission statements. With respect to corporate and business-level strategies, a company could add a social (i.e., social or environmental) dimension to its value proposition (Porter & Kramer, 2006: 89). Further, companies have to determine if and how they want to address CR-relevant markets (e.g., eco-niche, bottom of the pyramid). One possible tool is to develop a *CR portfolio* as it became known through GE's "Ecomagination" strategy (Heslin & Ochoa, 2008: 142).

On the *functional level*, each corporate function can develop proper strategies to support the corporate and business-level strategies and address CR within these (Eckelmann, 2006: 187f). Whilst CR-related aspects are part of all of the above functional strategies, a *dedicated CR strategy* is usually formulated by the CR function (ibid.: 52, 186f; Steger, 2004: 46). Such a CR strategy is framed by corporate strategy (AMA, 2007; Eckelmann, 2003: 18), integrates corporate values and goals, and defines which social and environmental issues are addressed (Epstein & Roy, 2001: 591). Often, however, these strategies simply consist of various individual *"issues strategies"* (e.g., a strategy on carbon reduction or on handling diversity) and lack an overarching approach (Steger, 2004: 47)

3.6 Structure

The context field *structure* is strongly interlinked with the field *strategy*, as "each always precedes the other, and follows it" (Mintzberg, Ahlstrand & Lampel, 1998: 35). In the present study, we are focused on organisational structures, and how CR is made integral to it (Loew & Braun, 2006: 22). Generally, there are three options: Integration into existing structures, extended organisational structures (e.g., CR unit), and new external structures (e.g., foundations) (Epstein, 2008: 90).

Further, the type of integration and organisational structures differ between *hierarchical levels*. On the *level of the executive board*, organisational responsibility is either appointed to the CEO, the entire board, or to individual board members.

On *corporate level*, dedicated CR units and cross-functional CR committees are widely spread. The *CR unit* coordinates the overall CR activities of the firm. It differs with respect to its position in the overall company structure and available resources (particularly the number of employees working for this body) (Heß, 2007: 165f). *CR committees* consist of members from various corporate functions (and sometimes business units or regions) and meet on a regular basis (usually several times a year). These committees aim at bringing together information and knowledge, facilitating shared understanding and decision making, whilst widely maintaining existent functional structures of responsibilities and power (Loew & Braun, 2006: 28).

On the *functional level*, each department may or may not integrate CR aspects in their proper structures. Some departments (e.g., environmental management) are traditionally more active regarding CR than other departments like, for instance, finance and controlling (Brunner, 2006: 166; Steger, 2004: 52f).[4]

3.7 Culture

Generally, a CR-oriented culture roots in the principles of sustainable development; has an orientation towards the natural environment, to social issues, and to stakeholders; and requires an entrepreneurial posture of employees (Brunner, 2006: 189; Eckelmann, 2006: 208). A precondition to develop a *culture of responsibility* is "openness" and a "learning-orientation" (Müller & Siebenhüner, 2007: 236).

There are also a number of cultural properties *averse* to CR. These are: A culture of self-interest (Treviño, Butterfield & McCabe, 1998: 470), the exaggeration of economic aspects ("Ökonomismus"), and the exaggeration of technological aspects and solutions ("Technokratismus") (Bieker, 2005: ch. 2.2; Ulrich 1997/2001, 1997/2008). The *systemic nature of culture* expresses that culture is in constant interplay with strategies, structures, and processes (i.e. with formal systems). There is no linearity or simple causality between these elements, but rather a mutual influence (Sackmann, 2002: 66).

Having understood the nature of a CR-oriented culture, the question remains which instruments can influence it. The instruments introduced in the earlier (six) fields all represent *formal artefacts,* (i.e., systems, policies, and processes) of corporate culture (Treviño, 1990; Wilson, Lenssen & Hind, 2006: 31). These artefacts are also referred to as *formal systems* (Tenbrunsel, Smith-Crowe & Umphress, 2003: 287). In contrast, the context field "culture" specifically addresses the *informal* systems of culture including norms; heroes and role models; rituals; myths, sagas, and stories; and language (Treviño, 1990: 208–212). As we will explain later in the empirical part, these aspects were not analysed in detail.

---

[4] On business level, CSR is integrated into structures of regions and markets which is, however, beyond the scope of this study.

4 Method

This chapter describes the method applied in this research. It consists of four sections. First, we present the overall research design. Second, we describe the selection of the sample. The third section deals with data collection method. The last section describes how we analysed the data.

4.1 Research Design

As argued earlier, there are few holistic studies on leadership systems (cf. chapter 1.1). In this "early phase of research", Eisenhardt suggests to build theory based on case studies (1989: 548). The present study is, thus, based on the *case study research strategy* (ibid.; Yin, 1981, 1984/2003: 78f), a common strategy in social science research and valid approach to CR assessments (Waddock & Graves, 1997: 304). In the present work, we analyse corporate leadership systems in different firms, which represents a multi-cases study design with a single unit of analysis (Yin, 2003: 40). It is an *explanatory (i.e. abductive)* case study because it roots in existing literature (and is thus a theory-driven approach) (Alvesson & Sköldberg, 2000: 7; Dubois & Gadde, 2002: 559; Yin, 2003).
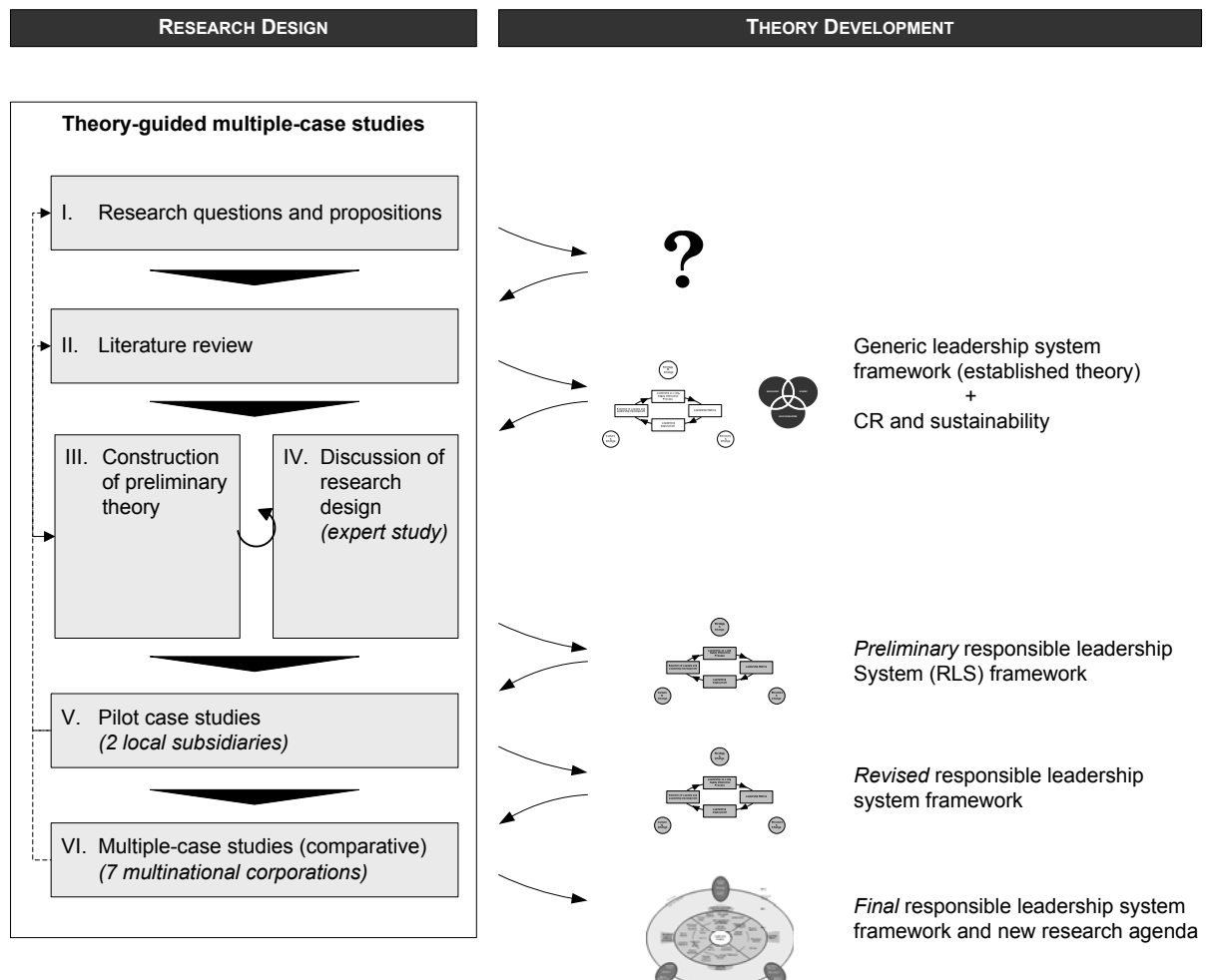
Figure 9   Research Design and Theory Development

Source: Based on Yin (2003)

As presented in the above Figure 9, the case study research design followed here is structured into *six major research steps*. First, research questions are defined (Yin 1984/2003: 21). Second, literature is reviewed and, third, a "preliminary theory" is constructed (ibid.: 28).[5] The fourth step addresses the discussion of the research design. Whilst this is not a formalised part of Yin's research design, he still recommends to discuss the theoretical foundations with "colleagues and teachers" subsequent to the prior described steps (2003: 31). We expanded this step towards a more formal procedure represented by an expert study with academics and professionals. The fifth step covers the conduction of pilot cases (ibid.: 78–80) and finally, in the sixth step, the multi-case studies are conducted (ibid.: 83ff). The steps are not entirely linear: By iterative loops in the research process, the results of different steps of the study were continuously incorporated into preliminary theory (Dubois & Gadde, 2002: 554; Eisenhardt, 1989: 541; Yin 1984/2003: 80).

While the first three steps of the research design were the focus of earlier parts of this work, we are now concerned about the methodological aspects of the empirical work represented by steps IV to VI. In step IV, we conducted a number of both unstructured and semi-structured interviews. The role of these interviews was to explore the general linkages of leadership systems and CR. Senior researchers and professionals from as diverse areas as leadership development, organisational culture, and CR management, contributed to this understanding. According to the iterative research process, the results of this initial study were continuously incorporated into preliminary theory and are, hence, not discussed separately. The methodology of research steps V and VI is the subject of the following three sections.

4.2   Selection of Sample

We conducted both pilot and final cases. For each case type, we describe the selection of the sample in a dedicated subsection.

4.2.1   Pilot Cases

The selection of samples is different for pilot cases and "final" cases. According to Yin, *pilot cases* can be chosen for reasons unrelated to the criteria for the selection of final cases. Reasons may be that a case is "unusually congenial or unreasonable accessible [...] geographical convenient or [the case] may have an unusual amount of documentation and data" (2003: 79). We conducted two pilot case studies (both at the end of 2007):

- We conducted the first case at a German subsidiary of the US-based firm W.L. Gore. We chose this case for two major reasons: Easy accessibility and geographic convenience. Further, in the sense of "a most complicated case" (Yin, 2003), we chose Gore due to the company's reputation for having a culture-driven organisation that has a very particular understanding of leadership and organisation (Hamel & Breen, 2007).

- The second pilot case was chosen for the reason of accessibility and prior knowledge of the existence of large amounts of data. The organisation studied is a Thailand-based subsidiary of the German chemical and pharmaceutical company Merck KGaA. This organisation has a high reputation for CR and takes a leading role in Southeast Asia (Kaufmann, Ehrgott & Reimann, 2008; Landau, Polomski & Schramm, 2005; Landau & Woisetschläger, 2009).

---

[5]   Yin stresses that even exploratory case studies are theory-guided to a certain extent (2003: 28).

The characteristics of the two pilot cases are given in Table 5.

Firm	Location (subsidiary)	Industry	Employees (2007) [#]
Merck Ltd., Thailand	Bangkok, Thailand	Chemicals/pharmaceuticals	200
W. L. Gore & Associates GmbH	Munich, Germany	Diversified (textiles, healthcare, technology)	1.339

Table 3   Characteristics of Pilot Cases

Source: Firm internal data

Both pilot cases were important for the iterative refinement of the preliminary theory. Even more important, the pilot cases proofed the feasibility of the overall research design and further motivated the conduct of the comparative multi-case studies. However, as smaller subsidiaries, both cases are not directly comparable to the DAX firms and are, thus, not directly integrated in the *comparative* analysis represented by the benchmarking. Still, where it may reveal fruitful insights for the overall picture, we refer to qualitative findings from the pilot cases.

4.2.2 Final Cases

The final *multi-case sample* involved more systematic selection criteria. We focused on German firms from selected industries which are public listed, large-scale, and of which the majority maintains superior CR performance. We explain the rationale behind each of these criteria next.

Recent studies suggest a *country-specific* and *industry-specific* investigation of CR (Salzmann, Steger & Ionescu-Somers, 2008). We, thus, focused on a sample of multinational corporations *based in Germany*. Furthermore, we limited the sample to a *small number of industries*, namely the chemical and pharmaceutical industry, the automotive industry, and the technology/telecommunication industry. We chose these industries because they are all subject to public concerns as they cause negative external effects with products and technologies. This significant external pressure has been found to be a reason for these industries to advance CR quicker than other industries (Littlechild, 2003: 77). Whereas the limited number of cases in each industry does not suggest an industry-specific analysis, the limitation of industries should still spur the overall comparability of cases. Additionally, we focus on *large-scale multinational corporations* because of the following three reasons: First, large corporations have a wide range of activities and command more resources compared to smaller firms (Salzmann, Steger & Ionescu-Somers, 2008: 7f; Sharma & Pablo, 1999: 90). Second, the "iron law of responsibility" (Davis, 1973: 314) suggests that companies with more power also need to take over more responsibilities. Third, as the focus of this work is on formal systems, literature suggests that, compared to SMEs, large companies do generally have more of such explicit structures in place.

Furthermore, we limited the comparative cases to *public companies* listed in the German "DAX-30" index. This index covers Germany's top 30 companies measured by market value. Focusing on public listed companies has the advantage that more public information is available, both by official documents and by the media. Furthermore, all companies from DAX-30 are screened regularly by rating agencies with respect to both financial and CR-related aspects. Following research by Hartmann, we use CR ranking results to identify *leading companies with respect to CR*. It is thus

possible "to ensure comparison of best practices rather than average" (2007: 379). Salzmann also states that CR-related tools and instruments are merely found in lagging companies (2006: 189). As, the diversity of rankings results is large and, thus, a single ranking may not properly reflect CR performance, we calculated an average CR performance based on three rankings:

1. *Scoris.* This ranking represents a benchmark within German companies listed in the DAX-30 stock index.

2. *Good Company Ranking.* The Good Company Ranking benchmarks European companies listed in the EURO-STOXX index.

3. *Dow Jones Sustainability Index.* This global ranking covers firms from the Dow Jones Index with superior CR performance.

Table 4 gives an overview of DAX-30 companies, their CR performance within the single rankings, and also the average performance we derived from own calculations.

Id	Companies (DAX-30)	Average	Selected CR rankings/indices		
	(due 1.1.2008)	Average score***	Dow Jones Sustainability Index (DJSI)		Scoris Ranking	Good Company Ranking
	Data type:	[%, normalised]	Class*	Sector leader**	[%]	[%]
	Year:	2007/2008	2007/2008		2007	2007
1	**Henkel KGaA**	**94.3**	Gold	yes	73.6	66.7
2	**BMW AG**	**90.9**	Gold	yes	72.7	63.4
3	BASF AG	85.5	Gold		68.7	69.4
4	Adidas AG	85.3	Gold	yes	67.7	61.9
5	**Deutsche Telekom AG**	**85.1**	Gold		77.6	59.1
6	Deutsche Lufthansa AG	79.6	Gold	yes	68	54.5
7	Volkswagen AG	75.3	Gold		71.1	54
8	Daimler AG	72.9	Gold		67.7	54.7
9	E.ON AG	71.2	Gold		64.2	56.4
10	Allianz AG	69.2	Gold	yes	65.9	43.7
11	RWE AG	65.5	Silver		67.1	54.5
12	Bayer AG	62.5	Bronze		64.2	62.3
13	**Siemens AG**	**59.3**	Bronze		69.2	52.8
14	Deutsche Post AG	55.5	Listed		67.5	58.2
15	SAP AG	48.9	Listed	yes	61.5	48.2
16	Deutsche Bank AG	48.2	Listed		65.6	51.1
17	Münchener Rück AG	47.9	Bronze		63.8	44.4
18	TUI AG	38.6	Listed		58.6	46.9
19	**Linde AG**	**38.2**	-		53.7	60.1
20	MAN AG	35.4	-		58.9	50.9
21	Metro AG	34.9	Listed		57.8	43.1
22	Commerzbank AG	31.8	-		54.3	51.4
23	Deutsche Postbank AG	31.4	-		63.5	not covered
24	Continental AG	26.3	-		58.2	40.2
25	Infineon AG	22.4	-		64.2	28.8
26	**Merck KGaA**	**16.4**	-		52.1	not covered
27	ThyssenKrupp AG	16.2	-		39.7	48
28	Deutsche Börse AG	12.7	Listed		41.4	33.4
29	Fresenius Medical Care AG & Co. KGaA	10.7	-		50.8	28.9

Table 4   CR Rating Results of German DAX Firms

Source: Based on own calculations and Kirchhoff (2007); SAM & PwC ([2008]) and Wilhelm (2007)

The selection of the final case studies (phase VI) is indicated through bold font in the above table (except the one anonymous company). In the remaining parts, we will refer to these seven firms simply as "DAX firms". The selection shows that a large part of cases stems from companies in the top quarter. We chose the remaining companies from the middle and lower sections of the ranking in order to polarise findings and, hence, allow for better pattern recognition (Eisenhardt, & Graebner, 2007: 27). Also, the lower ranked cases serve as a control mechanism for the detection of whether responsible leadership systems do in fact matter for (CR) performance. The companies chosen from the top, average, and lagging fields were also subject to accessibility. The DAX firms cover the following organisations: BMW AG, Henkel AG, Linde AG; Merck KGaA, Siemens AG, Telekom AG, and one anonymous company from the automotive industry (referred to as 'Anonymous Inc.' in the reminder of this work)[6]. The average number of employees in these firms is above 170,000 with an average Earnings Before Interest and Tax (EBIT) of above three billion Euros. The basic characteristics of these firms are given in Table 5.

Name	Industry	Employees (2007) [#]		EBIT (2007) [EUR million]
		World	Germany	
Anonymous Inc.	Automobiles	anonymous	anonymous	anonymous
BMW AG	Automobiles	107,539	80,128	4,212
Deutsche Telekom AG	Telecommunication	242,703	153,822	5,286
Henkel AG	Chemicals[7]/ Consumer goods	53,107	10,090	1,344
Linde AG	Chemicals (Industrial Gases)	50,485	7,320	1,752
Merck KGaA	Chemicals/ Pharmaceuticals	28,877	9,090	200
Siemens AG	Industrial goods/ Diversified	398,200	126,100	5,001

Table 5   Characteristics of Participating DAX Firms

Source: Corporate annual reports

4.3 Data Collection

In order to improve accuracy, we analysed data from different sources (Yin 1984/2003). We used *documentary analysis* and *semi-structured interviews* as data collection methods.

4.3.1 Documentary Analysis

Prior to the conduction of interviews, we investigated each case by a documentary analysis. This involved documents *published* by the firm or by third parties (e.g., rating agencies, academia, media). As far as provided by interviewees, *confidential* documents were also analysed (Table 6).

---

[6]   The CR manager prohibited us to disclose the name of the organisation and the names of the interview partners who participated in the study after having studied the results.

[7]   Following comparable research by Hesse (2007a: 13), Henkel AG is regarded to belong to the chemical industry, rather than the consumer goods industry.

Publisher	Document type
Corporation	- Annual reports; CR or sustainability reports; website data; business codes (as far as published); other confidential documents provided by the firm
Rating agencies	- CR and sustainability rankings
Other third party	- Academic publications (case studies, benchmarking studies); publications by the media (e.g. interviews, reports)

Table 6   Documents Considered for Content Analysis

For all companies (so far belonging to the benchmarking analysis), we collected corporate reports covering the period of 2008 (and earlier ones), but no later periods.

We gave special account to empirical studies on CR, leadership, and related fields which specifically address the firms selected in the present study. Whilst these studies have already been part of the theoretical foundation, we present them in Table 7 below, categorised by firm. These studies allowed for a basic (and historic) understanding of the firms' approaches towards CR and, thus, allowed for more focused investigation in the subsequent interviews.

Company	Academic research (case studies)	Company self-reporting
Anonymous Inc.	five anonymous sources	one anonymous source
BMW AG	Bihl, Thanner & Wächter (1997); Hahn, Figge & Barkemeyer (2008); Reichwald et al. (2003); Schuler (2006)	-
Deutsche Telekom AG	Brugger (2008); Leitschuh-Fecht (2005); Lühmann (2003); Reichwald et al. (2003); VIS a VIS (2008)	Campino & Hoffmann, (2004)
Henkel AG	Denison & Schlue (2007); Münstermann (2007); VIS a VIS (2008)	Lehner (2006)
Linde AG	-	-
Merck KGaA	Eckelmann (2003, 2006); Gordon (2006)	Landau, Polomski & Schramm (2005); Landau & Woisetschläger (2009)
Siemens AG	Pinter (2006); Reichwald et al. (2003); VIS a VIS (2008); WEF & IBLF (2003)	-

Table 7   Academic and Practitioner's Publications Regarding DAX Firms

4.3.2 Semi-structured Interviews

Various researchers argue that research in leadership became uninspired and has overemphasised quantitative research methods (Conger, 1998: 118; Gephart, 2004: 454; Yukl, 1989: 278). In particular, Conger states that quantitative methodology "fails to capture the great richness of leadership phenomena and instead leaves us with only sets of highly abstracted and generalised descriptors" (1998: 118). Further, compared to other phenomena, self-reporting surveys in CR are particularly plagued by social desirability (Fernandes & Randall, 1992). Last but not least, "qualitative methods have been greatly underutilized" (Conger, 1998: 118). Hence, based on the preliminary theory built within the early phases of research, we applied a qualitative research approach using *semi-structured interviews* (Mayring 1990/2002: 67–72).

Extant literature in the area of CR suggests to address high-level corporate officers to get the most accurate information (Weaver, Treviño & Cochran, 1999: 46). The interviews were thus conducted almost entirely on the *executive level*. A mandatory interview was conducted with the CR or

sustainability manager in each firm, as they are in a unique position to observe CR-related leadership (Treviño, Brown & Hartmann, 2003: 9). Subsequently, we applied the *snowball sampling technique* (Saunders, Lewis & Thornhill, 2003: 176) to get access to other persons at the core of the phenomena studied (Flick, 2004: 92). By this procedure, we additionally interviewed other functional managers (HR, HR development, corporate communication) and general managers. Interviews of the expert study and pilot studies were conducted in 2007 and early 2008. The interviews for the multiple case studies (step VI) were conducted mostly in 2008 (only two follow-up interviews were conducted in early 2009).

We used one major *interview guide* to address top-level management and CR managers, while a more focused guide was devised to address managers from HR and other functions (see details in the Appendix). The large majority of the interviews involved only one interviewee. However, some also involved two interviewees simultaneously.

The empirical fields encompasses 34 interviewees; 20 belonging to DAX firms (in the average, about three interviewees per DAX firm). 15 percent of the interviewees are members of the managing board or a comparable level, 38 percent are CR managers, and 26 percent are managers from other functions. 21 percent of the interviews belong to non-executive levels (Table 8).

Management level	Research phase			
	Expert study (IV)	Pilot case studies (V)	Comparative multi-case studies (VI)	**Overall**
Member of the managing board/ managing director		1	4	**5 (15%)**
CR manager		2	11	**13 (38%)**
Manager from other functions	4	2	3	**9 (26%)**
Others	3	2	2	**7 (21%)**
Total	**7**	**7**	**20**	**34 (100%)**

Table 8   Interviewees According to Research Phase and Management Level

Regarding interview length, the average interview time per person is 1:13h.[8] The average interview time in the initial expert study is slightly higher than during subsequent case studies (Table 9).

Data type	Research phase			Overall
	Expert study (IV)	Pilot case studies (V)	Comparative multi-case studies (VI)	
# Interviewees	7	7	20	**34**
Time [h]	9:38	7:30	24:35	**41:43**
Ø Time [h]	1:22	1: 40	1:13	**1:13**

Table 9   Length of Conducted Interviews According to Research Phase

---

[8]   If an interview involved two interviewees, we calculated the time per interviewee as half of the overall interview time. This followed the understanding that only one person can contribute to the interview at a certain moment of time.

4.4 Data Analysis

4.4.1 Qualitative Data Analysis

We recorded all interviews either by a digital voice recorder or by hand-written notes. Whereas voice recording is the preferred mode for interviews (Mayring 1990/2002: 70), it is not always appropriate. We also recognised that some of the interviewees, despite their assent, remained intimidated by the continuous voice recording. Some of the interviewees also raised concerns about voice recording. This was especially true in the pilot case in the firm based in Thailand, where the regional culture seems to be more timid than in Western countries. Accordingly, the best recording solution was chosen by the interviewer at the beginning of each session. Subsequent to the interviews, we either transcribed[9] the interview or, based on the interview notes, created a detailed protocol. In either way, the resulting document was sent to the interviewee for confirmation.

We used the software "MaxQDA" for a computer-based qualitative data analysis (Mayring, 2007). The iterative or abductive nature of the research process results in both inductive and deductive categories (Dubois & Gadde, 2002: 556). On the one hand, the categories were derived from the preliminary framework in *deductive* nature. However, as findings in data initiated iterative loops in order to update the preliminary framework, one part of the categories is rather *inductive* in nature.

4.4.2 Data Evaluation and Scoring

Qualitative data analysis can also be enriched with quantitative steps of analysis (Mayring, 2007: 45; Srnka & Koeszegi, 2007). In order to get feasible comparative results of the cases, we hence used a scoring system for evaluating the extent of the responsible leadership systems. This scoring system is comparable to a five-point Likert scale ranging from "no integration" (0) to "strong integration" (4). The following Table 10 presents a generic mapping between CR integration and scoring result.

Score	Label	Description	Exemplary vision statement
0	No integration	The leadership instrument does not integrate any CR-aspects	"By delivering excellent products to our customers, we will be the most successful company in the world."
1	Implicit integration	There is *anecdotal evidence* for that CR may be integrated, but clear statements are absent.	"By delivering excellent products to our customers, we will be the most successful company in the world, measured by **sustainable** business results."
2	Weak integration	There is *clear evidence* that a *small number* of CR aspects are integrated in the leadership instrument	"By delivering excellent products to our customers, we will be the most successful company in the world. Thereby we are aware of our **responsibilities in regard to our stakeholders**."
3	Standard integration	A broad number of CR-aspects is incorporated in the leadership instrument	"By delivering excellent products to our customers, we will be the most successful company in the world. Thereby we are dedicated to **develop our employees, protect the environment, and engage in the communities in which we operate**."
4	Strong integration	CR in its entirety is incorporated into, or even the base of, the leadership instrument	"By delivering excellent products to our customers, we will be the most *sustainable* company in the world. Thereby, we root our understanding of business in sustainability and aim at superior performance in **financial, social, and environmental dimensions** in order to **meet our role in sustainable development**."

Table 10   Scoring System as Applied in the Present Study

---

[9]   This process was supported by the transcription software "F4".

As the scoring criteria are qualitative in nature, judgement is necessary (Waddock & Graves, 1997: 307f). For increased scoring validity, all cases and related material were scored by the same research team applying the same set of criteria (ibid.: 307). In this regard, the qualitative case methodology is superior to survey-based practices because the survey techniques do not allow for consistency of raters (i.e., the firm representatives filling out the survey) across firms (ibid.: 304). Still, it is important to mention that scoring models used for benchmarking cannot entirely prevent subjectivity:

> "As it is very difficult (and maybe impossible) to be not subjective in the realization of a benchmark score, the score should be presented to the public with care. People should be warned for the fact that there are many subjective elements in the score and that the researchers have already made a lot of choices for them." (Graafland, Eijffinger & Smid, 2004: 141)

The scores of the individual instruments are summed up to a subscore in each instrument field (the four core fields and the two contextual fields). Thereby, independent from the actual number of instruments regarded, each field received the same weight for calculating the overall score. With the total of six fields, each field weighs about 16.67 percent (Figure 10).
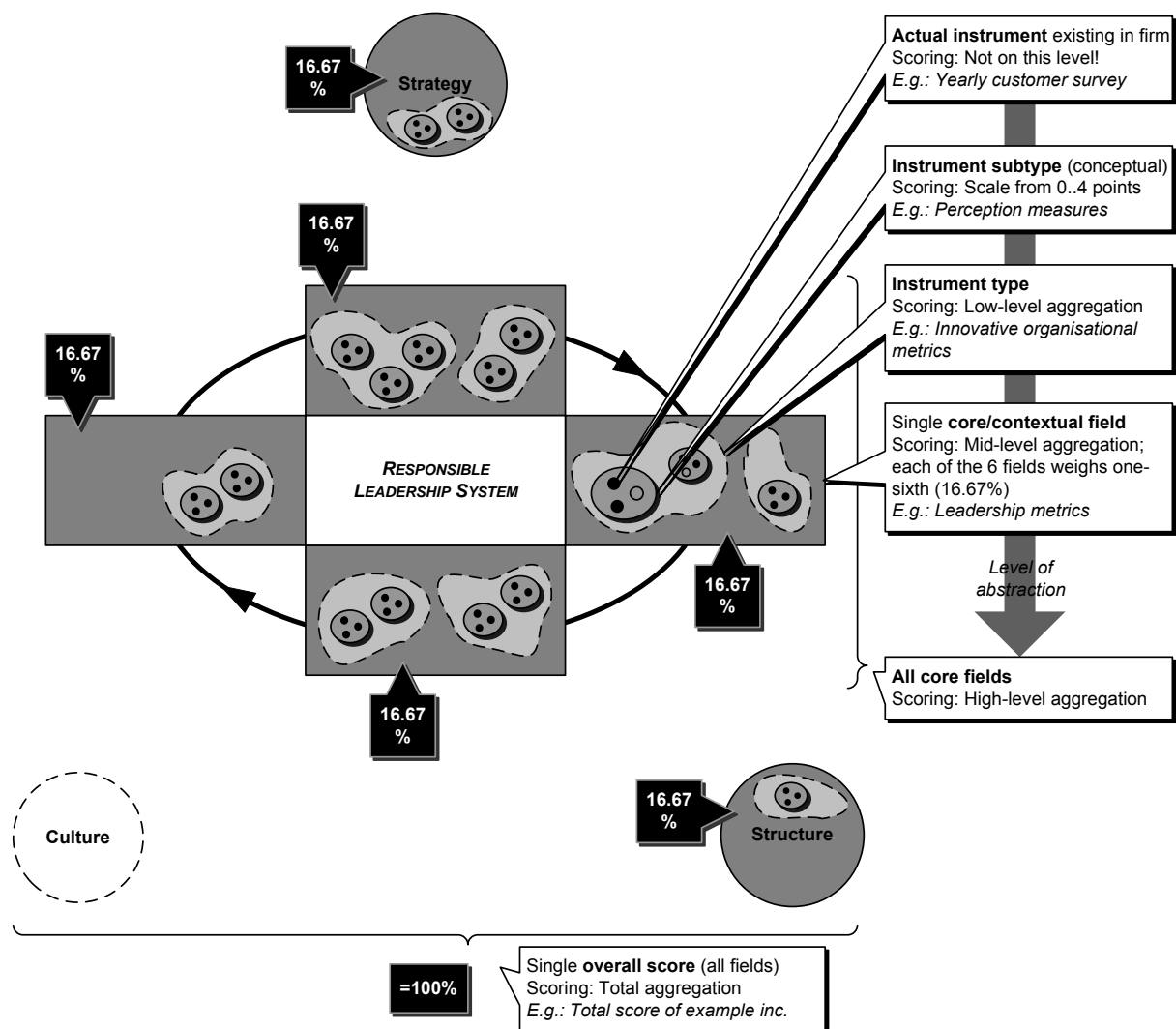
Figure 10   Scoring Model for the RLS Framework

As demonstrated in the above figure, the scoring is done as follows: Scoring begins on the level of instrument *subtypes*. Subtypes represent a conceptual entity aggregating various *specific* instruments *actually existing* in the organisation which are comparable in nature. At the next level, instrument subtypes are aggregated to instrument *types.* All subtypes belonging to a specific type have the same weight (whilst the average number of instrument *subtypes* constituting a *type* is three, the *actual* number of subtypes constituting a *type* varies between one and six). One level further, all instrument types belonging to a specific field of the framework (core or contextual) are aggregated to the field score. Again, all *types* belonging to a specific *field* have the same weight, however, there are differences across fields (each core field has three or four instruments types, whilst contextual fields only constitute of one type). On the highest level of abstraction, field scores are aggregated to the overall RLS score. As mentioned above, the overall value is calculated using a weight of 16.67 percent for each field.

The leadership systems research (e.g., Reichwald, Siebert & Möslein, 2005) has argued that not necessarily the quantity of leadership instruments was relevant, but merely the broad *coverage* of all instrument fields and their *consistent interconnection*. In order to address *coverage*, we used the same weights for each field of the framework. This emphasises that all elements should be subject to the same level of CR integration; it prevents that a firm receives high overall scoring results solely by exceptional high scores in one of the fields.

Concerning *interrelations*, we only analysed relationships between *entire fields* of the RLS framework, which also occurred after the scoring; we did not analyse *interrelations* on the *level of instruments*. The scoring is, thus, largely based on *quantity* of instruments. Still, we think that, at the current point of time, this is reasonable: First, we are at the very beginning of an infusion of CR into leadership systems. In this early stage of responsible leadership, we argue that all advances concerning the integration of CR into leadership instruments should be acknowledged. Second, the recentness of thinking about leadership from a CR perspective naturally leads to a great diversity of experiments and pilot solutions of responsible leadership systems *across* firms, on the one hand, and across the various fields of a RLS *within* a single firm, on the other. In this stage, an entirely consistent interconnection throughout the entire leadership system is not yet probable.

5   Study results[10]

This chapter has four sections. In the first section, we give an aggregated overview of the empirical results. The second section presents the detailed findings in the *core fields* of the RLS framework. The third section presents findings in the *contextual fields*. Finally, the fourth section shows results on the level of the *overall RLS framework*.

5.1   Overview of Results

The overview of the results from the multi-case studies is depicted in the following Table 11 (and Figure 11). The firm names remain anonymous but are labelled with "case codes" using the letters A–G. Letter "A" represents the firm with the highest *total* score and letter "G" the one with the lowest total score. We will use this labelling throughout the rest of this work in order to allow for case tracking. When we add information from public available sources (e.g., CR reports), we will make reference to the original source and omit the case code because otherwise it would allow for code retrieval.

Firm benchmarking according to the fields of the RLS framework (in %)
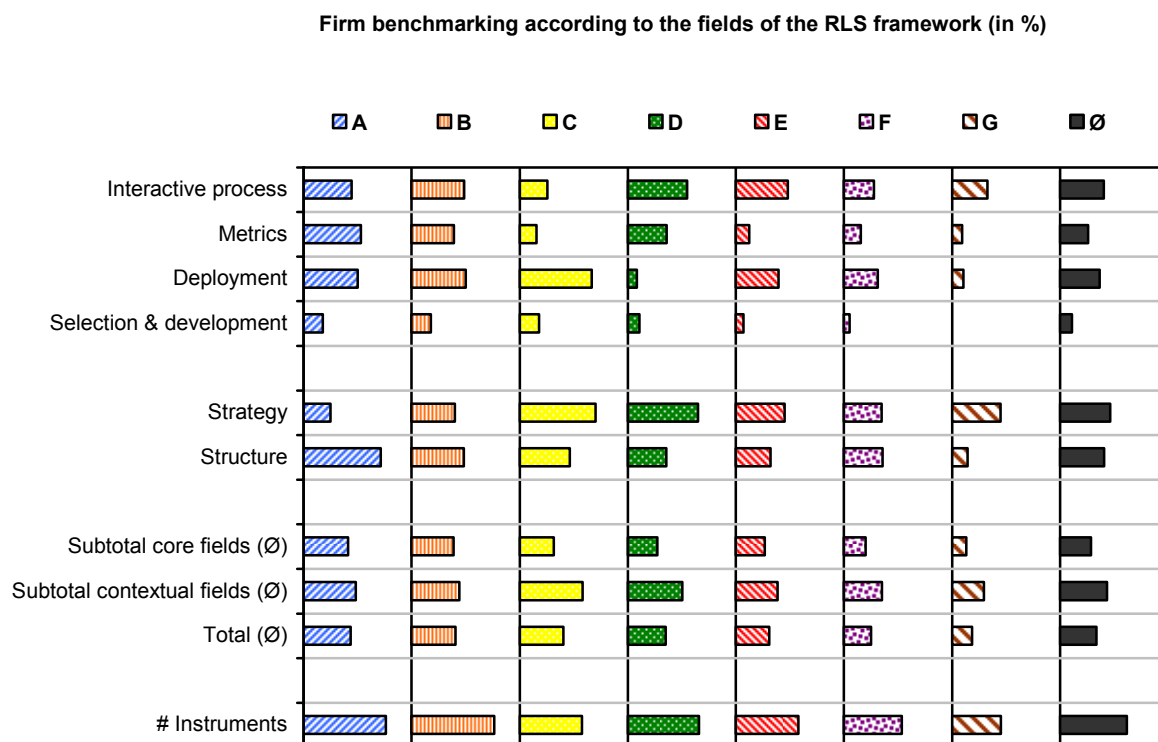
Figure 11   Graphical Representation of Overall Scoring (High Level of Aggregation)

---

[10]   The study results and related findings presented in chapters 5, 6, and 7 are the dedicated work of the first author, Erik G. Hansen.

Field	Code	Results (%)							
		A	**B**	**C**	**D**	**E**	**F**	**G**	**Ø**
Interactive process	L1	44	49	26	55	48	28	33	40
Metrics	L2	53	39	16	36	13	16	9	26
Deployment	L3	50	50	67	8	40	31	10	37
Selection & development	L4	18	18	18	11	7	5	0	11
Strategy	C1	25	40	70	65	45	35	45	46
Structure	C2	71	48	46	36	32	36	14	41
Subtotal core fields (Ø)	(L1-L4)	41	39	31	27	27	20	13	28
Subtotal contextual fields (Ø)	(C1-C2)	48	44	58	50	39	35	30	43
Total (Ø)		**43.6**	**40.6**	**40.4**	**35.1**	**30.7**	**25.1**	**18.6**	**33.5**

Table 11   Scoring Results According to the RLS Framework
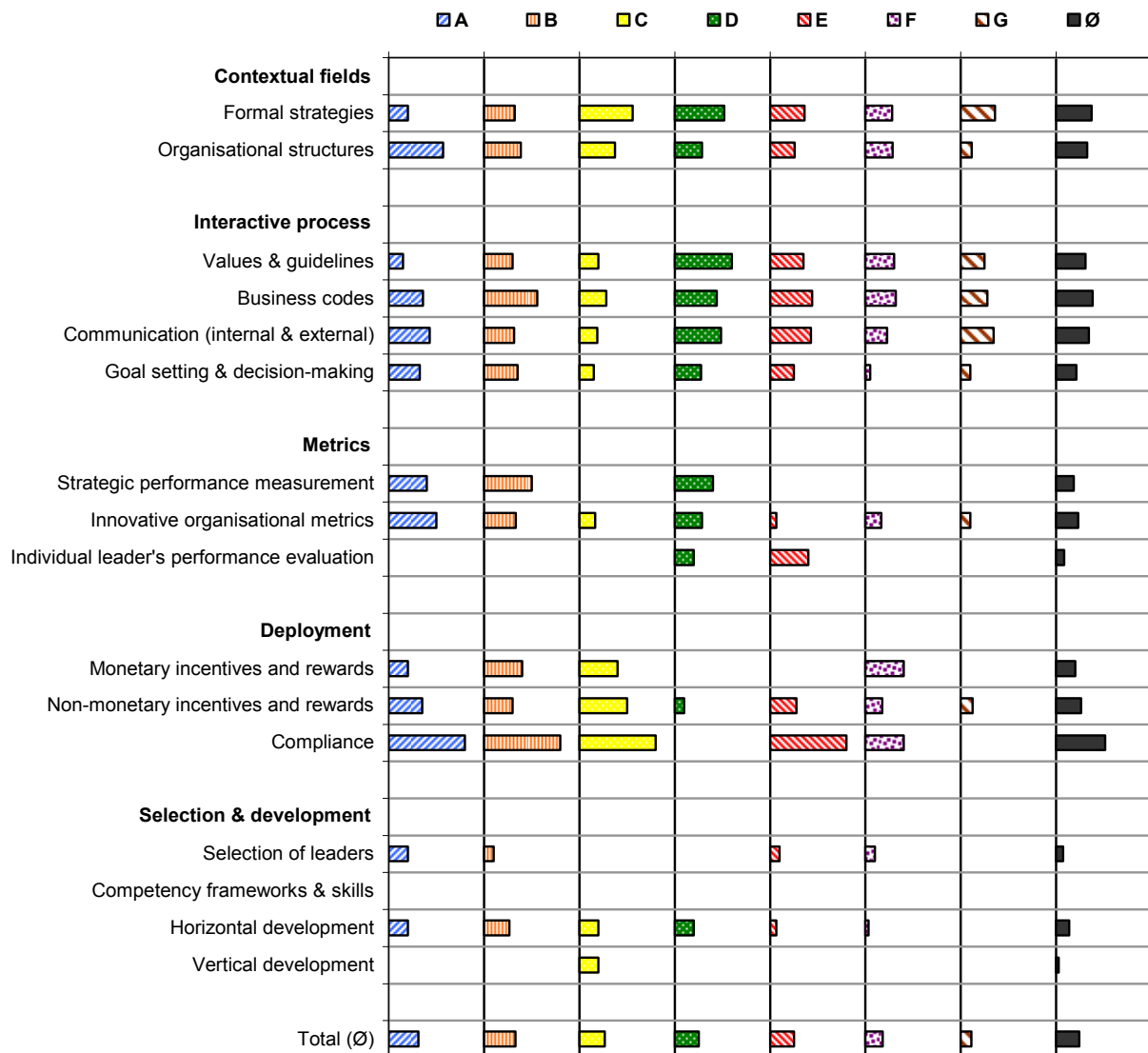
Figure 12   Comparison of RLS in Seven Firms (Medium Level of Aggregation

A more detailed overview of the multi-case study results is depicted in the above Figure 12. This figure shows the evaluation of the extent of CR integration in the contextual fields strategy and structure,[11] as well as in the instruments of the core fields of the leadership system. This overview remains on an aggregated level and presents "types of instruments" only. The details of the instruments will then be presented within the sections and subsections of this chapter (cf. ch. 4.4.2).

5.2   Core Fields of Responsible Leadership Systems

5.2.1   Leadership as a Day-to-Day Interactive Process

The highest number of analysed instruments belong to the field of interactive process. At the same time, this is the field of instruments where firms most strongly integrate CR, as depicted in Figure 13.
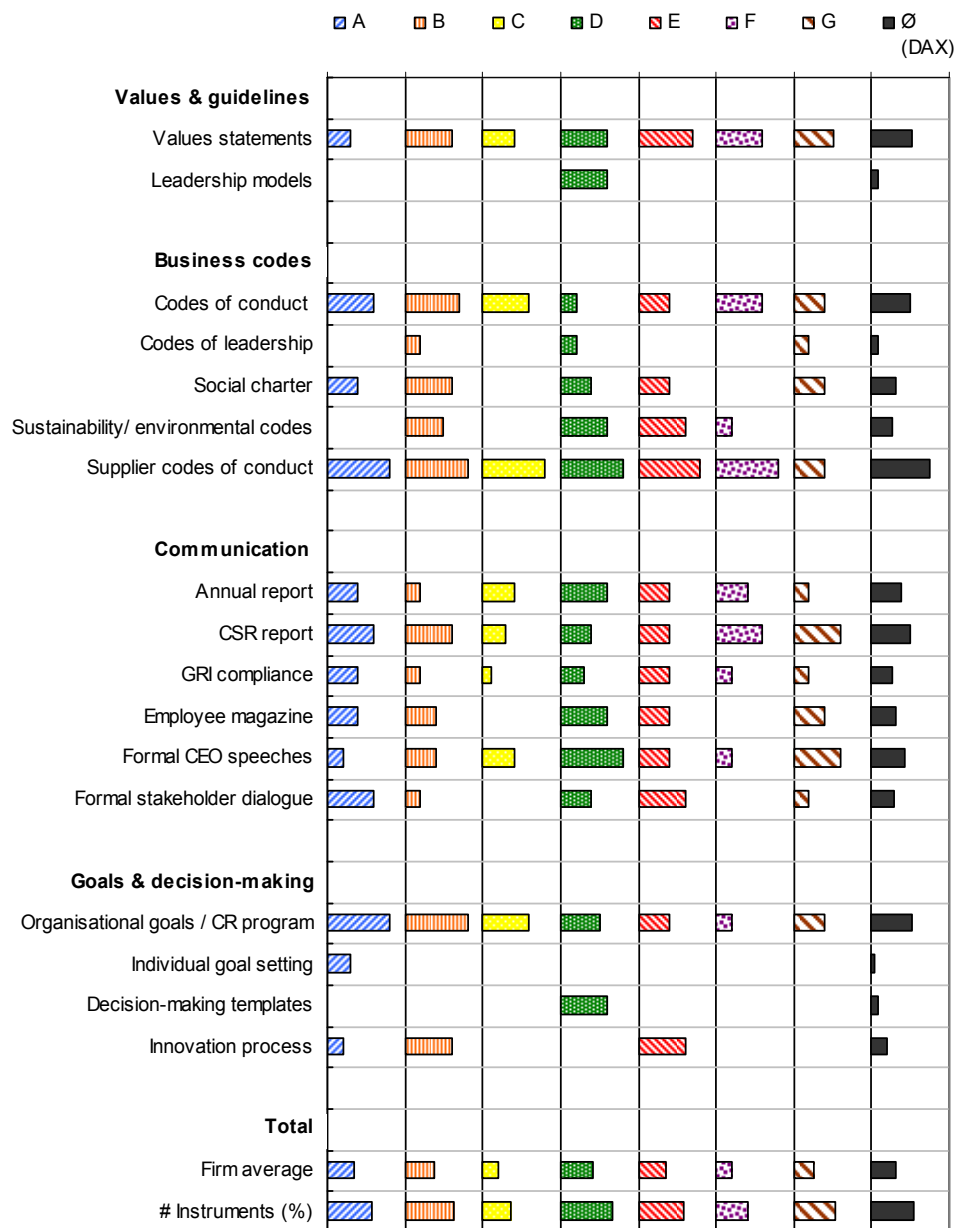
Figure 13   Day-to-day Interactive Process and CR (Low Level of Aggregation)

---

[11]   Please note that we omitted scoring of the contextual field "culture" (cf. subsection 2.2.3).

The subtypes of instruments recognised in the present field are values and general guidelines; business codes; communication; and goal setting and decision making. The following paragraphs will elaborate these more in detail.

5.2.1.1   Values and General Guidelines

CR has penetrated all *corporate values statements* in explicit form, with slight differences in its clearness. One major issue with values statements is clarity of definition, especially concerning ambiguous terms like "responsibility" or "sustainability". For example, firms should define whether sustainability is related to a narrow understanding of long-term (financial) success, or more widely to the triple-bottom line (Elkington, 1998). More than half of the firms (A, B, D, F, G) clearly describe their understanding on the values such as "responsibility" or "sustainability". This is done by linking sustainability directly with CR, by giving brief definitions on each value, or by extended versions of the values statements (Table 12).

Public values statements (brief value definitions included if available))	Source
Values (beside others): Respect, **responsibility**, and **sustainability**	Anonymous Inc.
Values: 1) We are customer driven. 2) We develop superior brands and technologies. 3) We aspire to excellence in quality. 4) We strive for innovation. 5) We embrace change. 6) We are successful because of our people. 7) We are committed to shareholder value. 8) We are dedicated to **sustainability and corporate social responsibility**. 9) We communicate openly and actively. 10) We preserve the tradition of an open family company.	Henkel (2008: 11)
Values: Passion to excel, Innovating for customers, Empowering people, Diversity; *Principles:* Safety, Integrity, **Sustainability**, Respect	Linde ([2007]: 14f)
Values: 1) Achievement, 2) **Responsibility** (=against employees, partners, customers, investors, natural resources), 3) Respect, 4) Integrity, and 5) Transparency	Merck KGaA (2008)
Values: 1) **Responsible (=committed to ethical and responsible action)**; 2) Innovative; 3) Excellence	Siemens (2008: 11)
Values: 1) Superior value (=Value Enhancement and Profitability; **Sustainability**; Protection of Corporate Assets) 2) Passion for customers 3) Innovation 4) Respect 5) Integrity 6) Top Excellence	Deutsche Telekom (n.d.: 10f)

Table 12   Public Corporate Values Statements and CR Linkages

Some firms base their understanding of leadership on *leadership models*. Such models may be a fusion of codes, values, and competency requirements, and are used as a basis for evaluation of leaders and the definition of consequences and development needs. Thus, although we present this instrument in this paragraph, such leadership models can also impact the other three fields of instruments (metrics; deployment; and selection and development). The empirical data revealed that company D very recently infused this type of model with CR-oriented values. This model consists of the elements depicted in Figure 14. The "basic principles" serve as the foundation of the remaining elements. They consists of twelve principles of which three are explicitly addressing CR, namely responsibility, sustainability, and society.
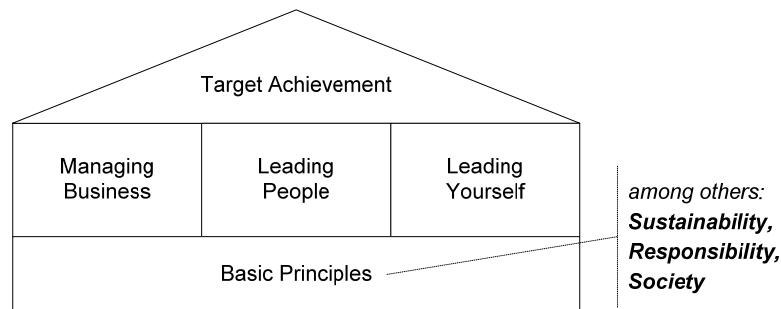
Figure 14   Leadership Model with CR Components of Exemplary Firm

5.2.1.2   Business Codes

Business codes represent a very important category of instruments within the field of interactive process. In contrast to general guidelines addressed above, codes are closer to legal documents. Business codes, more detailed than value statements and related instruments, describe the aim of the company regarding economic, social, and environmental aspects and can also map these aims to expected individual behaviour. Moreover, in combination with compliance mechanism, such codes can act as legal documents.

All analysed firms use *code of conducts* to address their employees. The integration of CR into these codes differs with respect to the addressed dimensions. Codes of conduct address, first of all, *conduct with colleagues* and other employees. This includes issues like discrimination, equal opportunity, respect, and relations with business partners. Often, firms also give guidance on how to engage in *community involvement*. Company B even motivates employee community involvement in a rather proactive manner. Then, some more advanced companies (B, C) already address *safety, health and environmental issues* within that code. Finally, two of the firms (A, F) *explicitly include CR* or sustainability within the code of conduct (still, company A stated that the code was under revision and would have a greater behavioural orientation in future, hence, rather than addressing CR explicitly, the behavioural value "integrity" would remain). Whilst the code of conduct contains a set of rules for all employees (regardless of hierarchy), two companies (B, G) use dedicated *codes of leadership* to define rules which are valid especially for executives (and other employees in responsibility of leading people). However, whilst they generally stress a distinguished responsibility of leaders, they do not specifically refer to CR. Closest to CR comes the demand for "integrity" and "trustworthiness". Company C declines codes of leadership for being only a technical document unimportant for the members of the organisation.

Many companies developed a *social charter*. Social charters define standards across the entire global organisations (including subsidiaries worldwide). Though it remains mostly on a voluntary level, business partners are also "motivated" to apply theses standards. Social charters are based on international standards like the UN Global Compact (all companies of the DAX sample are signatories) or the ones of the International Labour Organization (ILO), including rules of working conditions as well as health and safety. In the sample, four companies (A, B, E, G) developed *firm-specific* social charters and one (D) simply ratified the international codes. It is notable that company B expanded the scope to also cover environmental impacts. Some of the firms (B, D, E) also established dedicated *sustainability and environmental codes* addressing health, safety, and the environment more in-depth.

Company B even links individual conduct to sustainability more explicitly in the form of a "code of sustainability".

In case that the social charter or related codes do not include business partners, companies additionally established *suppliers code of conduct*. Mostly, these codes include a *subset* of firm-internal rules and it is often focused on social issues. Still, concerning suppliers, all these approaches are mostly limited in its effectiveness because they are rather claims and suggestions for the suppliers. Recent activities by firms aim at further developing these approaches into more strict and binding rules, which are integrated into *procurement guidelines*, also called "sustainable procurement strategy", "ethical procurement principles", or "global purchasing standards". These guidelines become part of supplier contracts or, more generally, part of the general business terms and conditions. All firms already took such guidelines into effect. Along with integration into procurement guidelines, monitoring mechanisms become also important, which will be presented as part of leadership metrics in section 5.2.2.1.

5.2.1.3   Communication

Companies make use of a large set of existing communication channels and, additionally, address CR in CR-specific channels. The primary channel for reporting on the firm's progress in CR is the *CR or sustainability report*, which all analysed companies publish either annually or bi-annually (D, E). It is not the scope of this work to analyse the quality of these reports in-depth, as this is already done by other studies (e.g., IÖW & future e.V., 2007). Here, we rather evaluate the report with respect to its regularity of publication and compliance with established reporting standards like the Global Reporting Initiative. In this regard results are rather comparable, however, only three companies (A, D, E) clearly state that their GRI compliance-level was *externally* verified.

Data also reflects that it is standard to address CR aspects in *annual reports*. There, the diversity of approaches is higher. One of the companies (D) gives a detailed report about CR aspects regarding its products and production systems as part of its "review of operations". It additionally positions sustainability at the core of its business strategy, which is also part of the annual report. Most companies, however, limit CR aspects in the annual report to few pages in a separate chapter. Two of the companies (B, G) refer to CR only in a very limited, superficial way.

Another instrument of communication relates to formal *top-management speeches*. We analysed the disclosed transcripts of CEO speeches at annual meetings in the years 2007 and 2008 with respect to content related to CR or, better, CR-issues.[12] This accounts for two speeches per firm. The following chart (Figure 15) gives an overview of the results.

---

[12]   The "share" of CR was calculated by dividing the word count of paragraphs dealing with CR-related issues by the word count of other paragraphs.

Relative Share of Corporate Responsibility in CEO Speeches 2007/08 (in %)
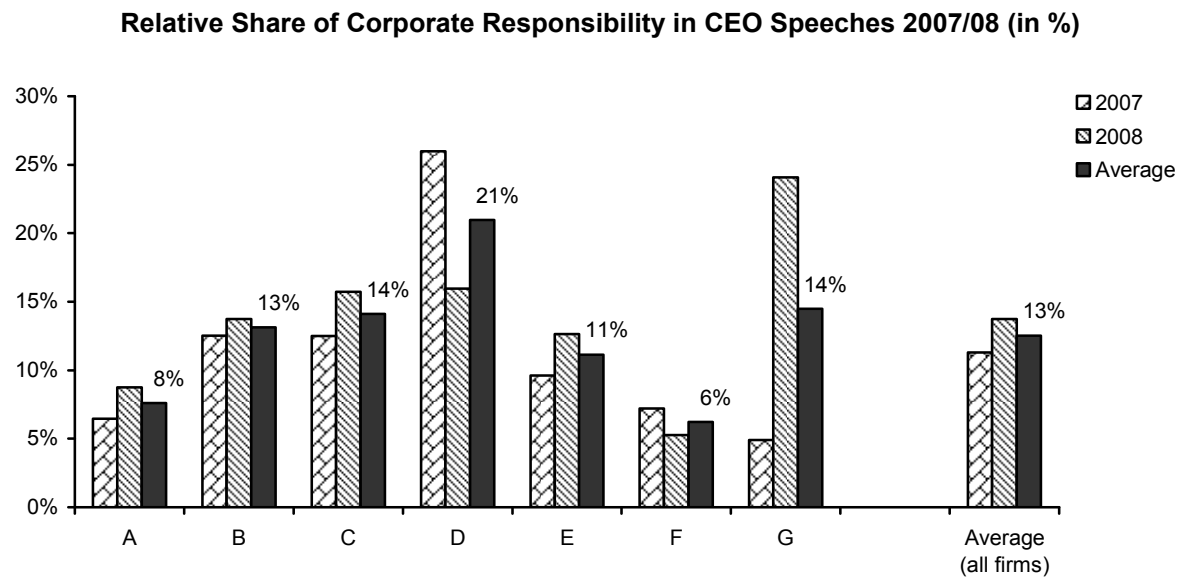
Figure 15   CEO Speeches at Annual Meetings and Relative Share of CR

Whilst the above instruments are directed to all external and internal groups, *employee magazines* are used to directly inform employees on CR. Interviewees consistently state that they do not use an explicit CR column, but rather integrate the different issues within traditional sections. such as HR or operations management. They also regard a separated treatment of CR issues in dedicated CR sections, and along with this a kind of overstretching of the topic, as a thread for the entire CR movement. One firm representative regards internal communication as rather unimportant, compared to the involvement of individual executives.

The above presented communication channels are unidirectional in nature. Bi-directional communication method is achieved through *stakeholder dialogues*. Generally, we registered great uncertainty in respect to what is exactly covered by the term "stakeholder dialogue". The statements collected in the following Table 13, thus, give a first indication about this diversity.

All but one company (F) actively engage in stakeholder dialogues in semi-formal or formal ways. Thereby, two entirely different approaches exist, sometimes also in coincidence. On the one hand, these are stakeholder dialogues which address CR rather generically. Company A organises a yearly "Corporate Responsibility Day" in which a large number of participants come together to discuss a rather broad agenda like, for example, "business and business ethics". More frequently, on the other hand, dialogues address specific CR issues like carbon dioxide (CO_2) combat; renewable raw materials; supply chain sustainability and sustainability procurement; or sustainable mobility. Two of the manufacturing companies (D, G) state that *dialogues with neighbourhoods* have been existing for long time, even before CR became the prevailing term. These neighbourhood dialogues are necessary when the firms' (production) sites are located within urban areas, especially in large cities. Such dialogues are conducted when extensions of production areas need to meet the agreement of neighbouring communities and other concerned parties. Company E also initiates dialogues on issues which go beyond the interest of the single firm, like a dialogue on the link of infrastructure projects and species protection.

Stakeholder Dialogues
"Due to our main plant, which is directly located in the heart of the city, our company had to act with care and consideration in regard to the business development from the very first day." (DAX)
"A rather classic instrument applied since the 1990ies, is the open dialogue with neighbours. This addresses the development of our main site at the headquarter [name of city omitted]. Core issues are the extension of production areas [within the city] and the related conflicts with civil use. This dialogue includes public authorities, neighbours, and the company itself and is organised with a moderator." (DAX)
"It depends on the topic. We constantly talk with a great diversity of people. We address topics and talk with internal and external people concerned. But it is not in the way that we go hunting and leave the prey in front of the rooms of the people who work on these issues. For example, we conducted this year a large stakeholder dialogue in the area of supply chain, where we invited NGOs, investors, suppliers, etc. We also have a yearly CR day under a particular theme. However, this is not an open event! You cannot conduct a stakeholder dialogue in opening a large hall and say: 'Everybody who wants to talk to us please come in!' This doesn't work. [...] We have so many stakeholders, you have to plan this in an issue-specific manner." (DAX)
"We don't have a stakeholder dialogue addressing CR in its entirety. In a less formal way, we conduct dialogues on particular topics, for example, regarding the environment. But these are punctual talks and are not covered by the CR label. However, I ask myself, what is thereby [the general stakeholder dialogue] the focus and what should be the result thereof? That we are generally responsible? That seems to me too vague. Our company is engaging in dialogues on specific topics, which are also site-specific." (DAX)

Table 13   Statements about the Nature of Stakeholder Dialogues (Translated)

The above examples demonstrate that dialogues usually have a clear focus on specific themes. Also, the target audience is usually selected and invited by the firm. Thus, dialogues are often less public than the term may suggest. Some of the companies (D, F) also regard *stakeholder or image surveys* as part of the stakeholder dialogue. The framework applied in this work, however, regards the latter as perception measures and, thus, deals with it in subsection 5.2.2.

5.2.1.4   Goal Setting and Decision Making

Goal setting processes for CR involve the organisational and individual level, which are interlinked. Regarding organisational goals, all analysed companies publish their CR goals, often referred to as *CR roadmap or CR program*, in the CR report. The defined goals vary, amongst others, concerning goal type, ambition level, level of detail, and time horizon. Goals are mostly structured using the categories economy, environment, social, and society. It is not unusual that a category includes more than ten targets. Hence, the overall CR roadmap can easily include more than 30 targets. It is beyond the scope of this work to make an in-depth content analysis of these organisational goals systems, (still, as argued in the section on future research, it could be a promising area of analysis). Concerning the nature of organisational CR goals, the empirical findings suggest that published goals can be both a communication tool and an internal control mechanism. The rather defensive companies (G) do only publish "safe" goals, these are goals which are (or were) definitely accomplished. One representative even stated that the roadmap actually reflects the "status quo" within the diverse corporate units. The overall impression from the interviews is that the communication aspect of goals is greater than the aspect of planning.

The analysis with regard to *individual goals* turned out to be difficult (see selected statements in Table 14). Still, we found that a strong connection between organisational and individual goals seem to exist, which is related to the *process of defining organisational goals*. In fact, the definition of organisational goals is a negotiation process between the CR unit and other corporate functions or business units necessary for, or affected by the achievement of these goals. Thus, it is a rather cooperative process.

At the same time, a key role of the members of the CR function in this bargaining process is persuasiveness, in order to achieve setting of ambitious targets. Once negotiated, it could be argued that the organisational goals are also borne by the involved individuals and their departments or teams. Hence, through this process, a high likelihood exists that *organisational* goals are, to some extent, also *individual* goals.

Besides this rather direct connection of the organisational and individual CR goals through a process of goal bargaining and cascading, *individual goal setting* remains largely distinct from CR. Few formalised processes are in place. One firm uses goal setting based on three dimensions: Organisational goals, individual goals, and a discretionary part. The discretionary part is defined ex-post and describes how targets are achieved; according to the interviewee, this also refers to values like integrity (Figure 16).
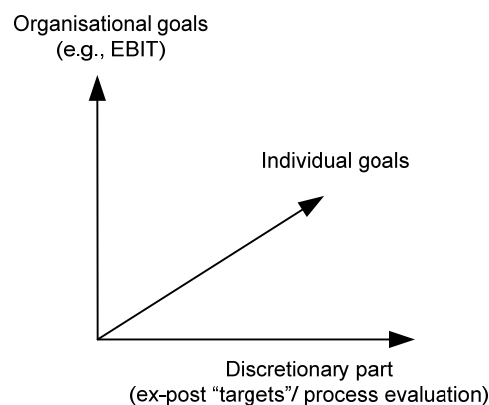
Figure 16   Goal Setting (Company A)

Two of the firms (A, D) stated that a *BSC or comparable systems* has been used for individual goal setting; thereof one company, however, also revealed that this process was not always applied in practice (cf. 5.2.2.2). An exception is demonstrated by one of the pilot case studies in which the managing director directly appoints top-level managers with goals from the domain of CR.

Individual Goals
"Not all [organisational] goals were cascaded into personal targets, as of various reasons. The ones cascaded get integrated into the established target systems, as for example the BSC." (DAX)
"The problem is: What is sustainability? If you say: "Define a sustainability goal for the board member responsible for business unit X" – what may this be? I want to show you how difficult it is and that it is not done with the word 'sustainability'." (DAX)
"We follow three categories of goals: Group, division, and personal targets. We try to limit the goals to three per person. You can imagine that sustainability goals won't make it to the third position. It is hardly understood that sustainability cannot be part of everybody's goals and that this is not a deadly sin." (DAX)
"We want to reduce the number of goals per employee. We use three categories of goals: First, organisational goals like EBITDA and customer satisfaction; second, individual goals; and the third category we call "discretionary part". For the latter there is no ex-ante definition of goals. It is about an ex-post evaluation of how goals were reached. This, of course, also includes values like integrity and also compliance." (DAX)
"In the business units, for example, I define that CR activities [e.g. employee and customer volunteering events] have to be conducted. This goal is given to the business unit manager who then cascades these down to product managers and sales reps." (Managing Director, Pilot case)

Table 14   Statements about Individual Goals and CR (Translated)

The field of interactive process is also facilitated by a category of instruments which we termed *decision making templates*. Whilst most firms reveal that decision making is an entirely informal process, we registered some innovative approaches: In the production department of one of the companies (D), the board of management applies a decision-making template which requires the consideration and evaluation of social and environmental criteria. According to the firm representative, such templates nurture discussion and communication about these issues. More specifically, some of the companies evaluate social and environmental criteria regarding their *product innovations*. This is done by hardwiring these criteria either into the stage-gate innovation process (B), or the product specifications (E). Whilst CR would require a balancing of all three dimensions (economic, social, environmental), companies which already transcend the narrow financial perspective, then often overemphasise either the social or environmental dimension. For example, one of the car manufacturers stated that, since about a decade, evaluation of employment effects are a definite component of new product specifications, whereby environmental concerns (especially CO_2) were added rather recently.

Another company (C) stresses the importance of integrated *risk management* for decision making in regard to business opportunities. The interviewee stated that a risk management which consequently addresses aspects of CR or business ethics was the right tool for making good decisions, especially because in many firms processes of risk management are already well established.

5.2.2 Leadership Metrics

Firms are increasingly investigating new metrics and tools to quantify and manage CR. The following Figure 17 demonstrates that firms do especially engage in perception measures. More than ever, firms apply instruments to measure the *overall* CR performance and sometimes also apply strategy tools like the balanced scorecard. Other solutions remain specific to each company. The following paragraphs present each instrument in more detail.
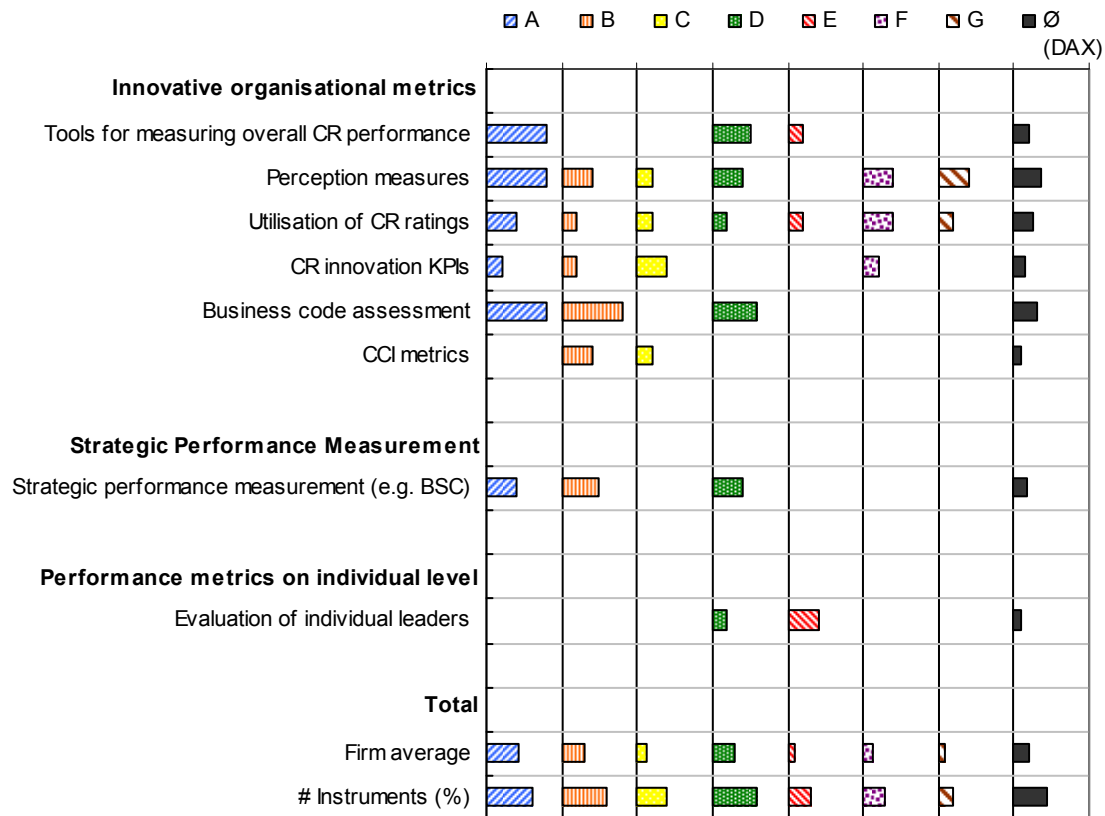
Figure 17   Leadership Instruments in the Field of Metrics

5.2.2.1   Organisational Metrics

In terms of *innovative organisational metrics* for internal control, our aim was to find solutions for integrated metrics which cover CR and its many aspects as comprehensive as possible, whilst at the same time residing manageable in terms of complexity. We found different solutions. As explained in the foundations, evaluation of CR can be both internal and external and can be based on performance indicators and perception measures.

Company A developed two "Sustainability Excellence KPIs" to measure CR performance based on *external evaluation*. The first indicator represents the *customer perception on CR*; it is collected by an external market research institute through survey techniques. The indicator is calculated in a yearly manner and can, thus, be used for longitudinal comparisons (Table 15). The indicator is also reported in the company's CR report.

KPI	Description	2007	2006	2005
SE KPI-1:	Customer perception of corporate responsibility	6.35	6.8	6.4

Table 15   Perceived CR Performance by Customers (Company A)
Source: Corporate disclosure

The second performance indicator is based on external evaluation by *CR rating agencies*. According to a firm representative, the aggregation of various rating results gives a good overall picture on the external assessment of the company's CR achievements. Further, the representative argues, in comparison to internal measurement, external evaluation cannot be influenced by the firm and is, thus,

more independent. Finally, external evaluation produces no costs.[13] The performance indicator, as published in the CR report, is illustrated in Table 16.

KPI	Description	Rating	2007	2006	2005
SE KPI-2:	Assessment of sustainability performance in sustainability ratings	oekom	(2005 valid)	(2005 valid)	Grade B
		SAM	79%	73%	72%
		Sarasin	52%	(2005 valid)	61%
		scoris	77.6%	77.0%	74.2%
		...	...	...	...

Table 16   CR Performance Evaluated by Rating Agencies (Company A)

Source: Corporate disclosure

Besides the above example where the accumulated rating results serve as a major part of an overall CR indicator, evaluation results from *CR rating agencies* seem to be less used as performance measure. Whilst it is common to track and publish rating results, few firms present longitudinal data as in the above example. Some companies state that the diversity and differences of the various CR ratings were to huge for the use as a formal metric. Still, most companies report that they use the rating results as a tool for the *internal analysis of strengths and weaknesses*. In this way, it is also used as *internal communication tool* to raise internal awareness for further CR challenges (Table 20). The interviews gave also some insight into the process of provision of ranking data. Interviewees state that each rating agency has different requirements, leading to a high work load for providing the data. In some parts of the year, this consumes the working time of one entire person. However, one expert with insight into the corporate practices noticed critically that usually a random intern was responsible for gathering data and filling out surveys for the rating agencies. Further, pseudo structures or instruments are formally introduced in response to survey questions.

Performance by External Ratings

"We are strongly working together with rating agencies. We use them both for a qualitative and quantitative evaluation of our CR performance. Thereby, it is important to regard the different expectation of each rating agency. This produces a lot of work and, in some periods of the year, blocks out entire people. We use the results mostly for internal communication and, ultimately, to initiate improvements in areas indicated by the ratings." (DAX)

"We use the results [from rating agencies] for the analysis of our strength and weaknesses, respectively to verify our self-perception. Still, they get the data from us so that we can imagine the nature of the results. It helps to compare us with other firms." (DAX)

"The aggregated rating results are used as KPI in our department scorecard." (DAX)

"Then we have that what is termed 'CR'. I am very sceptical. Exaggerating a bit, I sometimes have the feeling that this term is promoted by 'pressure groups' driven by people who live from that [CR]. An example are the reporting standards [GRI]. [...] Also, the rating agencies are part of these pressure groups. They depend on that firms take their ratings seriously. Of course, these things also help to promote CR; today no manager could state: 'CR doesn't interest me!' Still, it holds the risk of creating bureaucracy without any impact." (DAX)

"I think that oekom research [a rating agency] developed good criteria and, if the company collaborates with such rating agencies, a certain degree of measurability is possible. However, in large firms, for example in X [a DAX company] an intern collects the data from various departments and fills in the surveys. When firm X failed to enter the Dow Jones Sustainability Index, the top-management ordered to 'fix this in future'. It is absurd, but the results are not analysed or used as internal benchmark. Generally, to do it [ratings] is regarded a necessary evil." (Academic/NGO)

Table 17   Statements about Performance Evaluation by Rating Agencies

---

[13]   Protocol id omitted due to reasons of anonymity. Also, cf. SAD1: 113.

Company D is cooperating with a research institute in order to promote the use of the *sustainable value* measure (cf. ch. 3.2). This approach follows the logic of capital markets and express CR performance in an one-dimensional (i.e. aggregated) monetary metric. The indicator is calculated by analysing the use of economic, environmental, and social resources of the company in comparison to benchmark companies (other industry members). Though emphasising environmental aspects, it is calculated based on key indicators from the environmental (air emissions; waste generated; water used), social (no. of accidents; no. of employees), and economic (total assets) sphere. The company regards the SV approach as very useful, due to several reasons. First, it is based on the logic of the capital markets and expressed in monetary units. This helps to use the indicator in internal communication, especially with the management, which is still somewhat alien to non-financial metrics. Second, the approach integrates different dimensions of CR in one single indicator. The firm states that the metric was not only used on *organisational level*, but also experimentally used on *project level*.

Metrics do not only relate to the core organisation, but can also address *upstream and downstream* areas in the value chain. To enforce standards in the supply chain, some companies (A, B, D) enact mechanisms to monitor suppliers. This includes, for example, self-assessments and site visits. Two further companies (C, G) are planning to do so. With regard to products, two of the companies (A, B) are currently participating in an integrated research project in order to develop a methodology for carbon assessment *on product-level*. Another noteworthy finding comes from a major division in one of the cases (F). The division is currently implementing a new indicator to measure its *"green innovativeness"*. This is achieved based on the definition of eco classes. Each class represents products and technologies with a certain eco potential and is assigned with a specific eco weight. Exemplary classes address technologies in the area of carbon reduction, renewable energy, and energy-efficiency (Figure 18). Whilst these classes could also be used for portfolio management on a corporate level (cf. 5.3.1.2), in the case described here, classes were defined for the sole application in innovation management.

Eco classes		
A Technologies based on **non-fossil (renewable) feedstock**	**B** Technologies focused on **CO_2**	**C** Technologies focused on **emissions** (other than CO_2)
D Technologies based on **fossil feedstock** ("substitutions")	**E** Technologies focused on **energy efficiency** ("improvements")	**O** Other technologies
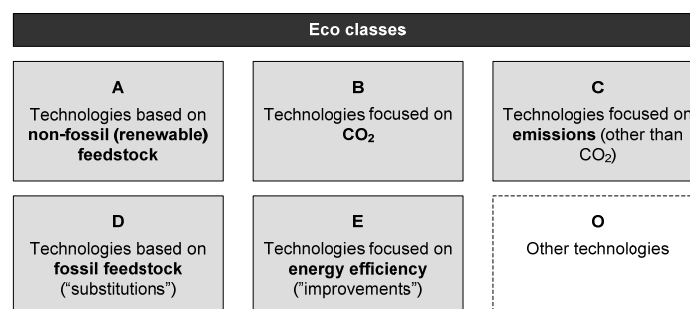
Figure 18   Eco Classes as Basis for Assessing Green Innovations

Source: Based on internal documents

Green innovativeness is then calculated in a three step process. First, all products and technologies of the overall innovation portfolio are categorised into the above eco classes. This is achieved by an internal expert group. Second, each product or technology is evaluated in regard to its maturity (i.e. the actual stage in the stage gate process): The further technologies are in the stage gate process, the higher is their maturity score. The firm's overall green innovativeness is then calculated by summing up the products of each eco score with the related maturity score (Figure 19).
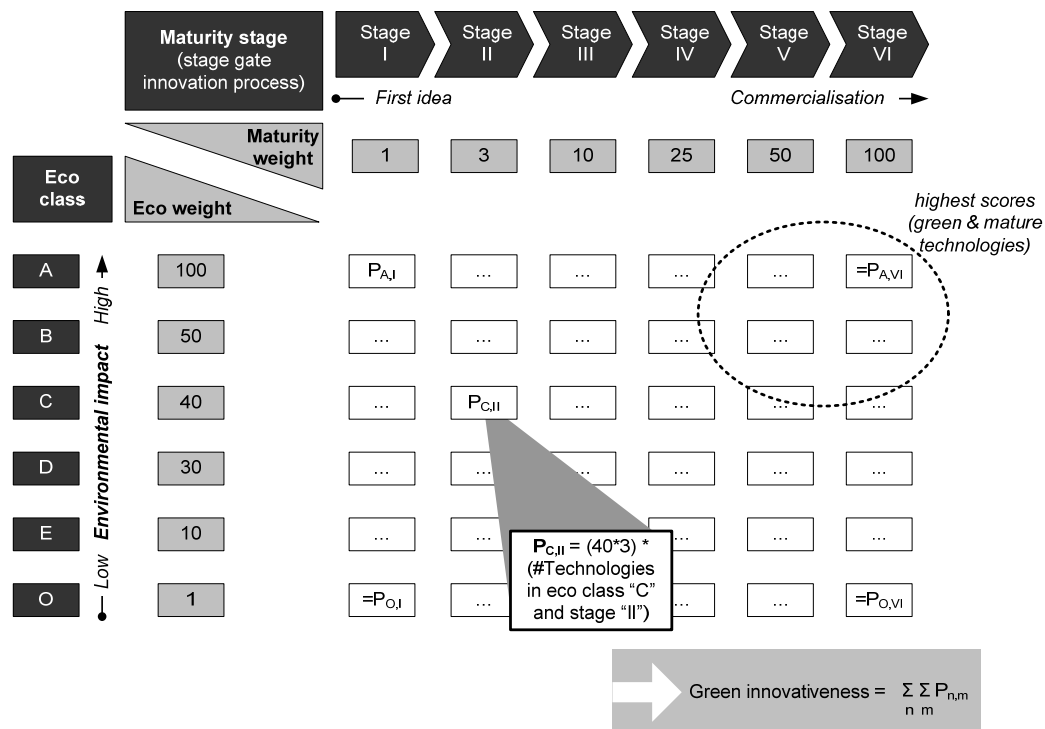
Figure 19   Mechanism for Calculating "Green Innovativeness" KPI

Source: Based on internal documents[14]

Another form of CR evaluation is *perception measurement*, where employees, customers, or other stakeholders are asked for the perceived CR performance of a firm. Most of the companies use such perception measures, whereby the actual source and scope differs. Three companies (A, D, F) conducted international *stakeholder* surveys in selected countries in which they operate. Such surveys include questions regarding the CR image of the firm. Other questions try to upraise the most important CR issues from the stakeholder perspective. Usually, these results are used for the development of a *materiality analysis*. More focused *customer surveys*, are also used. As the example of one of the pilot case demonstrates, CR is addressed with explicit questions (Table 18).

Category	Selected questions
Generic	[Firm name] is a well known name around the world
	[Firm name] is innovative
CR	[Firm name] has high ethical standards with respect to its customers and employees
	[Firm name] contributes significantly to local community programmes
	As a customer of [firm name] I feel proud of [firm name]'s work in society through their local community programmes

Table 18   CR-related Questions in Customers Satisfaction Survey

Source: Based on internal document

Four firms (A, B, D, F) also use *internal* surveys or opinion polls to elevate employee perception on CR. In order to prevent over-surveying, this is usually done by introducing particular CR questions within

---

[14]   Details for calculating the KPI are described elsewhere (Adamczyk, Hansen & Reichwald, 2009).

existing employee surveys. This does not always address the umbrella-term CR, but can also address selected CR issues like work-life balance or health and safety. Corporate values (which may include explicit CR values) are most often addressed, however, in an aggregated form. An exemplary question is "Do employees live up to our values?". Other questions are only remotely related like, for example, "Would you recommend our products to others?" or "Do you feel comfortable in your organisation?". However, we also found dedicated CR surveys in selected units. For example, one subsidiary surveyed entire staff and management in order to reveal impacts of CR participation (in particularly regarding corporate volunteering activities) on work attitudes and behaviours.

Business code assessment is another area for which new metrics are established, especially with regard to suppliers (i.e. codes of conduct for suppliers). In most cases, to date, firms calculate the percentage of suppliers (or purchasing volume) that complies with the code of conduct. Few of the DAX firms already achieved significant shares (A and B), for example, one company claims to have assessed more than 80 percent of suppliers, the other one more than 50 percent of purchasing volume. Another company (D) states to assess suppliers during the process of supplier selection; further, the firm has just begun to continuously monitor suppliers regarding CR (using surveys for self-assessment). The other companies (C, G) are planning to introduce selection and monitoring systems. Thereof, company C's plans are limited to (supplier) self-assessments.[15]

We gave special attention to the *societal dimension of CR measurement*, mostly addressed by *corporate community involvement*. This is because CCI measurement is a significant sign for that CCI is being followed seriously and strategically and, through this, more effectively. CCI measurement is approached very diversely. Four of the seven companies do not have any systematic measurement in place. The remaining ones (B, C), either report only on input measures (e.g., amount of donations) or use only qualitative evaluation in relation to defined targets. The domain of CCI metrics can be said to be the most dynamic in this study. Three of the firms are currently under development or planning to develop new measurement systems. One company (C) is currently in the process of developing measurement mechanisms for the evaluation of total business impacts on local communities.

Whilst not part of the cross-case evaluation, we found one of the most advanced measurement system for CCI in a local subsidiary of one of the firms (G). This subsidiary engaged with an NGO which works for the betterment of local communities. The subsidiary partnered with the NGO and primarily contributes in-cash and in-kind donations. As the subsidiary identified community involvement as major strategic driver[16], it recently established sophisticated systems to measure its community impact. This includes output and impact measures, either evaluated by the firm's CR department, or by the NGO. The details are given in the following Table 19.

---

[15]   Data according to corporate disclosure.

[16]   A brand research conducted by the local subsidiary in 2008 revealed that CR and community involvement was the top brand driver, even before product quality.

Category of programme	Metrics	Metric level	Metric source
Long-term involvement together with NGO partner	*Project 1:* % of households with increased income % households with increased resilience to livelihood shocks	Impact	NGO partner (bi-annual)
	Project 2: % youth participants demonstrating a life plan % youths developing an alternative income generation activity	Output	
	Project 3: $ income earned by occupational group and its members # communities executing forest protection		
Short-term activities through volunteering schemes	# Employee and customer volunteering programme (ECVP) activities per half-year	Input	CR department (semi-annual)

Table 19   Community Involvement Metrics in a Local Subsidiary

Source: Based on internal documents

At the same time, the general manager of this subsidiary warns to not overemphasise CCI-related measurement:

> "You don't have to measure everything, this is a wrong believe! I also do not try to measure 'how much I like my girlfriend or my wife'; this is an emotional thing, comparable to the volunteering events. I don't need to let them fill in surveys because this only evokes resentments." (BPB1: 119)

5.2.2.2   Strategic Performance Measurement Tools

Strategic performance measurement tools considered in this study are balanced scorecards and the EFQM model. Generally, company representatives stress the fact that either *balanced scorecard* or the EFQM model were too sophisticated and, hence, initial implementations from prior periods were not used or phased out. This is especially the case for corporate-level scorecards: "The scorecard exists on group level, but, in practical terms, it is dead!" Two companies (A, D) indicate the use of the EFQM model, however, more in operations and less for strategy implementation. Table 20 below presents selected statements about strategic performance measurement.

Strategic Performance Measurement
"Each function uses an adapted approach. Generally, there are goals, there are scores, there are frequent measurements, and there are escalation processes. Thereby, the 'score' is the crucial element. If you want to say so, this is a scorecard! But it is not as much formalised as the balanced scorecard approach demands. On the other hand, we use the EFQM model in our production, where 'scores' are also included. After all, scorecard and EFQM approaches are quite similar with the difference that EFQM is rather analytical, whereas the scorecard focuses on strategic control." (DAX)
"The EFQM model is rather abstract and has problems with precision. In regard to strategy implementation, the BSC is the best tool." (DAX)
"Each division uses specific balanced scorecards. Most of them integrated sustainability. However, they are not referred to as 'sustainability balanced scorecards'. Ideally, the topic of sustainability becomes integrated that deeply that it doesn't require the explicit term anymore." (DAX)
"Our goals system was simplified. We had a balanced scorecard, but with our entwined structures the scorecard approach is too complex. [...] Concerning the integration of sustainability aspects into the scorecard, you should recall the following: We used the BSC and we included a variety of aspects like, for example, innovation. To date, however, we don't do this anymore to this extent." (DAX)
"This topic [EFQM] is in responsibility of Ms [...]. We were great promoters of the EFQM model for quite some time. Mr. [...] pushed this before. It is still partly used, however, due to the current focus on restructuring of the firm, only rudimentary." (DAX)
"The communication department, as much as the other departments, is controlled via a scorecard. Our CR department takes part in this scorecard and we are currently developing the KPIs for which we consider three dimensions: [CR] communication, CR issues, and economic aspects. The latter dimension covers how we manage our projects and budgets but also the economic impacts gained through our work in the former two dimensions, such as efficiency gains." (DAX)
"We have a balanced scorecard on group level, which has, however, no direct link to our function [CR]. The scorecard exists on group level, but, in practical terms, it is dead! Today, we rather follow the Six Sigma approach within our divisions." (DAX).
"The integration of CR aspects into our balanced scorecard probably boosts internal understanding on the relationships [between financial and social-environmental aspects]. Furthermore, it shows to everyone who joins or visits the firm that we—on the highest possible level—take it [CR] serious. It is not a one-off, but permanent." (Pilot)
"The balanced scorecard also integrates values and, thus, aspects of corporate responsibility. With respect to the environment, for example, this is represented by the policy on how to deal with dangerous substances." (Pilot)

Table 20   Statements about Strategic Performance Measurement Tools (Transl.)

However, exceptions exist. Two companies (A, D) use the BSC for individual target setting and evaluation. Also, two companies use the BSC on division level (A, B). Still, in another company (G), we found evidence for intense BSC usage only in a subsidiary. Concerning *sustainability scorecards* (i.e., scorecards that integrate CR aspects), the results are similar. Of course, a successful integration depends on an effective traditional BSC system. In the few companies where we found evidence for a BSC usage, only one (A) is *planning* to use it for CR: In this firm, most of the business units and central functions use a scorecard. The company, thus, considers to integrate several CR metrics into the scorecard of the communication department to which the CR unit belongs to. Three categories of metrics are planned: *Communication* metrics relate to the performance of CR communication; *content metrics* relate to the issues the CR unit drives (e.g., climate protection); and *economic metrics* deal with the efficiency of the CR unit and the economic impacts derived from projects of the content dimension.

Beyond the DAX companies, both *pilot companies* use the BSC for CR integration. One of the pilot cases uses the BSC to make reference to corporate values, which also include environmental considerations. The most advanced system, however, exists in the other pilot case. This firm follows a decent community involvement strategy. In partnership with a local NGO, it addresses local communities in need through corporate donations, and through employee and customer volunteering

projects. Instructed by the firm, recent brand research found that CR was the top brand driver in the local market—even before product quality. The top-management, thus, decided to integrate community involvement aspects into the BSC system, by adding an additional "social perspective". The management stressed that both community impacts and business impacts are to be part of the BSC (Figure 20).
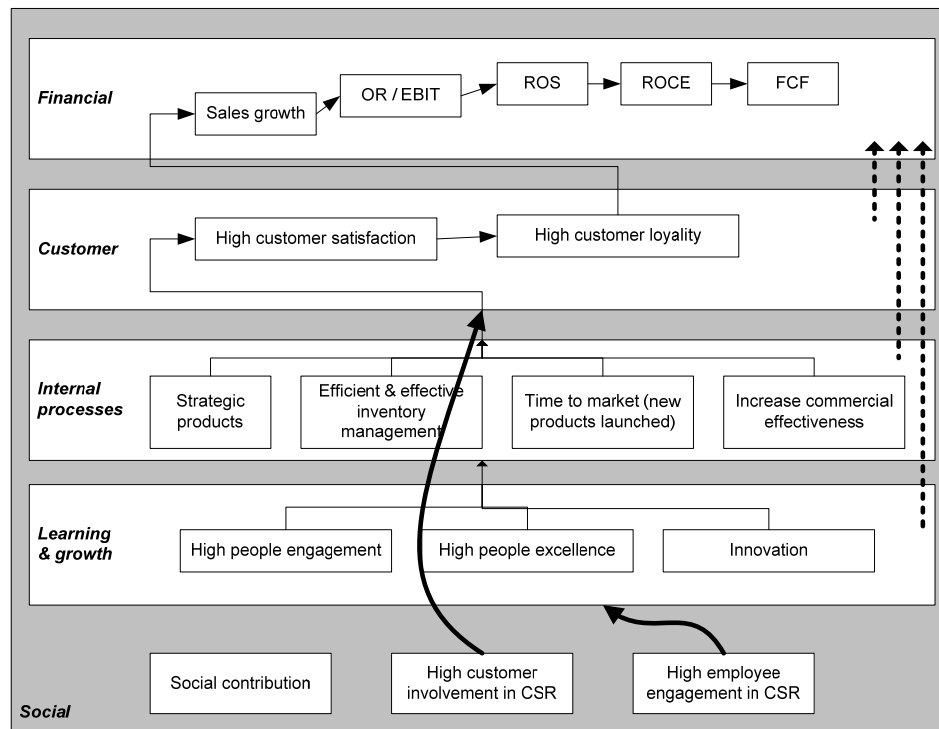
Figure 20   Balanced Scorecard (Strategy Map) with a "Social" Perspective

Source: Internal documents

As presented in the figure above, the social perspective contains three strategic goals:

- The first goal, "social contribution", assures that the community projects indeed advance the communities. It is measured by *output* and *impact* measures in cooperation with the NGO partner.

- The goal "customer involvement in CR" assures that community investments are recognised by customers. This is measured by customer participation level, which is determined either by the amount off donations or by the level of (in-person) participating in the volunteering projects.

- The third goal, "employee engagement in CR", is also measured by participation level in volunteering projects, but also through the perceptions-based overall assessment of the firm's community activities.[17]

5.2.2.3   Individual Performance Evaluation

Concerning *individual performance evaluation of leaders*, most of the companies have formalised evaluation methodologies in place. These are based on leadership models, competency frameworks, or other management conceptualisations. However, formalised integration of CR into such schemes is

---

[17]   Further information is given elsewhere (Hansen, Sextl & Reichwald, 2009).

virtually absent in the analysed firms. As exception, we found one firm (D) which recently integrated CR in one part of its management model (cf. Figure 14 on page 29). In this firm, individual leaders evaluation (i.e. the goal achievement), is conducted via BSCs. Thus, if the above cited leadership model is taken seriously, the BSC and subsequent evaluation could also include CR aspects. The interviews, however, could not entirely reveal the extent of the firm's details for this issue. Also, as a special form of employee surveys, *culture surveys,* link employee evaluation judgements to individual leaders, team, or units. In this way, individual leaders are assessed according to whether they live up to corporate values.

One firm (A) uses a three-dimensional performance evaluation scheme composed of performance with regard to *target achievement*, performance with regard to *corporate values*, and *leadership potential* (Figure 21).
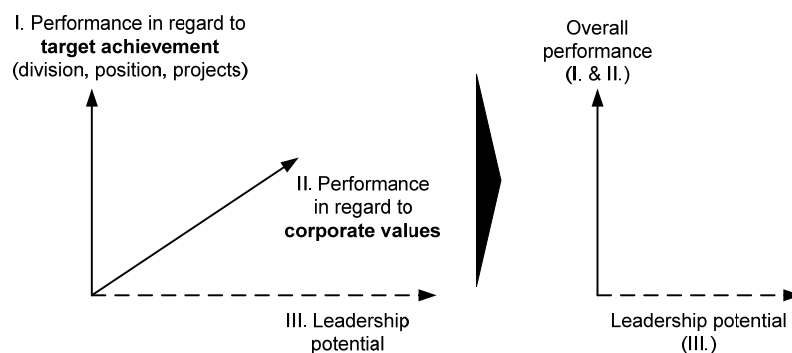
Figure 21   Leader's Performance Evaluation (Company A)

The same firm uses 360-degree feedback, still, this is only applied voluntarily and for very selected groups (top-management). Other firms, to some extent, stressed the importance of CR aspects in *staff meetings*, however, they mostly remained opaque about the details.

5.2.3 Leadership Deployment

We analysed CR integration in the field of leadership deployment according to three major types: *Monetary* incentives and rewards (incentive pay); *non-monetary* incentives and rewards; and *compliance*. An overview of the results is given in Figure 22.
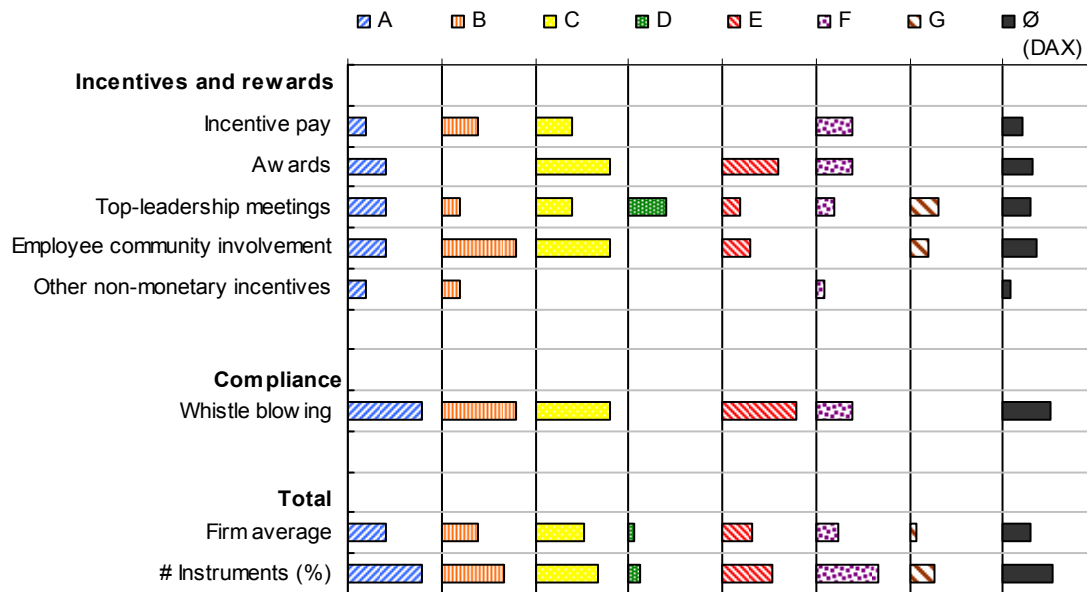
Figure 22   Leadership Deployment and CR

Overall, the above results show low activity in the section of *monetary* incentives and rewards. A higher activity is recognised with regard to *non-monetary* incentives and rewards. A majority of companies uses awards, top-leadership meetings, and employee volunteering. In the area of *compliance*, virtually all firms implemented decent compliance systems. The details of these deployment instruments are presented in the following paragraphs.

5.2.3.1   Monetary Incentives and Rewards

Generally speaking, firms are rather defensive in respect to *monetary incentives and rewards for CR*. One company (D) bases its evaluation and compensation schemes on a leadership model which itself is based on values (including CR-oriented values)—in how far these values indeed influence compensation remained obscure. Still, most of the companies use monetary incentives and rewards bound to selected CR aspects for managers in specific positions. About half of the analysed companies (B, C, D, F) report that one part of the incentives of *production managers* can include the unit's health and safety performance. Rather new is the link of incentive systems to *compliance performance*: Two companies (C, F) report of incentive systems linked to compliance performance, thereof one recently introduced it and the other is still in the implementation process. This can address general managers on all hierarchical levels and can be especially effective for CEOs of local subsidiaries. One company considered to make one part of the variable pay of *procurement managers* dependent on the sustainability procurement performance. This performance construct describes in how far a manager successfully adopts sustainability criteria in the contracts with supplier under his or her responsibility. [18]

These results show that companies are very defensive in regard to CR-oriented variable pay. This is also reflected in the controversial statements of interviewees presented in Table 21.

---

[18]   The company representative wished to remove this aspect from the protocol.

Monetary Incentives
"You don't need them [CR-oriented monetary incentives]." (DAX)
"I think it depends on the specific issue. If somebody achieves a target, for example, that our employees get trained regularly, [...] then a simple handshake wouldn't be enough. On the other hand, if a person is involved in community projects, for example in the organisation of aid transports, he or she doesn't get money for that—which is okay because it is voluntary engagement." (DAX)
"I don't want to rule out the possibility that we had compensation schemes in the US or in South Africa according to whether procurement managers achieved diversity policies. Honestly, I don't know it. This topic is difficult, especially in its regional scope." (DAX)
"Immaterial incentives are much more important than monetary ones. Our company is build on this premise." (Pilot)
"Incentive systems—'a la' stick and carrot—don't play a role in our company. This goes back to our founder [...] who wanted to develop a firm with employees who don't need to be pushed." (Pilot)
"I think it is difficult to frame it [CR] in monetary terms. However, it has to be reflected by the monetary system in some form. It is wrong to think that due to its soft nature it remains a non-monetary issue. It should be reflected in both incentive systems [non-monetary & monetary]. If this is not the case, it looses credibility." (Academic/NGO)

Table 21   Selected Statements about Monetary Incentives (Translated)

Additionally, some of the companies argue that an *indirect monetary component* is given through corporate strategy and the goal system: Whenever CR goals become part of the strategy or of individual goals, they automatically become monetary incentives. However, as one representative states, goals are usually missing.

5.2.3.2   Non-monetary Incentives and Rewards

Concerning CR, the analysed firms do more strongly engage in *non-monetary incentives and rewards*. This is most importantly done through formal *top-leadership meetings*. These meetings, which bring together the leaders from the corporation worldwide and usually gather in annual or bi-annual mode, are a strong communication platform. We found different ways for such integration. Even though one-off, one company utilised the annual *top-leadership meeting* for the internal discussion of the future CR strategy, by putting CR as major topic on the agenda of the meeting. In operational terms, this was done within poster sessions, workshops, and plenary sessions, which were partly mandatory. Whilst this showed a high priority and good participatory approach, the meeting results were contradictory. A majority of the managers wanted to follow a more proactive CR approach and some voices then also called for mainstreaming CR by treating CR the same way like other business goals. When these results were presented in the plenary session, however, the CEO refrained from commenting any of these results. As of the information of a country manager, the feeling remained that this was going too far and was not supported by the executive board. This highlights the role of CEO leadership in driving CR, albeit through a negative example.

One company (D) has institutionalised a *leadership dialogue forum* in which it meets with special stakeholder groups on a regular basis. This can include groups as diverse as NGOs, environmental activist groups, church members, and police representatives. This dialogue shall inspire corporate leaders with new ways of thinking. Another firm (A) combines the idea of a top-leadership meeting with the one of a stakeholder dialogue. In this firm, the entire top-management, including regional executives, is invited to participate at the annual stakeholder dialogue. According to the firm, this allows for stakeholder dialogues with participants equally distributed amongst stakeholders and

executives. One of the pilot cases held its annual top-leadership meeting in a focus region of its community involvement programme—a rural, underdeveloped region:

> "I am organising the 'Leadership Team Off-site Meeting' four times per year, of which one is held in one of our community involvement action areas. This is a trip from Friday to Sunday—in order to avoid a perception of tourism. This is not a 'travel of joy'. The managers get prepared and once arrived we visit villages and schools and get briefed by local villagers. It's not physical work, but neither leisure. You get deeper insight, which is also honoured by the participants. I believe that the direct involvement in our action areas has a strong emotional impact. In the morning or evening in the hotel, I hold my normal leadership workshop." (BPB1:224)

Some of the companies (C, F) use leadership meetings as *a stage for the presentation of awards* which honour engagement and successes in the area of CR. Elevating such awards to an issue on the agenda of top-leadership meetings demonstrates participants that CR indeed matters. Three firms, however, remain vague about their top-leadership meetings. For example, they state that corporate values "also play a role" or that CR is "partly integrated, partly not". More generally, company representatives state that the role of top-management in promoting CR is an important incentive for executives.

Independent from the award *ceremony*, *CR awards* are also strong incentives and rewards. In 2007, one company (C) introduced an award explicitly termed "Corporate Responsibility Award". In this firm, every year, the award's call for submission addresses a particular topic in the area of CR. The award is given to teams. This is one of the first examples where an award scheme addresses CR in such explicit ways. This example is also interesting for another reason. The CR award aims at demonstrating the link between CR and business success. In the second year, the company launched the award announcement with the topic of *bottom-of-the-pyramid markets* by asking for solutions invented and/or applied in the subsidiaries worldwide. The aim of this approach was to accumulate corporate knowledge on problem solving for societal challenges, especially in developing nations. This knowledge could lead to the development of new technologies and is, thus, a potential source for future business success.

Other awards often focus on a specific CR issue. Two of the firms (E, F) utilise *health and safety awards*. One firm (A) implemented a *diversity award* and also utilises an employee competition for fuel efficient driving and energy saving. Another firm (E) also deploys an award for environmental issues. In the US subsidiary of one firm (C), an award honours community involvement. Whilst these awards were often in place already before CR became the guiding framework for corporations, it seems that in such cases the CR movement can lead to further settlement or extension of these awards. For example, the above firm possessing the environmental award is currently working on an extension on European scope. An innovation award is also used to address sustainability-oriented innovations.

In the theoretical framework, we also stressed the importance of *employee community involvement*, especially employee volunteering programmes, as a type of non-monetary incentive and reward for employees and managers. The status quo in the analysed firms is that two companies (B, C) provide formal employee volunteering programmes fully covering in-cash, in-kind, and in-time contributions. Two companies (A, G) are currently rearranging their diverse regional approaches and are formalising a global strategy in this regard. The majority, three firms, do not have any formal volunteering system in place. One of the latter firms does still offer a semi-formalised approach to volunteering. According to the CR manager, the company traditionally supported selected community projects with donations and also with the provision of infrastructure. Such projects were traditionally initiated through the help

of the workers' council and than usually supported by the executive board with respect to financing, communication channels, and further infrastructure. In contrast to more formalised approaches, this practice does not actively inspire CCI projects and only leads to few, rather ad-hoc projects. Despite the low percentage of firms with progressive volunteering schemes in place, we recognise a clear *trend in favour for volunteering programmes*. Three of the firms plan to create or extend their programmes. Also, as indicated in the field of metrics field, five of the seven companies currently work on improvements in CCI metrics.

Some of the interviewees state the importance of *"success" in CR* as another incentive for leadership in CR. One of the companies sees the external evaluation results by, for example, the Dow Jones Sustainability Index, jointly with the positive media coverage, as an important source for the motivation of leaders. This may be best described by the CEO who proudly presents the firm's exceptional CR ratings results in a lecture or other representative session. The positive feedback he may get, could subsequently lead to his (stronger) support for the CR initiatives. Another interview partner adds that successes, in which employees on a broad base can (emotionally) participate, are especially important.

More generally, *recognition* for CR efforts and results is a central reward. When this is not done in monetary form, various formal and semi-formal procedures are a good replacement. Often the pure *attendance by superiors* can be sufficient recognition. One firm states that it recognises employees for societal contribution in the *employee magazine*. The above mentioned *internal awards* and the integration into leadership meetings are only a stronger form of this type of recognition. Another incentive and reward is to link CR to *career advancement* (see paragraph 5.2.4.1).

5.2.3.3 Compliance

We discussed the incentives and rewards linked to CR above, which represent the *positive* consequences when promoting CR. Still, there is also the need for *negative* consequences in the case of misconduct. This is generally covered by *compliance instruments*. As the initial overview revealed, all analysed companies have considerable compliance systems in place. This situation is entirely different than several years before. Due to major corruption scandals and related frauds, many firms invested heavily in a compliance architecture.[19] This allows for the observation that, regarding systems and instruments, the company with one of the largest recent compliance crisis is currently establishing a compliance infrastructure which will probably be regarded best practice in future.

The major difference in compliance systems exists concerning the *scope* of CR aspects covered. Compliance systems in the narrow sense focus on *anti-corruption*, whereas systems with a wider scope cover compliance issues in regard to *all corporate rules and codes*. Most companies analysed (A, B, C, F, G) aim at compliance in the wider sense. Only two of the companies remain with the narrower anti-corruption systems. The major difference in compliance implementation is reflected by the type and depth of instruments implemented to report misconduct. The majority, four companies (A, B, C, E), implemented *whistle blowing systems* with *external* ombudsmen as contact units and, thus, allow for the highest possible protection of informers. One company (F) provides a system with *internal* contact positions only. Two companies do not have any of such systems in place.[20]

---

[19]   According to corporate disclosure of four firms.

[20]   According to corporate disclosure.

5.2.4 Selection of Leaders and Leadership Development

In the field of selection of leaders and leadership development, we distinguish selection instruments, on the one hand, and leadership development instruments, on the other. Development instruments are all types of *internal and external formal development programmes* for executives which cover CR-related content. Further, we have differentiated between rather *horizontal* approaches (aiming at development of skills and knowledge regarding CR); and rather *vertical* development programmes (aiming at shifts in mindsets through experimental techniques). An overview of results is given in the following Figure 23.
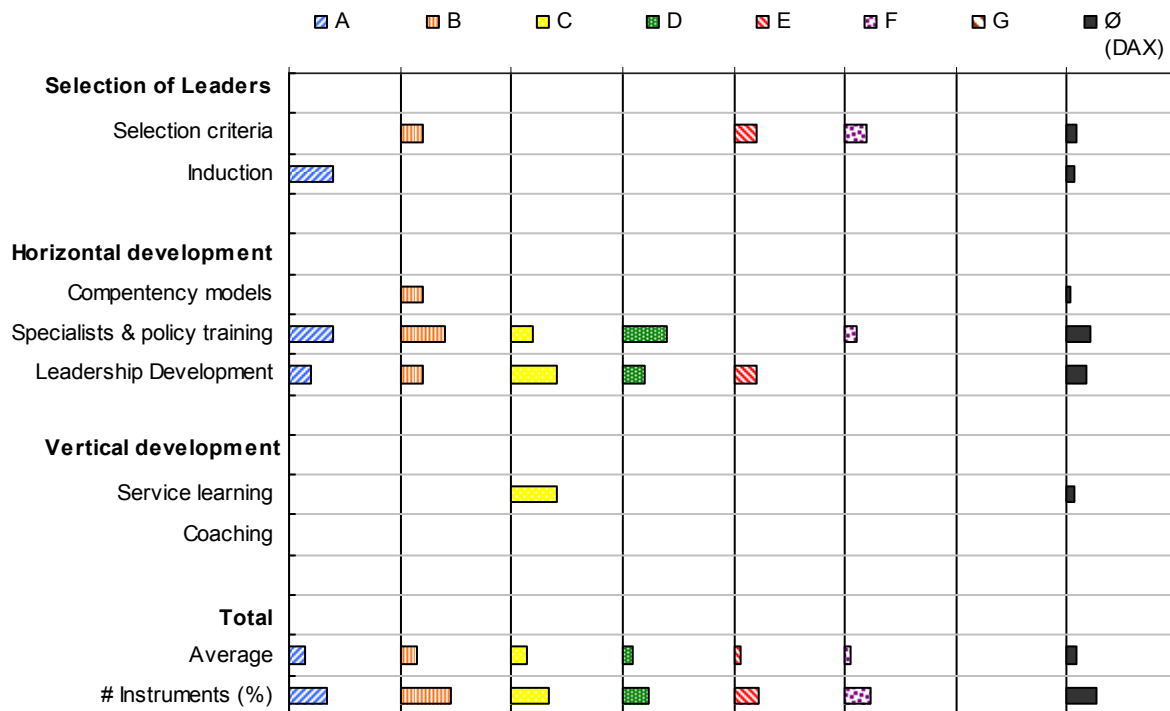
Figure 23   Selection of Leaders and Leadership Development and CR

The results in the field of selection and development strongly differ from the ones in the other fields. Most obviously, the analysed companies see less relevance for CR integration in this field. This is reflected by the low scores achieved in most of the instruments. Still, individual firms engage in CR-related leadership development programmes and specialists training. The details are described in the following paragraphs.

5.2.4.1 Selection of Leaders

Some of the companies state that CR-oriented behaviour plays a role with respect to the *selection of leaders*. In all examined firms this remains *informal*, as the statements in Table 22 demonstrate.

Selection of Leaders
"I regard this [CR-oriented development programmes] under the category of social competencies, interconnected thinking and action, and tackling issues broadly. I would not use 'sustainability' as a criterion." (DAX)
"People get selected and promoted if they fit to the culture, but even more important, if they accomplish their tasks. If they don't accomplish their tasks, but they perfectly fit to the culture, they won't make career, in whatever unit! Vice versa, if they don't fit to the culture, it at least won't get easier to make career." (DAX)
"Not systematically! Some positions require an assessment centre, in which the impression about the candidate's personality is most important. Then, it depends on the internalised values of the people who make the assessment in how far values of the candidates are recognised and also expected." (DAX)
"Freedom [to regard CR aspects in selection of leaders] exists during the evaluation of recruits and employees. However, we don't have an explicit indicator system and I don't know if this makes sense in the first place." (DAX)
"We hire for attitude! You can already see that in the questions applicants have to answer. The third question relates to our vision statement [which also regards society]. Here, they [applicants] already have to show their colours [...]. It would be a knock-out criteria if somebody would only see 'care for shareholders' [and not care for, e.g., society]." (Pilot)

Table 22   Statements about the Selection of Leaders and CR (Translated)

When recruiting or selecting leaders (either externally or internally), *induction mechanisms* offer firms the chance to address them with selected content in order to prepare them for the job in the new firm or for the new position within the same firm. DAX firms do not systematically use the instrument of induction to address CR. Only one of the firms (A) states that it addresses new employees with CR content in a semi-formal way. Still, the pilot case shows that this can also be done in more formalised way. Here, the new employee gets CR information on the very first day in the firm. Additionally, three times the year the CR manager provides an in-depth CR presentation for all new employees. At the other pilot company, new employees are confronted with the corporate credo stating that "We want to act fair".

5.2.4.2   Horizontal Leadership Development

One potential approach towards horizontal development uses *skills and competency frameworks*. They describe required and desired skills, competencies, and abilities current and future employees should possess. In the analysis of DAX firms, we could not identify any company which integrates CR-related skills. Only one of the pilot firms has started to investigate the meaning of CR-related competencies as a basis for new training designs. At best, such competencies remain in the category of what is usually referred to as "soft skills". Still, the competency model of one firm (B) comes closest to what could be important for CR. This model defines and clusters competencies into three categories "hand", "head", and "heart". The latter category of "heart" includes competencies and skills like, for example, communication skills and partnership skills.

An integration of CR content into *development programmes* is achieved by different means. Some of the companies involve in "*policy training*"; they accompanied *new formal corporate strategies* with leadership trainings and workshops. Two of the companies whose corporate strategies also address CR, integrated these aspects in trainings and workshops accordingly. In one of the latter companies this was done rather generic because CR played only a minor role in the formulated strategy. In the other company in which CR is one definite part of the formal strategy, CR became part of the development programme in the form of an extra module. This includes interactive learning units and subunits (e.g., teaching cases). This company also aims at deepening understanding in focal topics, rather than dealing with CR on a generic level. Another issue currently stressed as well as broadly

addressed within companies, is *training in codes of compliance.* Depending on the scope of compliance, such trainings either narrowly address misconduct in regard to corruption or broadly address the entire code of conduct and related guidelines. Because of the broad audience to be addressed, such training is often conducted through *e-learning* technologies.

Leadership development can also address specialised functions or rather narrow issues related to CR, which we have termed *specialist training.* This is an area which is currently being extended in about half of the analysed companies. The relevance of such specialised trainings is reflected by the statements in Table 23.

Specialist Training
"It [CR Training] is important indeed. But it needs to be approached in a way that participants take something substantial out of it. The people come from different areas, as diverse as controlling, sales, and technical functions. If you address these people with topics which are rather abstract, they will ask themselves: 'What does that have to do with me?'" (DAX)
"We are trying to do it with procurement. That was the area where we made real progress four years ago. We developed a special training tool for the procurement managers to better understand sustainability in the procurement area." (DAX)
"We address plant managers with dedicated trainings for safety, health, and environment which clarify our expectation and our limits. [...] Generally, the question is, which specific [CR] knowledge is required? This is different for plant managers and the marketing function. It doesn't make sense to assign a standard 'sustainability' training to the entire sales function; rather specific sales people or customer segments are selected and addressed with customised information. That is what we do." (DAX)
"We do not only need to work on a [training] module CR in general, which is more or less a mishmash. We also work on deepening focal topics, because we see this as a long-term necessity." (DAX)
"Our training and development addresses this through function-specific trainings, for example, by giving safety trainings to our employees concerning handling of gases. [...] Overall, I have to admit that CR still has an subordinate role for leadership development." (DAX)
"Concerning the environment, it wouldn't make sense to train all functions in environmental issues. Moreover, we do not make training a mandatory element; we rather work based on offerings. " (DAX)

Table 23   Statements on the Role of Specialists Training and Policy Training in CR-relevant Issues (Translated)

Current solutions of specialist training include the following: *Plant managers* and other production-oriented executives are trained in issues related to safety, health, and the environment. In line with the increased awareness of CR issues within the supply chain, firms increasingly train *procurement managers* in CR-related fields. This facilitates supply chain decisions (especially procurement decisions) that reflect the more progressive codes of conduct for the supply-side. Two companies (D effective, C planning) also report of trainings with regard to the *development of environmental-friendly products,* which can, for example, address life-cycle assessment methods. The company already executing such trainings stated that the training demand for the research and development function is currently mounting in significant ways. One company (B) addresses marketing and sales people of selected customer segments with customer-oriented CR training (i.e., CR in product characteristics).

In general, most analysed companies (B, D, F) report of a hierarchically distinguished *leadership development* concept. Often this is layered into three levels: Top-executives, executives and middle management, and leadership talents. The top-executive programmes are often in cooperation with external educational institutions. About half of the companies refer to the entirety of programs as *(corporate) university*. However, there seem to be few differences to other approaches not using this terminology. Overall, there seems to be *no* integration of CR-related content in these types of

development programmes.[21] Also, none of the company representatives reported on CR-related *external development programmes* (e.g., business schools).

Still, company disclosure shows that one of the rather progressive companies (B) conducted a two-day *CR seminars for top-managers* in order to spread their global standards. As an extension to 180 degree or 360 degree feedback tools, this same company also provides its executives with feedback-seminars concerning their values as perceived by their environment (e.g., colleagues and employees). Also, one of the pilot companies recently developed a *CR training programme* for all employees. The three hours classroom-based session consists of presentations on the firm-specific CR approach; videos on past CR and CCI projects; emotionalising videos; and a workshop in which participants develop new CR projects (Figure 24).
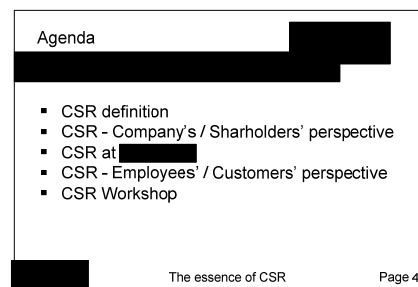
Figure 24   Design of a General CR Training

Source: Internal document (company-specifics blackened)

Some of the initiatives that originally aimed at CR-oriented development programmes have been reoriented, never came into practice, or were entirely cancelled. Some years ago, one company (E) planned a corporate university with a particular focus on CR-related topics. During implementation, however, this CR-orientation was watered down. To date, this corporate university offers few voluntary CR-oriented formats, such as a *teaching unit on carbon reduction*. Additionally, broader formats are delivered addressing personnel and service management in the context of societal challenges. According to its CR roadmap, another company (F) planned the development of CR training content and its integration in the corporate university. The interviews, however, revealed that the entire concept for the corporate university has been under revision due to a major acquisition and integration process. Thus, it remains entirely uncertain whether the plans for CR integration ever get effective.

Generally, we identified a *divide between the CR unit, on the one side, and the functions of HR and HR development (HRD), on the other side*. Many of the CR professionals could not answer questions about leadership development or stated that HR was not involved. One firm representative who reported of CR training modules (traditional training and service learning components) did not provide more in-depth information and refrained from making direct contact with responsible persons from the HR function. At the same time, interviews with dedicated HR professionals (in other firms) did not reveal any serious CR-related development initiatives. The statement of one of the HR executives maybe best explains this situation: Though a believer of social-environmental change in business, this executive saw the major leverage for CR at the side of customers and the regulatory framework and,

---

[21]   Some state that there would be some degree of integration, however, statements remain very vague (BDJ2: 59).

hence, neglected the role of internal leadership capabilities for making firms drive the CR agenda. Also, one HR executive stated that we should address this questions to the CR department, as they would be the ones delivering contents. The hypothesis of a divide between CR and HR is also supported by statements that most of the CR-oriented trainings are offered only in voluntary nature.

5.2.4.3 Vertical Development and Service Learning

We described *vertical development and service learning* as development aiming at higher awareness for the need of CR by developing a "CR mindset". Most of the analysed DAX firms do not engage in such vertical development. The only instrument applied in few of the cases is *service-learning*. Interviewees acknowledge the usefulness of service learning and state that it is an "emotional experience", it provokes a "stimulus" to rethink world views, it can lead to the development of social skills, to personal development, and it creates meaning (Table 24 on next page).

Whilst professionals often acknowledge that executive service learning can be instrumental for developing a CR-oriented mindset, the actual *implementation* of service-learning looks different. Only one company (C) maintains a *service-learning day* within their general management course. This day is used for a volunteering activity which aims at social impact in an organisation or community. This scheme is also applied in other training units in this firm. Another company (B) piloted this type of service-learning as a component within a leadership seminar, but found that this would not fit to the firm's bottom-up approach for CCI.

One firm of the pilot cases, also aborted a service-learning component in its leadership trainings, however, reasons were of different nature. In this case, the service learning component had been executed in community projects maintained by the firm's NGO partner. Groups of three middle management talents had been sent to work in community projects in order support the NGO projects and, at the same time, to develop social skills. The operative cooperation between the firm's representatives and the local NGO employees turned out to be more difficult than expected and the NGO neglected to, or failed to manage this type of on-site cooperation. The NGO also felt to be under surveillance by the firm and, thus, did not fully support this type of project.

The limited implementation of service-learning is maybe related to what one HR executive named the "over-rationalisation of management":

> Personally, I think this [service-learning] makes sense. [...] To date, however, I see an opposite trend. The management is about to be rationalised. A manager is expected to conduct unemotional analyses, sometimes with social constraints. What is missing, is to divert managerial conduct—once in a while—from making profits." (BDI1: 60)

One representative criticises that service learning should not be mixed up with community involvement because it is predominantly a HR development exercise. Others state that service learning needs to follow a *bottom-up approach* and, hence, should be voluntary.

In contrast to the companies belonging to the multi-case study, one interview with a professional service firm which was part of the initial expert study revealed that vertical development can indeed be integrated in formal development mechanisms. The head of HR development stated that his or her unit identified, beside others, sustainability and diversity as major challenges of the future and, thus, have aimed at providing leadership development programmes that properly prepare corporate leaders in this regard. Accordingly, the firm has established a leadership development programme with service-learning, coaching, and other introspective methods at the heart of it. From a pilot project

"below the radar", the programme has further developed to a flagship programme for the most potential talents on various levels in the hierarchy.

Service Learning

"We realised that most of the employees already have diverse experience in organisations, associations, political parties, and thus know the reality outside our company and customers. Indeed, it [service-learning] makes sense, but it is important to think about where to integrate such a component. I wouldn't make it mandatory. At the same time, I'm sure that nobody who misses out on such experiences, would get into a higher position in management." (DAX)

"If voluntary, it [service-learning] can be a good thing. But, one has to be careful with stuff like: 'You still need some social competencies, so you go to the home for the elderly and help!'" (DAX)

"The difficulty [with service-learning] is—and this is my personal view—that it is not clear what the primary goal is. You can activate executive and staff—-whether teams, prides, or hordes—for charity activities. I'm quite sceptical about the usefulness of sending such teams to a one-day activity. From the perspective of sustainability, this is obviously not sustainable. Rather, it is a stimulus, an impulse. The outcome is said to be team-building, social skill development, and alike; this is that 'a manager still knows that laundry has to be laundered'. That's all good, but it is not corporate citizenship! It is leadership development or human resource development: A social milieu is exploited for a corporate development experience. You can do that, but it is then HR development and not citizenship. Then—and we are discussing this internally—I think we shouldn't include this in our [citizenship] statements. [...] I am quite radical and think that, when we send our employees for social skill development to such [social] institutions, then we should pay them [the institutions] accordingly." (DAX)

"You have to be very careful how you term this. But, in the end, it is my explicit goal to nurture personal development. I see how they [corporate volunteers] come back. [...] It has a strong emotional impact on them. [...] Also, when I travel with the management team [to underdeveloped community areas], they see the poverty. Thus, it is a development programme on a personal level, not business-related. It changes their world view a bit." (Pilot)

"Some years back, we had a pilot project with respect to CR together with our NGO partner. I asked the NGO whether they could offer some kind of programme to develop the social skills of our employees. We selected the talents of our middle management. In groups of three we sent them one week into our community action regions. [...] However, this approach failed due to the limited cooperation of the NGO management—they didn't come up with ideas about what our people could help." (Pilot)

"Participants gain experiences which go far beyond that what they can find within an organisation or the corporation. This discharges energy; that is the core. We don't regard this [the service learning programme of the firm] as an incentive, rather it's about the following: Leadership has always to do with establishing purpose or meaning. The fact that participants experience this [programme] as meaningful and enriching—far beyond the context of what you will do in the organisation the next day [...]—it allows for an extended understanding of and practice in the organisation. So far, I didn't see anyone who didn't react as human; intentionally I say: As human being. Not as a member of the organisation, as executive, or as another role, but as human being—and that's all about it. That's a holistic approach." (Corporate expert)

"If corporate volunteering has a learning dimension for the participant, then it is part of 'training'. If it, however, only is about 'I swept the street and demonstrated society that I, for example, can deal with disabled people' than it isn't part of the leadership framework." (Academic/NGO)

Table 24   Statements on Service-Learning (Translated)

5.2.5 Summary of Core Fields (Toolbox I)

The analysis of the four core fields of the RLS framework led to a broad landscape of leadership instruments summarised in the following Table 25. We use the field code to relate to each of the core fields: Interactive process (L1), metrics (L2), deployment (L3), and selection and development (L4).

Field	Type of instrument	Subtype	Instruments derived from empirical data
L1	Values and guidelines	Values statements	• (Brief) values statements; value definitions
		Leadership models	• Leadership model with CR components/based on CR values
	Business codes	Codes of conduct	• Code of conduct; code of leadership
		Further codes	• UN Global Compact; social charter; sustainability/ environmental codes
			• Supplier's code of conduct; procurement contracts
	Communication	Unidirectional	• CR report; annual report; top-management speeches (e.g., annual meeting)
		Bidirectional: Formal stakeholder dialogue	• CR day; issues-specific dialogues (e.g., supply chain, sustainable mobility, biodiversity); neighbourhood dialogues
	Goal setting and decision making	Organisational goals	• CR programme/roadmap; process of goal agreement (cross-functional bargaining)
		Individual goals	• Discretionary part (ex-post/behavioural) in individual goal setting procedures
		Decision-making templates	• Social & environmental impact assessment templates
			• Innovation checklists and stage-gate processes
			• CR-oriented risk-management
L2	Organisational metrics	Performance metrics	• Sustainable excellence KPI (average rating performance)
			• Utilisation of CR rating reports
			• Sustainable value approach (organisational & project-level)
			• Green innovativeness KPI
			• Supplier assessments & monitoring
		CCI measurement	• LBG model; target evaluation; impact assessment through NGO partnership
		Perception measures	• Customer perception on CR; employee perception on CR; external stakeholder perception
	Strategic performance measurement tools	BSC	• Balanced scorecard; community-oriented SBSC
			• Integration of CR department in functional-level BSC
		EFQM	• CR-oriented elements in EFQM in the area of production
	Individual performance evaluation	Values-oriented evaluation	• Deriving elements from culture surveys (values assessment)
			• Multi-dimensional performance evaluation including dimension of corporate values; 360 degree feedback
L3	Monetary incentives and compensation	Incentive pay	• Components bound to health & safety, compliance, (environmental) efficiency; sustainable procurement
	Non-monetary incentives and rewards	Awards	• CR awards (overall CR; health & safety; diversity; innovation; bottom of the pyramid, employee community involvement)
			• Top-management meetings with element of CR (e.g., CR strategy workshop; dialogue forum with external stakeholders; CR award ceremony)
			• Employee community involvement programmes
		Broader recognition	• Attendance by superiors; employee magazine;
	Compliance	Compliance mechanisms	• Whistle blowing; external ombudsmen; compliance committees
			• Scope: Broad (all guidelines) vs. narrow (corruption)
L4	Selection of leaders	Recruiting	• CR-oriented interview questions
		Induction	• "First-day" introductory (individual); regularly scheduled in-depth presentations on CR (groups)
	Horizontal development	Skills frameworks	• Skills and competency frameworks
		Policy training	• Training modules for new CR-oriented strategies; codes of conduct/compliance policies
		Specialists training	• R&D: sustainable product development; procurement: CR in the supply chain; production/plants: safety, health & environment; marketing & sales: CR in product characteristics
		Leadership development	• CR training modules for managers (internal/external/corporate university) or for all staff
	Vertical development	Service learning	• Service learning days/secondments in social projects (e.g., with NGO)
		Coaching	• Coaching & introspective methods

Table 25   RLS Toolbox (I) for the Core Fields of the Framework

5.3 Contextual Fields of Responsible Leadership Systems

In this section, we describe the findings in the contextual fields of the RLS framework. Each of the three fields (strategy, structure, and culture) is presented in the following subsections.

5.3.1 Strategy

The explicitly formulated strategies of corporations may include strategy documents and management programmes, as well as vision and mission statements. Some companies describe their strategies in dedicated form, whereas others rely on vision and mission statements. An overview of the results in this area is given in Figure 25 and further described in the following paragraphs.

*   The scoring of "CR strategy" enters the overall and average scores only with a weight of 0.5 (=50%) because it does not necessarily influence corporate strategy
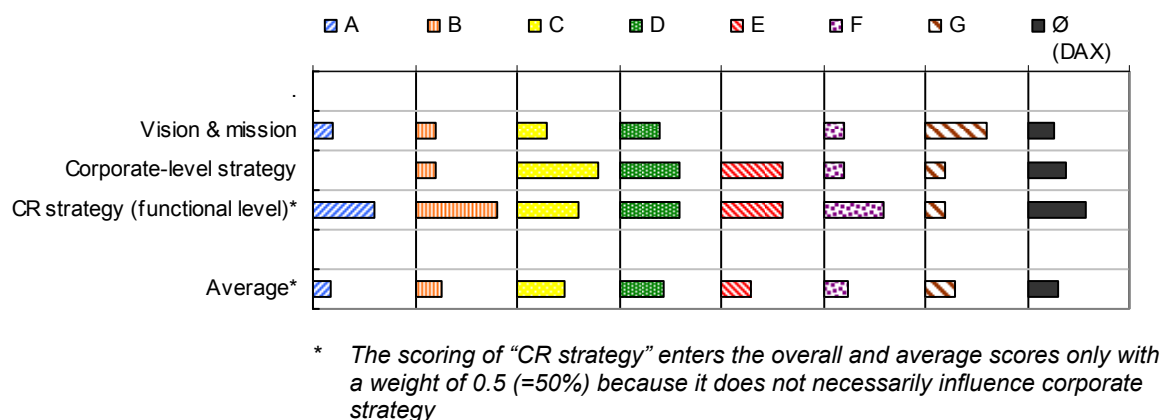
Figure 25   Formulated Strategy and CR Integration

5.3.1.1   Vision and Mission Statements

All but one of the companies have explicit visions and/or mission statements that they address through various communication channels. As presented in Table 26, about half of these companies, directly or indirectly, address CR.

Vision and Mission
*"Our goal is to operate a worldwide business that produces meaningful benefits for consumers, our market partners **and our community**. We strive to achieve positive recognition for our **company within the community**. Merck attaches particular importance to its **responsibility for safety**. We have an obligation to **respect the environment**. [...] All employees, male or female, have **equal opportunities** to develop their careers. [...] All of us make a personal contribution [...] through our mutual initiative, creativity and **sense of responsibility**." (Merck KGaA, 2008)*
*"[O]ur idea is to strive for the optimum by **making sustainability the guideline behind all our activities**. [...] [W]e **no longer refer to ourselves as a producer, but rather as a provider** [...]. We consider potential future fields of action all types **services relating to individual mobility**." (BMW, 2008a: 24–39)*
*"A world of proven top talents that achieve pioneering innovations, give our customer a unique competitive advantage, **help societies master their greatest challenges**, and create lasting and dependable values." (Siemens, 2008: 12)*
*"Henkel is a **leader with brands and technologies** [emphasis from original] that make people's lives easier, better and more beautiful." (Henkel, 2008: 11)*
"We will be the leading global gases and engineering group, admired for our people, who provide innovative solutions that make a difference to the world." (Linde, [2007]: 16)
"Deutsche Telekom – a global leader in connected 'life and work'. We mobilize personal, social and business networking." (Deutsche Telekom, n.d.: 6)

Table 26   Public Vision and Mission Statements and CR Linkages

The first example in the table above is the one which most detailed describe its various responsibilities like, for example, for safety and the environment. The second example is also interesting because the vision statement reflects the pressure for change of the automotive industry in regard to its business model. Through the vision statement, the firm paves the way for earnings which may not directly relate to automobiles anymore, but which could also be rendered through other (environmental friendlier) mobility services.

A large share of companies use ambiguous meanings in their vision and mission statements. For example, "help societies master their greatest challenges", "make a difference to the world", or "make people's lives [...] better"—even though having a "responsible" touch—could be a justification for virtually any business model or technology, whether positively or negatively contributing to CR.

Also noteworthy is the strategy followed in one of the pilot cases. This firm made a "four stakeholder approach" the explicit core of its strategy, which covers customers, employees, society, and shareholders. Its vision reads as follows:

> "We will be the first in customers' minds to provide outstanding customer care through innovations created by talented, satisfied employees, while positively contributing to [...] society." (corporate disclosure)

Another interesting finding within one firm which is, however, beyond the focus of this work, is the consideration of CR criteria within the process of due diligence[22].

5.3.1.2   Formulated Strategies

We earlier identified four levels of strategies: Corporate, business, functional, and issues strategies. In the following, we focus on *corporate-level strategies,* on the one hand, and *functional-level CR strategies*, on the other. As of the selected empirical approach which focuses on *corporate-level* experts and data sources, *business-level strategies* were not addressed. Still, the analysis of formal approaches to sustainable products and services can be regarded as proxy for business strategies. *Issues strategies* were also omitted because issues are more contingent on the industry (Money & Schepers, 2007: 9; Salzmann, Steger & Ionescu-Somers, 2008: 5f) and, thus, are difficult to compare in a cross-industry sample.

Corporate Level

Some of the companies formulate explicit strategies and also make CR or sustainability part of such. On the way to an integrated strategy, some firms (D, F) pass a CR policy first. For example, in the year 2000, the board of one firm formulated the following paragraph:

> "Sustainability develops to the central guidelines for economic and social prosperity and for the interaction between markets and democracy. Our firm will continue to consider sustainable development as guiding principle of its corporate strategy." (translated from internal document)

This kind of declaration of intent then, sometimes, finds itself coded into formulated strategies. For example, both of the analysed auto manufacturers possess formulated medium-term strategies which pave the way for potential modifications of their current, partly environmentally challenged business models. For example, one of the automotive companies incorporates an element called "shaping the future" in their corporate strategy aiming at new mobility concepts, sustainable design (e.g. life-cycle

---

[22]   Data according to corporate disclosure (due diligence is a process for evaluation of target companies considered for mergers and acquisitions).

analysis), and new vehicle concepts (Figure 26). The new strategy also includes principles of sustainability which will be addressed within a later section. The other automotive firm, based on techniques like scenario planning and environmental radar, addresses similar issues within a long-term strategy.[23] Thus, the solution space of these car manufacturers—at least potentially—opens towards mobility beyond (currently known concepts of) cars.
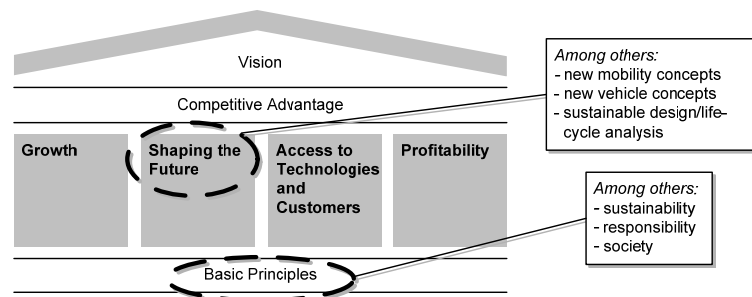
Figure 26   Corporate Strategy Framed as "House of Strategy"

Source: Based on BMW (2008a: 27)

Another company recently published a strategy which focuses on financial performances targets, but simultaneously defines the following four value drivers: "People excellence", "operational excellence", "portfolio", and "corporate responsibility". The latter "corporate responsibility" covers the four key areas (good) corporate governance, compliance, climate protection, and corporate citizenship (Figure 27).
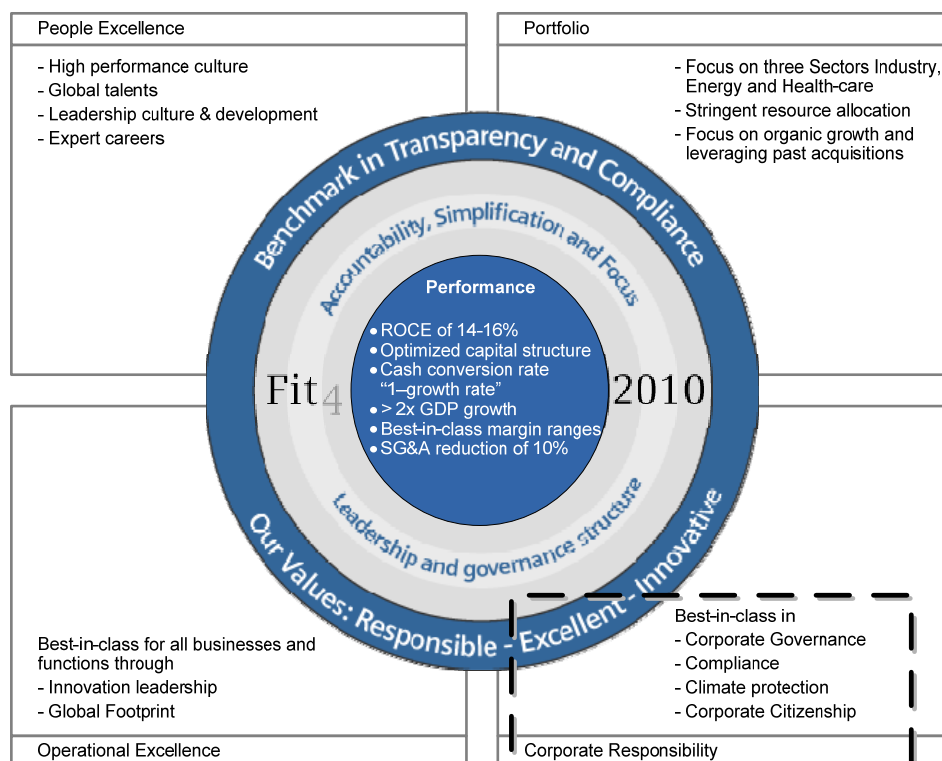
Figure 27   Corporate Strategy Referred to as "Fit$_4$ 2010"

Source: Based on Siemens (2008)

---

[23]   Further information withdrawn due to reasons of anonymity.

As a consequence of being an explicit part of the strategy, the corporate responsibility area is also infused into other instruments of the leadership systems like, for example, the leadership development, which will be addressed in the dedicated chapters and sections.

As explained by the "Six Stages of CR" in the theoretical foundations (ch. 2.1), a good measure for the strategy stage of a firm is to analyse its ambitions for making CR a guideline for *product and services portfolio*. Integrating CR into the product and services portfolio means that the firm does not only care for responsible business conduct, but also for delivering responsible products and services to their customers. The following Table 27 gives a first glimpse on (functional-level) portfolio strategies with regard to CR.

Portfolio and Product Strategies
"We [...] plan to promote innovations which help us to sever the link between energy consumption and CO_2 emissions. Our goal is to develop new products and services that have the least impact on the environment. [...] By developing sustainable products and services, Deutsche Telekom also gets the chance to tap into new customer segments and make itself stand out from competitors. Increased R&D [research and development] therefore constitutes a key part of our corporate responsibility (CR) strategy." (Deutsche Telekom, 2008: 11, 32)
"The requirements of CSR are incorporated into our research and product development activities from the very start. The focus is on novel product concepts that combine excellent performance and improved environmental compatibility, while also providing customers and consumers with tangible added value." (Henkel, 2008: 13)
"Climate and environmental protection form important and valuable opportunities for our company and our stakeholders. With the Siemens environmental portfolio of energy-efficient products and solutions, renewable energy solutions, and environmental technologies, we can help customers to reduce their CO_2-footprint as well as lifecycle costs. Additionally we can leverage this portfolio to strengthen our presence in future markets with outstanding potential for growth." (Siemens, 2008: 31)
"As a world-leading industrial gases and engineering company with far-reaching technical expertise, Linde is ideally positioned to make a valuable contribution to environmental protection efforts. Synergising our gases and engineering know-how, we deliver a broad range of products and processes to capture renewable energies cost-effectively, dramatically cut consumption of natural resources and help reduce or even eliminate harmful emissions and waste levels. We group our processes and pilot projects in this area under the umbrella of 'Clean Technologies'." (Linde, 2008: 20)

Table 27   Corporate Disclosure on Portfolio and Product Strategies Linked to CR

Most of the sample firms are currently getting the first experiences with this way of thinking about portfolios. They make some of their divisions or series *carbon-neutral*, *energy-efficient*, or, in a business to business context, they involve in the development of *green technologies*. More specific, regarding the four sectors covered in the present study the following strategies are pursued: Automotive firms engage in *sustainable mobility* concepts; industrial firms develop *renewable energy technologies* like wind and solar; telecommunication firms engage in *low-carbon society* with services like, for example, virtual meetings; and chemical firms engage in technologies related to the *solar industry* and CO_2 *processing*. The division of one firm (C) also engages in bottom-of-the-pyramid markets in order to develop and deliver products and solutions for markets in developing nations. However, most of these approaches are less driven by planned, formal approaches. With two exceptions: One firm (B) made progress in CR by making it a mandatory criterion for *all* new products and technologies. More specific, the firm defined focus areas of CR (energy and climate; water; health and safety; materials and waste; and social progress) and requires new products to advance at least one of these areas.

Whilst the above example addresses the entire portfolio, another firm (C) considers a selected share of the overall portfolio. This firm published an *"environmental portfolio"* which represents a cross

section of the firm's overall portfolio. As presented in Table 28, technologies from the area of renewable energy, environmental technology, and energy-efficiency qualify for the portfolio.

	Environmental Portfolio		
Type of Technology	**Renewables**	**Environmental technology**	**Energy efficiency**
Criteria	• All renewables qualify	• All environmental technology qualifies	• Product/ solutions with exceptional energy efficiency characteristics qualify
Examples	• Wind power • Grid access for wind power • Steam turbines for solar thermal power	• Water technologies • Air pollution control	• Combined-cycle power plants • High Voltage Direct Current power transmission • Efficient lighting
Goals (2007-2011)	• ~50% revenue growth • ~141% increase of carbon savings at customers' site		

Table 28   Environmental Portfolio of Sample Firm

Source: Corporate disclosure

The above illustrated environmental portfolio is a basis for further leadership instruments like communication and target setting, which will be discussed later on. Another firm (F) uses a comparable approach to categorise technologies according to environmental criteria, however, it applies this procedure only for assessing the innovation processes and not as a tool for portfolio management (cf. 5.2.2.1).

Functional Level CR Strategy

The theoretical framework led to the insight that functional strategies are linked to vision, mission, corporate strategy, and values and that it describes the focus areas and related goals. We also showed that a formulated CR strategy is required by the GRI reporting standard, but often remains on a semi-structured or unstructured level in practice.

The examined firms in the present study revealed comparable insights: Only one firm (A) incorporated a dedicated and formulated CR strategy in a separate document. During the time of the data analysis, this strategy was, however, already outdated. Two other firms (B, E) have very brief policy documents using terms like "sustainability model" or "sustainability principles", which we regard as predecessors of a CR strategy. The general approach to "formulate" a CR strategy seems to be the first section of the CR report, usually termed "strategy and management", "leadership and values", or "sustainability management". By following this approach, we apply a broader, rather open understanding of a "CR strategy". An (inductive) analysis of these latter sections in the CR reports reveals that, in line with theory, firms describe their CR strategies with links to corporate values and visions. As part of these formulated strategies, firms highlight their responsibilities over products and services, define focal areas, and describe various instruments and tools helpful for strategy implementation (e.g., business codes, stakeholder dialogue, CR goals, and organisational structures). Table 29 summarises these findings.

Elements of CR strategy	Company							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**Σ**
Type of CSR strategy:								
- CSR policy					+		+	
- Dedicated CSR strategy	(+)				(+)			
- CSR strategy as derived from "Strategy & Management" section of CSR report	+	+	+	+	+	+	+	
Derived from/linked to:								
- Corporate values	+	+	+		+	(+)	(+)	6
- Vision/mission	+	+			+	(+)	(+)	5
- Corporate strategy			+				(+)	2
Aspects covered:								
- Sustainable products/services	+	+	(+)	+	+	+		6
- CSR focal areas	+	+	+	+		+		5
- Business codes	+		+		+		(+)	4
- Stakeholder dialogue			+	+		(+)	(+)	4
- CSR reporting	+		+			(+)		3
- CSR goals	+		+			+		3
- Compliance management	+		+		+			3
- Organisational structure of CSR	+			+	+			3

Table 29   CR Strategies on Functional Level

Source: Corporate disclosure and interview data

Comparison of Strategy Types

The above insights into (functional-level) CR strategies allow for a direct comparison with strategies on the *corporate-level* described before. In the following Figure 28, we map both corporate strategy and (functional) CR strategy to the six stages of CR introduced in the foundations (Table 1, p.5).

The comparison of corporate-level strategies with CR strategies reveals a significant gap between both types. Only for two firms (C, G) corporate-level and functional-level strategies are consistent (i.e., they overlap in the figure). Company C's strategies are integrated on a high level in the way that corporate strategy embeds the CR strategy. Together these strategies draw a clear path towards clean technologies. Firm G remains in both strategy types rather vague and, thus, both overlap on a quite low CR stage. Overall, the above picture suggests that corporate-level strategies are less predictive for the extent of the overall RLS than it is the case for functional CR strategies.
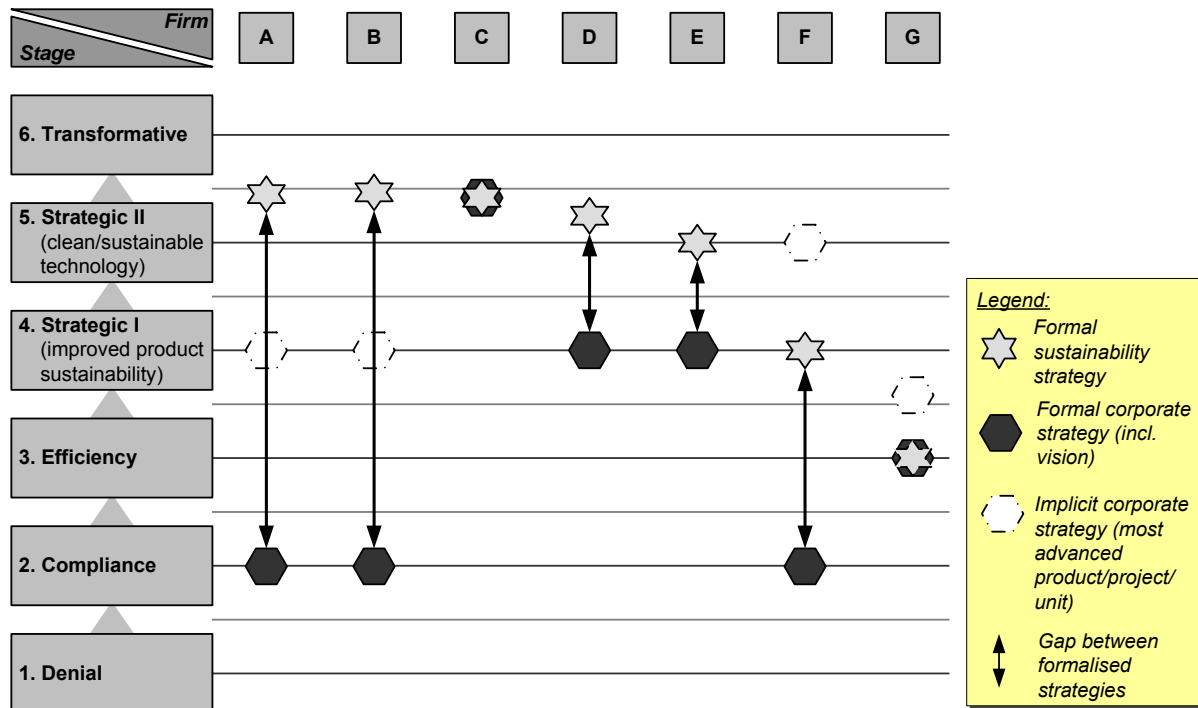
Figure 28   Comparison of CR Integration in Formal Strategies on Corporate and Functional Level

5.3.2 Structure

In the analysis of the contextual field "structure", we focused on all types of *organisational structures* relevant for the promotion of CR. Figure 29 gives an overview of the situation in the seven cases.
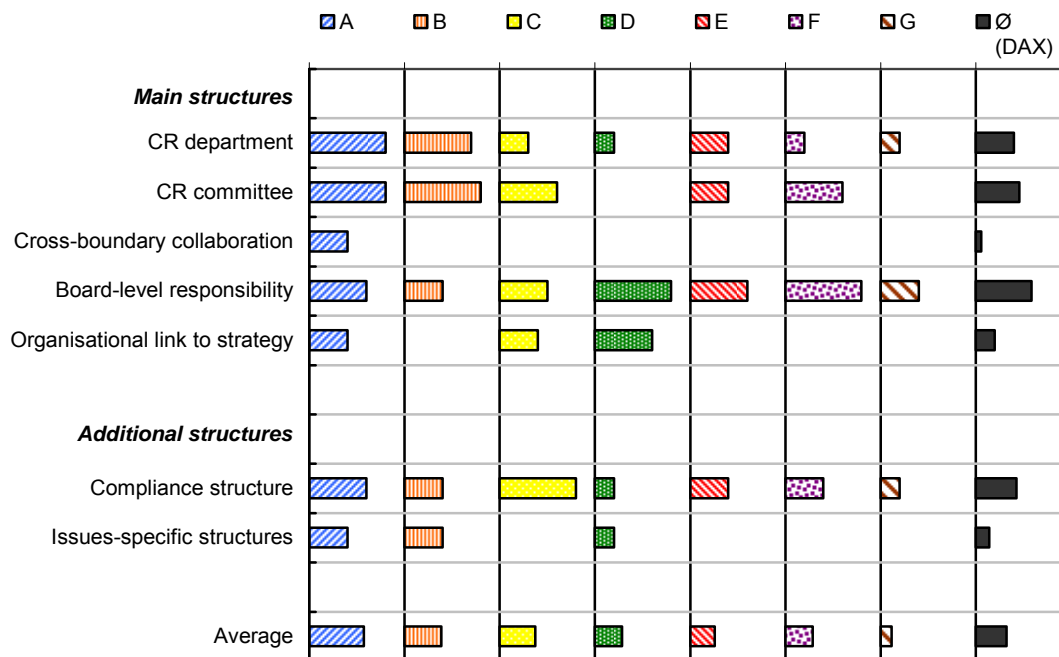
Figure 29   Detailed Results in the Context Field "Structure"

The above chart indicates that CR-oriented organisational structures are widely spread throughout almost all analysed companies. Virtually all firms deploy CR units, committees, and compliance structures, and appoint the board with particular responsibility for CR. Still, there exist variations which are described in the following paragraph.

5.3.2.1   Main Organisational Structures

Concerning CR, the most important organisational structures are CR departments and CR committees. Also, stakeholder advisory boards and issues-specific structures play a role in the DAX firms. These CR-related structures lead to four generic organisational designs, which we call "decentralised", "coordinated", "hybrid", and "stakeholder-integrated" (Figure 30).
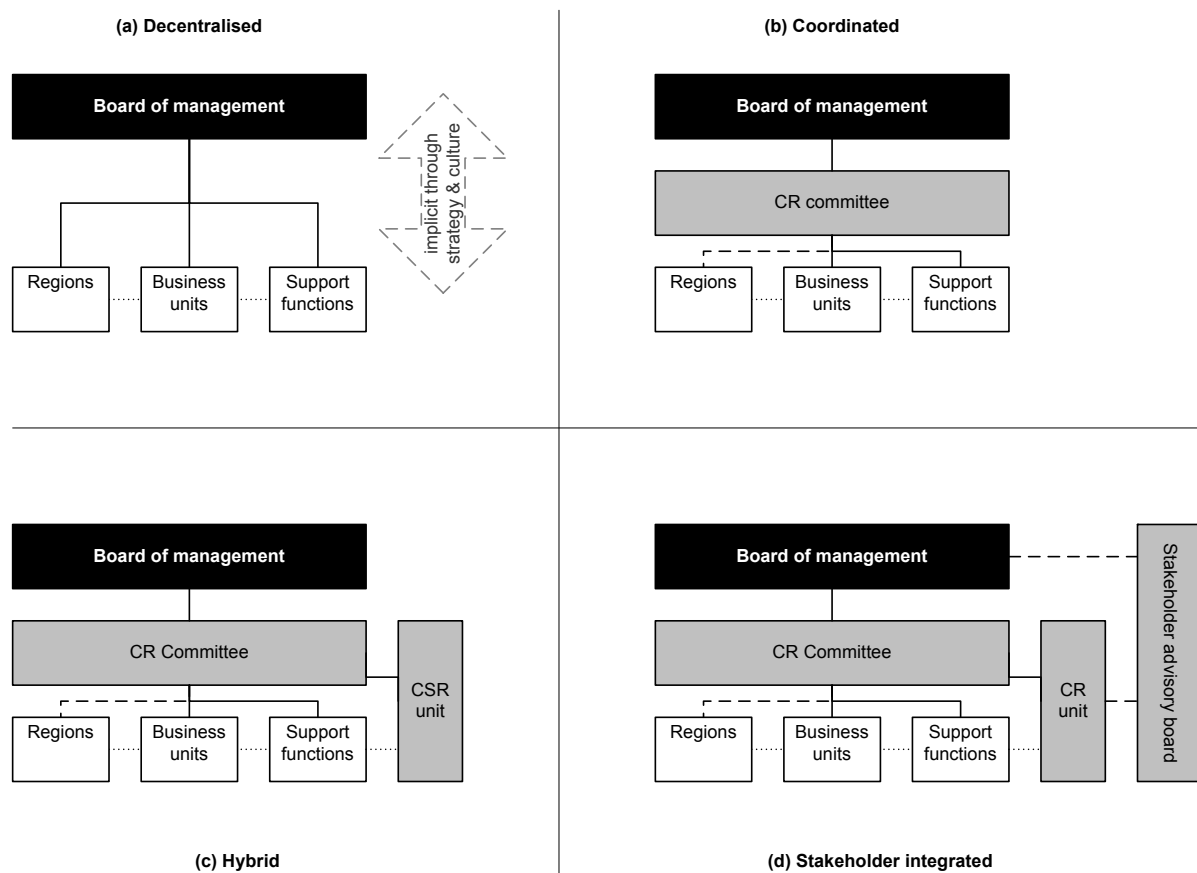
Figure 30   Generic Organisational Designs for CR

CR Department

Usually, the core organisational structure for CR is the *CR department*. In the majority of the firms (A, C, E, F, G), this department is a subunit of corporate communications. One firm (D) made the CR department report to corporate strategy. Regarding the *composition of the CR unit*, a large spectrum exists within analysed firms; size and internal structure of the department are main denominators. The smallest unit in the sample commands only one part-time officer. The largest unit (firm A), as presented in Figure 31, covers 16 employees (staff and management). One representative of that company even reported about plans to extend the department.
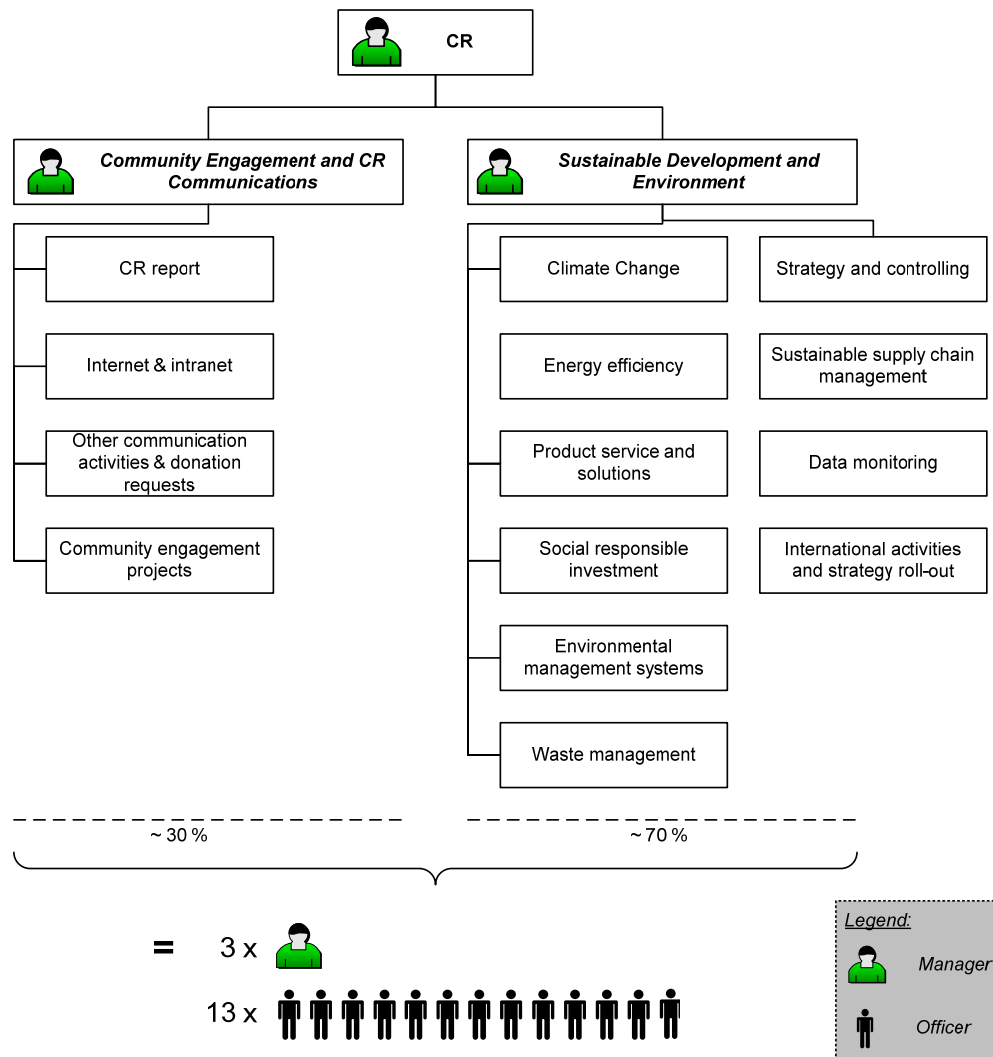
Figure 31 Structure of the Largest CR Department

Source: Interview data and internal documents

The department structure above demonstrates that the expertise joint within the CR department actually represents a "micro cosmos" of the entire firm. Communication, product development, supply chain, environmental management, and climate protection all represent aspects also dealt with by dedicated departments. In contrast, another company (D) takes a much more *decentralised* approach. There, the "CR department" is rather the department for environmental protection. In order to cover the full spectrum of CR, it collaborates with the other functions like HR and communication, but also with local sites.

Cross-functional and Cross-Boundary Collaboration

Beyond a central CR department, CR also requires cross-functional and cross-business collaboration. In this sense, the *CR committee or council* plays a major role to organise CR, as the situation in five of the seven DAX firms reveals. A committee is a platform to nurture dialogue about CR within the company and, depending on the committee's composition, to allow for joint decision-making. The composition consists of representatives from different corporate functions. Regarding *committee composition*, major differences exist in two dimensions: First, the (fixed) composition in regard to

support functions and business units determines the level of business integration. Second, the composition in reference to the hierarchical level influences the *decision-making power*. The analysis concerning these two dimensions is depicted in Figure 32.
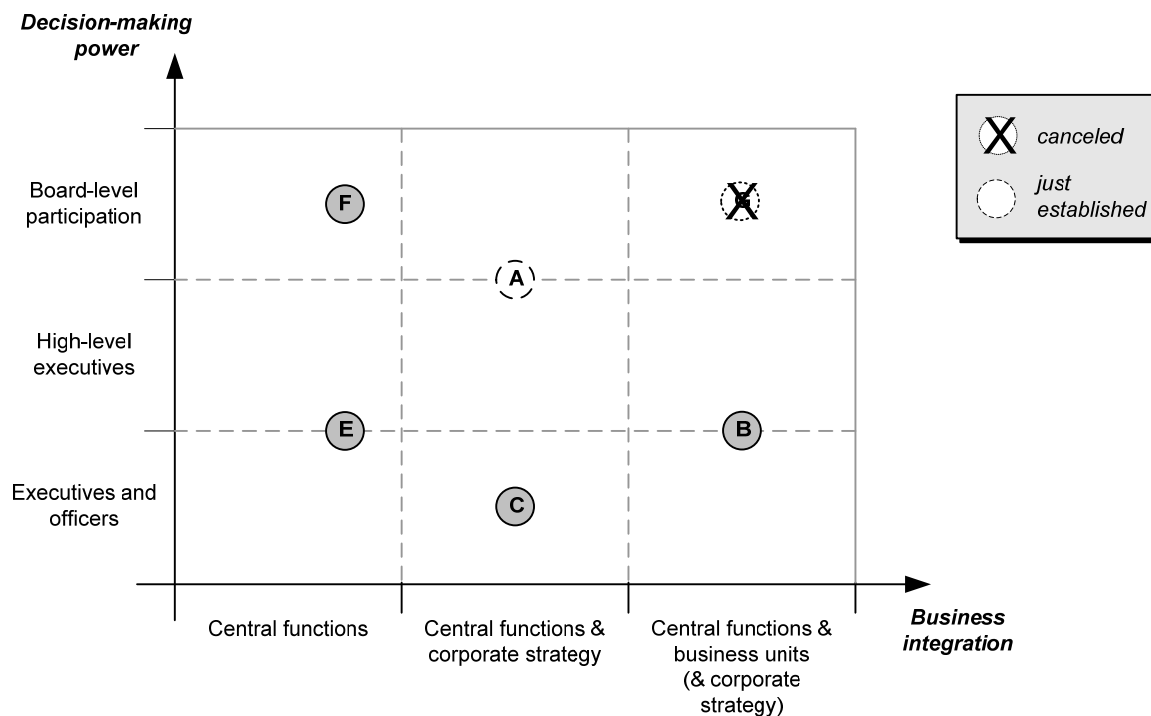
Figure 32   CR Committees in Regard to Business Orientation and Decision-making Capacity

The above results show that the majority of companies (A, B, C, E, F) possess a CR committee. Two companies (D, G) remain without a CR committee, thereof company G only recently cancelled it. Concerning the *composition of the committee*, we find a trend towards greater *business integration*: The committee of firm B includes business unit representatives; A and C include the corporate strategy function; the remaining two committees (F and E) consist only of central functions (without corporate strategy) by default, but they state, like all others, that additional functions would be included on demand.

Regarding *decision-making power*, the interviews revealed that board-level participation allows for approval of decisions already within the committee. In one company (F), this is the CEO himself. In another one (A), it is the board representative. The work of a committee is further influenced by the meeting and working schedule. Most committees meet on semi-annual basis. One of the committees (A) meets every six to eight weeks.[24] In addition to committees, some of the firms deploy *CR working groups* for specific issues and projects. These bodies work in a more operational way on CR tasks and then report back to the committee.

Beyond the widely established CR committees, other collaborative structures help to drive CR through business, which we have referred to as *"cross-boundary collaboration"*. Only one company (A) engages in this area. The company lately began to leverage a semi-formal structure referred to as

---

[24]   Corporate disclosure and interviews.

"one-to-one talks" in order to foster cross-functional collaboration. The idea of this arrangement is that the CR department sits together with one other central function at a time in order to evaluate in how far both functions could support each other in reaching their functional goals. For example, a one-to-one talk with the HR function elaborates both in how far CR could support the HR strategy and how HR could support the CR strategy.[25] In this way, the CR function makes itself useful for the overall business, or, in other words, interweaves itself with the other functions.

This same company (A), which just established a committee, is also thinking about an additional *stakeholder advisory board*. This stakeholder body then consists of a number of external stakeholders which are invited by the firm. This group is supposed to discuss CR issues as well as to make recommendations (from the external stakeholder perspective) to the CR committee and directly to the executive board (Figure 33).
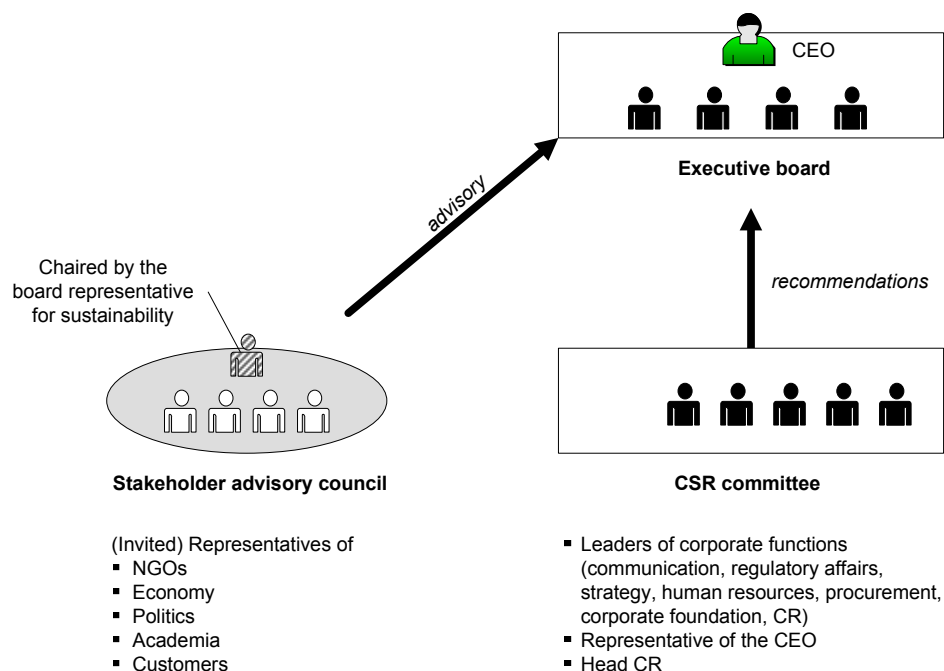
Figure 33   Planned Stakeholder Advisory Board with Linkages to the Executive Board and CR Committee

Board-Level Responsibility and Link to Strategy

We also considered the hierarchical responsibility for CR in the analysis, here called the *board-level responsibility*. Several companies (A, C, E) state that the *CEO* himself is in charge. Firm A additionally appointed a dedicated position called "board representative". Two companies (B, F, G) appoint hierarchical responsibility for CR to the *entire board*. As described earlier, in company F, the CEO and another board member are also part of the CR committee and, thus, take over dedicated responsibility within this body. Company D, which is organised in rather decentralised fashion, states that the board member "closest" to the issue is in charge (e.g., the HR board member is responsible for HR-related issues of CR).[26]

---

[25]   The original German term used in the interview is "Eins-zu-eins Gespräche".

[26]   Interviews and corporate disclosure.

Another criterion for judging the business integration of CR is the existence and nature of *organisational links between CR bodies and corporate strategy*. As already mentioned above, this may be achieved through the involvement of the corporate strategy unit in the CR committee. Other solutions also exist. For example, in one company (D) the CR manager (i.e., in this case, the head of the department of sustainability and environmental protection) is part of the corporate strategy unit. Connections between both units may also exist (despite less in the sense of formal organisational structures) when CR is an explicit part within the formulated corporate strategy or management programme. In this case, strategists and CR staff necessarily need to interact.

5.3.2.2   Additional Organisational Structures

The analysis also revealed that in parallel to CR structures, firms also (recently) implemented extended *compliance structures* which go beyond traditional legal or compliance departments. At least two of the firms (C, F) are currently expanding these structures. The recent activities within this area are also related to ethical crises within some of the DAX firms. Two major developments are recognised. First, most firms (A, C, D, E, F) deploy *compliance committees* which, similar to CR committees, consist of representatives from various corporate functions, especially legal, compliance, internal audit, and human resources. These compliance committees are usually directly linked to *whistle blowing systems* (cf. paragraph 5.2.3.3): The committee's task is to evaluate compliance cases received through the whistle blowing system. Second, some of the firms (C, F) established, or work on *global compliance structures* aiming at more consistent standards, more effective control, and better reporting in regard to the decentralised units. In addition to committees and global structures, some of the firms (A, B, C) newly appoint a *chief compliance officer* to take control over these structures. Additionally, one company (C) appointed an executive board member with clear responsibility for legal and compliance issues.[27]

Though not operative yet, one firm is currently in the process of reorganising the entire CR and compliance organisation. The current amount of about 170 compliance officers worldwide is planned to be multiplied by a factor of three to four in order to assure a higher compliance degree and global coverage. The understanding of compliance transcends narrower aspects of corruption prevention and also addresses safety and environmental issues. Based on this scope, the firm currently thinks about using this global compliance structure to also address CR on a global level. This could be done by assigning one of the compliance officers in each local unit with responsibility for CR. In this way, the firm would possess a unique CR structure regarding global reach.

Some of the companies establish other, rather *issue-specific organisational structures*. One of the companies (A) established a *sustainable procurement working group* consisting of representatives from the CR department, corporate procurement, and the procurement departments of the business units. This group discusses how to make sustainability an integral part of corporate procurement and prepares related decisions. Company B provides a similar structure. Company D established a *CO_2 steering committee*, a structure which is also planned by one other company (A).

---

[27]   Corporate disclosure and interview.

5.3.3 Culture

According to preliminary theory, the contextual field "culture" addresses, one the one hand, semi-formal myths, stories, and rites and, on the other hand, rather implicit values, beliefs, and behaviours. The assessment of "culture" requires multi-method approaches, including interviews with organisational members, informal observations, ethnographies, and quantitative surveys (Sackmann, 2006a: 87, 114). As data collection in this study is limited to selected interviews with managers of selected corporate functions (mostly CR and HR), it is obvious that culture could not be evaluated in a large scope. We, thus, limited the interviews to elevate a very superficial understanding of the linkages between culture and CR. For these reasons, the contextual factor "culture" is not considered in the comparative evaluation of the case studies. Still, some of the results may be interesting.

When asked about culture concerning CR, firm representatives mainly refer to two aspects: First, they refer to *history of the corporation* and see the past social and environmental engagement as a sign for the existence of a "responsible culture". Second, they also refer to the *company's founder* who was often recognised for his or her social achievements concerning workers and the society at large. One of the firms, partly family-owned, also refers to the involvement of *present family members'* as a source of responsible culture.

Corporate Culture
"Generally, much of our history and its related culture supports corporate responsibility and sustainability. When you look at [...] our company, especially the founder and family members in management positions, and look at what they regarded as 'doing business right', then you see things which are today covered by CR; for example, provision of medical care, employee housing, occupational social security, and improvement of working conditions. These are all issues which, in the past century, were far beyond standard." (DAX)
"Firm [X] is a unique company. We have a very strong staff, which is also related to our ownership structure and history. Thus, ever since our company was strongly values-based, which is why social responsibility plays such an important role. This was already part of the founding documents. Then, later, this also applied to the environment. We had of course ups and downs [...]. But these are issues which grew through the culture. And, as I believe, this is our core asset [...]." (DAX)
"On the one hand, there is the recent discussion on CR and, on the other hand, the rather traditional discussion on corporate culture. Now, we could say that the CR discussion is not yet directly incorporated in our leadership guidelines and related things. We could, however, also say that this isn't required because we already have the latter [culture]." (DAX)
"I think that our culture is supportive for CR because it already incorporates that making money is not an isolated matter, but is related to the societal context in which it happens. [...] Much of this is rooted in the culture of the family-owned business and, maybe, also in the way how the family is still involved today, is visiting companies and subsidiaries, and in what the family gives credits to." (DAX)
"High performance culture and CR are not contradictory! One could [artificially] create a contradiction. But high performance culture doesn't mean maximizing shareholder return, but rather striving for balance." (Pilot study)
"Culture is renewed on a regular basis and topics like fairness etc. are already incorporated. Every employee is told at the beginning of his or her job: 'We want to act fair'." (Pilot study)
"Culture is the biggest driver for all activities." (Pilot study)

Table 30   Statements about Corporate Culture and CR (Translated)

5.3.4 Summary of Contextual Fields (Toolbox II)

The analysis of the contextual fields of the RLS framework led to a broad landscape of instruments and structures. We summarise these in the following Table 31 representing the second part of the *RLS toolbox* (cf. Table 25 on p. 54 for the RLS toolbox I). Thereby, we focus on the fields of *strategy*

and *structure*. The contextual field of culture was not at the core of the empirical analysis and, hence, is not included in the toolbox.

Field	Type of instrument	Subtype	Instruments derived from empirical data
Strategy (C1)	Vision and mission	Vision and mission statements	• Four-stakeholder approach; addressing specific CR issues • Indicating business model transformation
	Formulated strategies	Corporate/business level	• *CR policy* by executive board (as preparation) • CR component in *formal corporate strategy* (e.g., carbon strategy) • Component to initiate CR-oriented business transformation/business model innovation (e.g., new mobility concepts for car manufacturer) • Include CR goals in *management programmes* • *Experiments with new markets and technologies* (ethical consumers; renewable energies; environmental technologies; base of the pyramid markets) • Formal *environmental/sustainability portfolio* to nurture sustainability-oriented products/technologies • Recognition of CR in *process of due diligence*
		Functional level ("CR strategy")	• *Sustainability model*; *sustainability principles* • Dedicated *CR strategy documents* • Strategy and management section of CR report
Structure (C2)	Main organisational structures	Board-level responsibility	• Overall responsibility by CEO; selected board member(s); overall board; • Dedicated board representative for CR • Participation of CEO/board members in committee
		CR department	• Centralised (large CR unit possesses own capabilities, e.g., CR-oriented product development) • Decentralised (light CR unit only as coordinator of e.g., environmental/HR functions)
		CR committees	• Cross-functional/cross-business *committees* • Participation of function and business heads • Participation of high-level executives (CEO/board member)
		Other cross-boundary collaboration	• Internal *one-to-one talks* (promote win-win collaboration between CR and other functions/units) • *Stakeholder advisory boards* (advising executive board)
		CR link to strategy	• CR component in formulated corporate strategy • Strategy officer as member of the CR committee • CR unit reports (i.e. belongs) to corporate strategy
	Additional structures	Compliance structures	• Compliance committee • Chief compliance officer
		Issues-specific structures	• Sustainable procurement working group • Carbon management structures

Table 31   RLS Toolbox (II) for the Contextual Fields of the RLS Framework

5.4 Overall Responsible Leadership Systems

The above sections described the findings within each field of the RLS framework. In this section, we turn to findings addressing the framework in its entirety. This unfolds in five subsections. First, we specifically look at the relationships within the core fields. Second, we analyse the relation of the contextual fields with the core fields. Third, we analyse the relationship between overall responsible leadership systems and CR performance. Fourth, we give insight into how firms develop towards responsible leadership systems. We finish this section with an overview of emerging trends.

5.4.1 Interdependencies Between the Core Fields

We now proceed to the analysis of interdependencies between the core fields of the RLS framework. As the initial analysis already indicated, the four fields are rather different regarding the degree of CR integration. The following Figure 34 shows two charts: First, the radar chart shows the characteristics of each firm according to the four core fields (average across all firms of the sample also included). Second, the bar chart focuses on the sample average.

Integration of CR in leadership instruments according to the four core fields

CR integration and the four core fields (sample average)
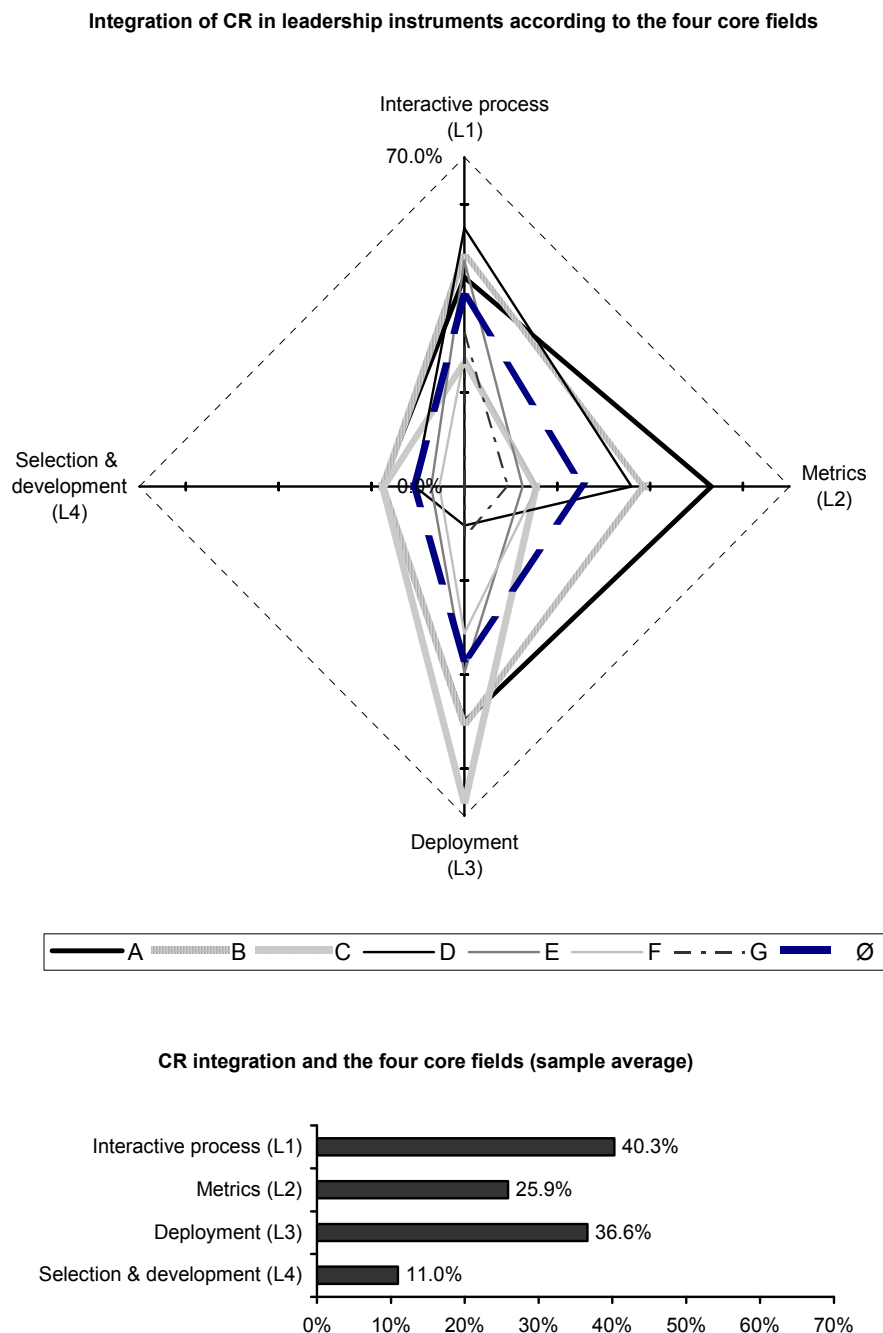
Figure 34 **Characteristics of the Four Core Fields of the Responsible Leadership Systems Framework**

The charts above show that the highest integration of CR is achieved in leadership instruments of the interactive process (L1) field. A less, but still comparable degree of CR integration is achieved in the

deployment (L3) field. Metrics (L2) are significantly behind and selection and development (L4) show very low integration.

In the following, we give a further view on data by grouping the four fields into two sets:

- The first set includes the leadership instruments of the fields of *interactive process* and *selection and development*; these are instruments for general guidelines, codes, communication, and goal setting as well as formal selection and development programmes. All these instruments have a strong future orientation and are often not binding. We refer to them here as "develop & guide".

- The other two fields—*metrics* and *deployment*—cover instruments for evaluating; measuring; incentivising and rewarding people with regard to CR. These instruments have a stronger performance orientation. We refer to this group as "measure and sanction".

In the following chart (Figure 35), we contrast these two groups through two separate dimensions and apply relative scales ranging from low to high.
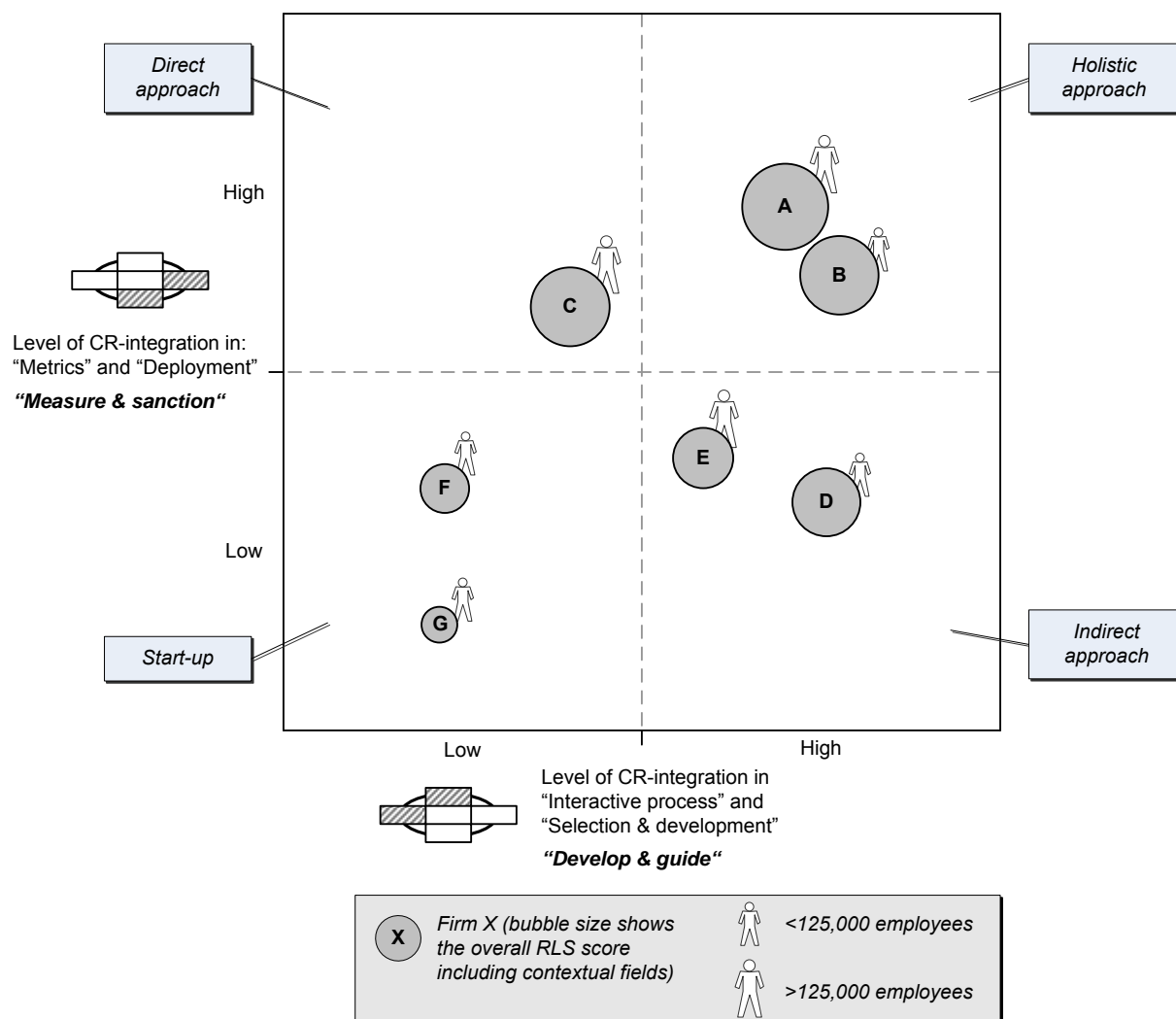
Figure 35   Balancing the Core Fields of the Responsible Leadership System

Overall, more than half of the firms achieve a *high* integration within the area of "develop & guide", whereas concerning the other area "measure & sanction", more than half of the companies remain

with *low* integration. More specific, the above portfolio allows to differentiate *four approaches of companies*:

- *Start-up.* A small share of the firms are rather defensive or at the beginning concerning responsible leadership systems. They have a low integration of CR in both areas.

- *Indirect approach.* These firms engage more strongly in the area *develop & guide*, whilst scoring low in the other area of *measure & sanction*. Three possible reasons are possible: (1) Companies choose a values-based approach to RLS where they rather influence people through development programmes and guidelines. (2) Companies may also be in an early phase of setting up a RLS which is then to be complemented by instruments of the area *measure & sanction*. (3) Another category of companies may follow a strategy of "greenwashing" in which values and guidelines are rather rhetoric without changes being made in the other parts of system.

- *Direct approach.* Firms in this quadrant have a rather low investment in the area *develop & guide* (i.e., their level of ambition as well their internal and external commitment is limited). At the same time, however, they are quite strong in the area *measure & sanction*. Different reasons exist for this approach: Either companies choose a defensive approach in a way that they do not want to communicate too much about CR (like it is necessary using values statements, goal systems, etc.). Also, companies may have developed their RLS in a haste, not having had time enough to build the foundation represented by the area "develop & guide".

- *Holistic approach.* Drivers score high in both described areas. They believe in a leadership approach to CR and actively promote its integration in all four core fields.

The presented portfolio clarifies one more aspect: The *firm size* (represented by the number of employees) is somehow related to the scores (i.e. strength) of the RLS, however, exceptions show that also smaller companies can reach top positions.

5.4.2 The Relation between Contextual Fields and Core Fields

We now turn to the question whether and how the contextual fields influence the core fields of the leadership system. In the following Figure 36 the horizontal axis represents the contextual field "structure" and the vertical axis the one of "strategy". The bubble size reflects the combined scoring of the core fields.
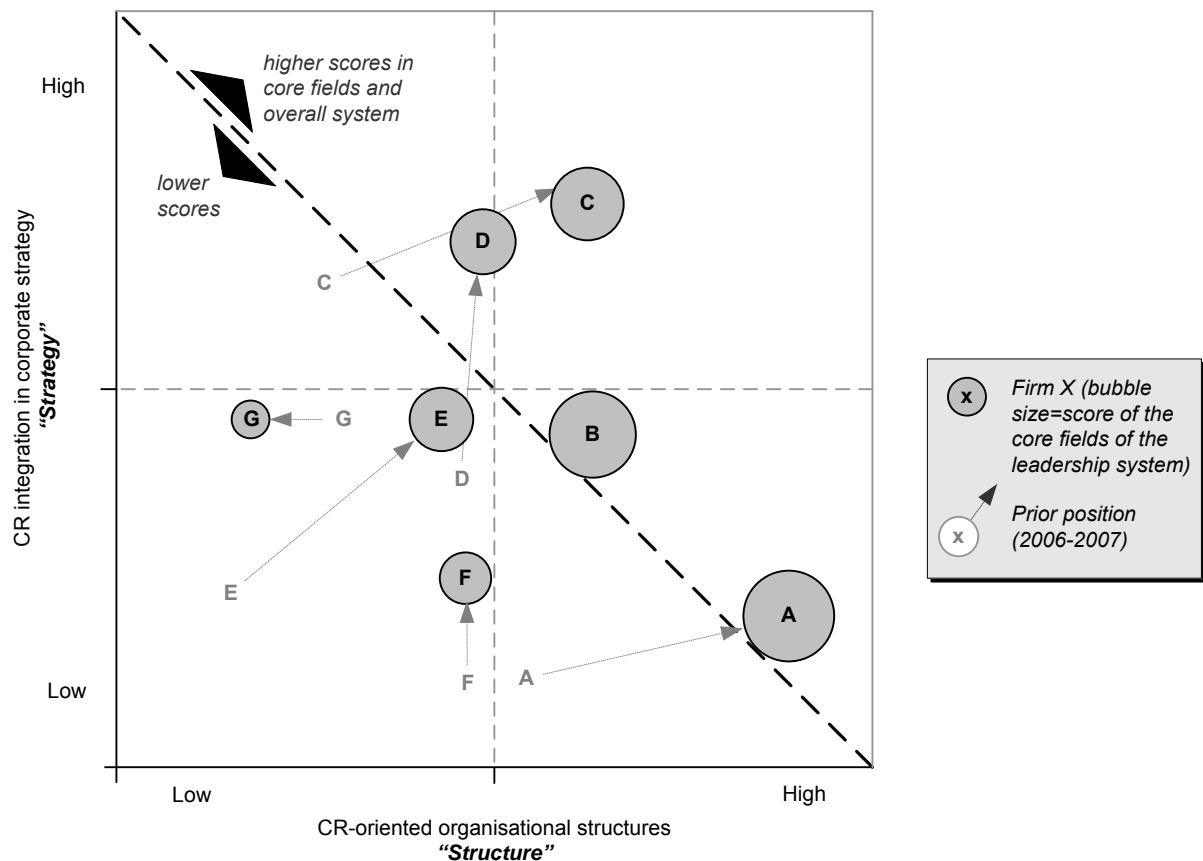
Figure 36   Contextual Fields (Strategy and Structure) and the Developments from 2006 to 2008

The above diagram gives a clear picture about the *link between context fields and core fields*. All firms with high scores in the RLS (A-D) have also *combined* high values in structure and strategy. This combined value can have three sources: (1) High values *only* for structure, (2) high values *only* for strategy, or (3) mid-to-high values in *both* strategy and structure. Accordingly, the above results suggest that firms with little or no CR integration into formal strategy could still have a strong RLS as long as they possess above-average organisational structures (e.g., CR departments and committees).

The chart also shows a *high dynamic in regard to the development of responsible leadership systems*. Five of the seven firms made significant progress within the last two years (2006-2008), by either updating their formal strategy, or extending their CR-oriented organisational structures. Most of the *strategies* presented in paragraph 5.3.1.2 became effective within the period of 2008. The same accounts for many of the *organisational structures*. Many of the CR departments, committees, and compliance structures were only recently deployed. Only one firm (B) remains stable within the given period —still, on a relatively high level. Interestingly, one firm (G) disinvested in respect to its organisational structures and, thus, moved in the portfolio significantly to left (in this case the shift reflects the cancelation of a CR committee).

5.4.3 Responsible Leadership Systems and CR Performance

We are also interested in the link between the scores ("performance") of a firm's RLS and the real CR performance. The former is given by the present work; the latter is best approximated by taking

various professional CR rankings into account. Here, we regard CR performance as the average CR ranking result as calculated in an earlier section (cf. 4.2). We assume that responsible leadership systems have a certain impact on external CR ratings for two reasons:

- First, of course, we assume that leadership instruments indeed influence leader behaviour (at least to some extent) and, thus, ultimately lead to CR-oriented practices.

- Second, CR ratings do not only use outcome measures for CR performance (e.g., resources usage, rate of absenteeism, number of accidents), but also evaluate processes and policies (e.g., Kirchhoff, 2007). Such processes and policies (e.g., sustainability vision, values statements) are regarded as leadership instruments in the present study.

Hence, it is probable that investments into a RLS result, to some extent, in external CR performance.[28] Assuming the latter causality, it is reasonable to investigate the quality of this link in more detail. We, thus, calculated a simple regression as depicted in Figure 37. Due to the little observations (7 cases), this is to be understood as descriptive rather than predictive. For a more resilient predication further quality criteria would be necessary (e.g., F-statistics). Also, we cannot exclude for nonlinearity and heteroscedasticity (Backhaus, et al., 2006: 46–90). Especially because we cannot exclude for nonlinearity, we focus on the coefficient of determination (R-squared)[29] and do not interpret the regression coefficient x (i.e., the slope). Overall, we use this analysis only for pointing out general trends ("exploratory trend line").
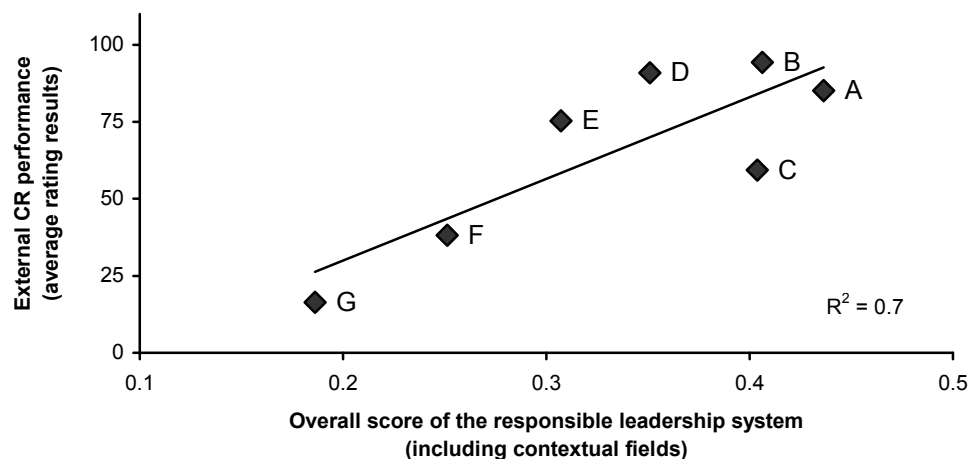
Figure 37   Link between Responsible Leadership Systems & CR Performance

The regression line in the above diagram clearly suggests an exploratory link between responsible leadership systems and CR performance. The value of R-squared suggests that about 70 percent of the RLS scores explain the results of CR ratings. Against this background, it is interesting to investigate more detailed which elements of the RLS contribute to CR performance. Accordingly, we

---

[28]   There are also some arguments which may suggest an opposite causality. For example, experts stated that "success" in CR (e.g., indicated by external ratings and awards) is a driver for the extension of a RLS (cf. 5.2.3.2). This means that external CR performance can have a reinforcing effect on internal systems, tools, and structures.

[29]   R-squared is a standardised measure with values between 0 and 1. The greater R-squared is, the better the regression model describes the data, thus, it describes the "goodness of fit" (Backhaus et al., 2006: 64).

calculated a regression on each field of the RLS framework against the overall CR performance. The results are depicted in Figure 38.
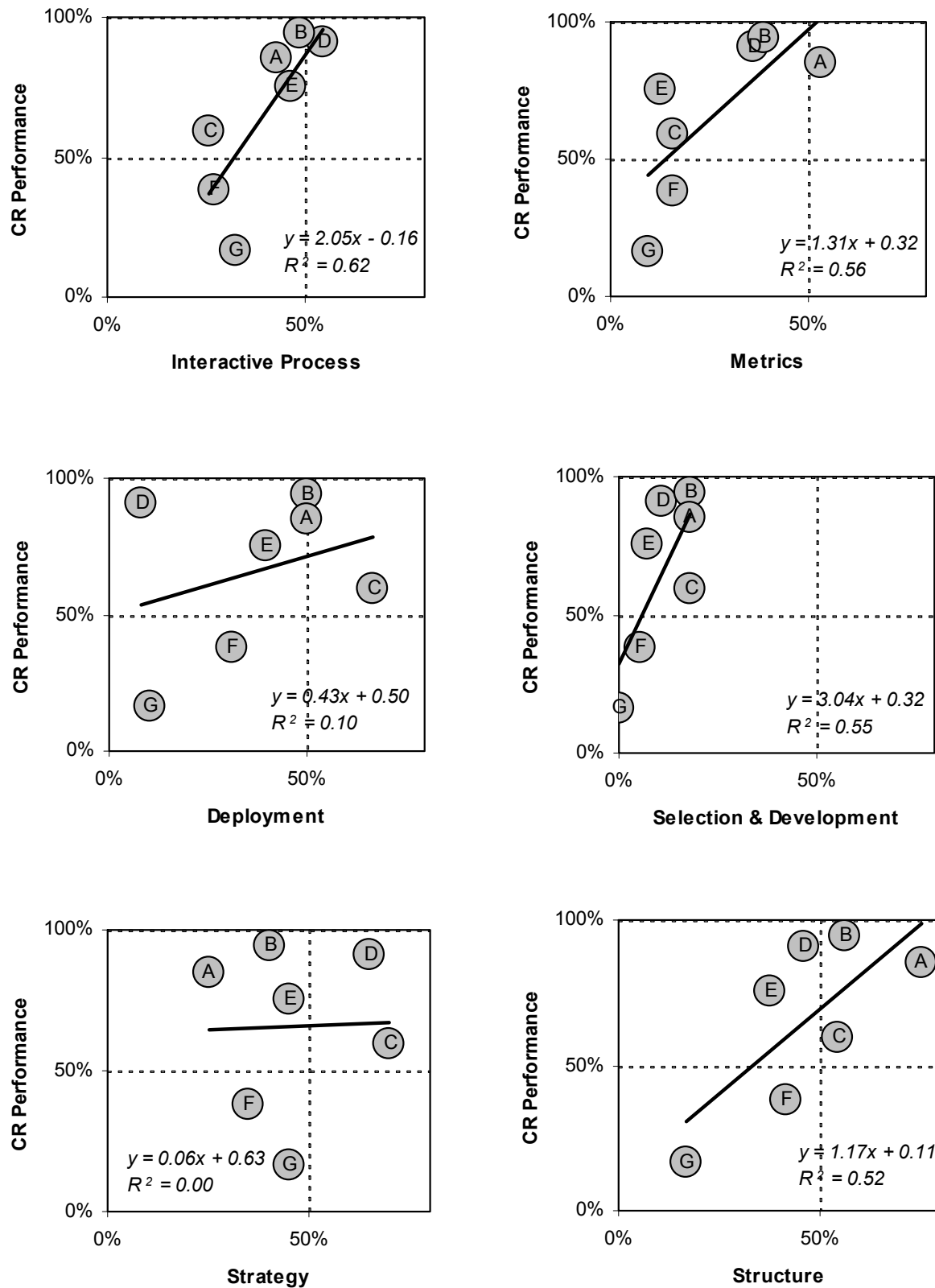
Figure 38 **Link Between Responsible Leadership System and CR Performance (Ratings)**

The regression analysis shows that the following elements of the RLS best explain CR performance (decreasing order): *Interactive process*, *metrics*, *selection and development*, and *structure.* The fields of *strategy* and *deployment* do not seem to translate into CR performance as determined by rating agencies.

5.4.4 Pathways to Responsible Leadership Systems

Our empirical investigation of responsibility leadership system also covered a historical assessment about how firms approached the development of such systems. The explorative findings show that companies used different pathways towards responsible leadership systems (Table 21).

Development Paths
"I would say we started in the first field [interactive process] according to the motto: 'God created the CR policy the first day and the second day, he wanted metrics'." (DAX)
"We started with corporate culture, then we established structures. When I entered the firm they said: 'let us do some things quickly in order to gain visibility'. Afterwards, we thought about the strategy. […] Strategy and vision is important, but in large company like ours it can take much time to establish it. If you have experience and know where this is going you can do things in advance […]. In the past, this was the case with environmental management systems. Whatever strategy—we started doing that." (DAX)
"We have different stories about implementation in our firm […]. Of course, we could tell the story in a more systematic way [which is not the way it developed] like, for example, that we started with the Global Compact and followed with business conduct guidelines." (DAX)
"When I look at our environmental management, I think about whether our entry point was the measurement in the sense of environmental KPIs. This developed before CR-related issues appeared in guidelines etc." (DAX)
"It always depends on the specific organisation. Here, in our firm, we started with the field of leadership development— not as corporate strategy, not like 'we start here and then we proceed to the next…'. We started it as a small group below the radar. We just did it. […] Leadership development is important to establish a culture. It is about culture!" (corporate expert)

**Table 32   Statements on Historical Development of Responsible Leadership
Systems (Translated)**

The above table indicates three possible paths to responsible leadership systems, which are described in the following.

- *Path "α".* Some of the companies (e.g., F) established responsible leadership systems through a *formal process* which establishes instruments in the field of interactive process. To name a few, this covers the definition of CR policies, goals, and guidelines. Subsequently, these firms infuse some of these aspects into the subsequent fields of "metrics", "deployment", and "selection and development". Sometimes, this approach is part of a larger *strategic initiative* (i.e., when the business strategy is closer aligned with CR).

- *Path "β".* Other firms (e.g., A, C, G) did not follow this strategic approach. They report that responsible leadership instruments were established in a rather unsystematic way, for example, through the personal engagement of individuals. Often this was driven by certain *organisational structures* which existed prior to formal CR management, such as the environmental department. They, for example, started to establish performance indicators. Then, after some of these instruments became attention from the general management, the addressed aspects were also formally integrated into instruments like strategies, codes, and guidelines.

- *Path "γ".* We registered a third possible pathway within a company which we interviewed during the initial exploration in the first phase of the research project. Without knowledge by the top-

management, the executive responsible for talent management started a project to establish a new *leadership development programme* rooted in *service-learning*. This programme, which afterwards became the flag-ship leadership programme, infused CR and sustainability aspects into the participating leadership talents. Also, a formal integration into strategies and policies occurred only after the programme got successful. This latter approach is an example for how to develop responsible leadership systems through formal leadership development. It is also the path closest to the context field "culture" because development programmes establish a direct interaction with the individual leaders and can influence their norms, espoused values, and underlying assumptions.

The following Figure 39 depicts the discussed development paths.
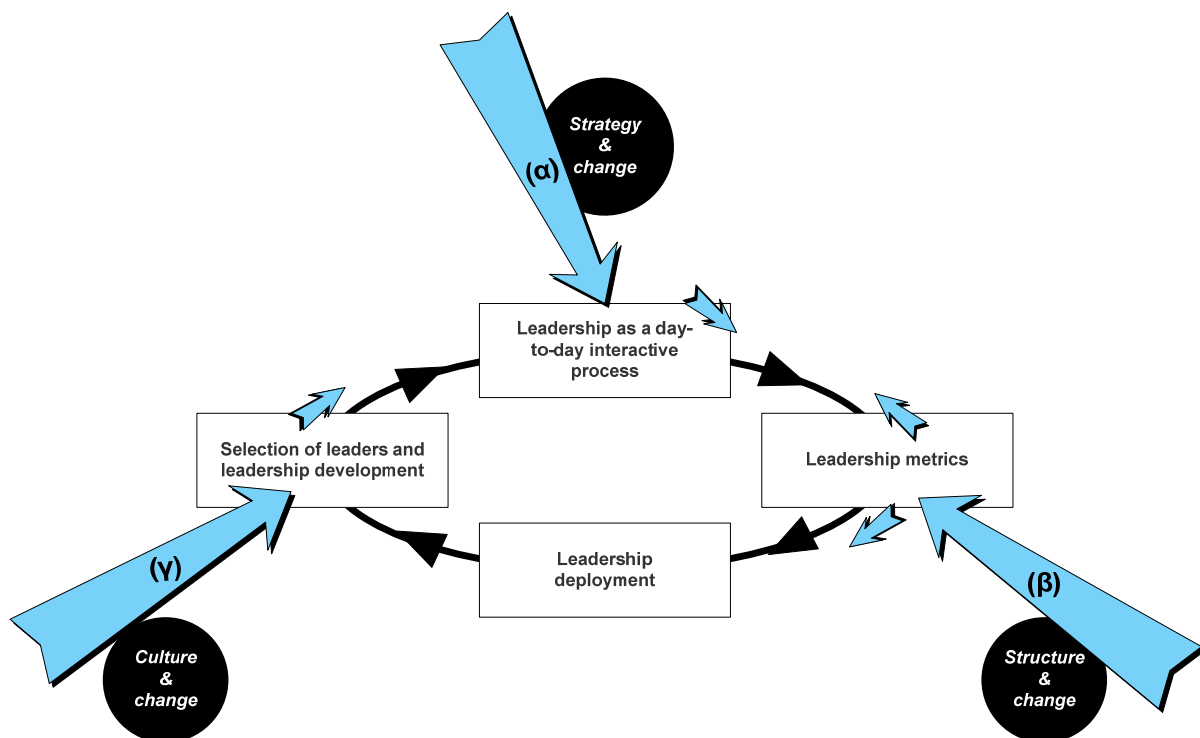
Figure 39   Different Starting Points for the Development of Responsible Leadership Systems

The latter findings show that strategy is not necessarily the initial step for developing a RLS. Rather, some companies started to engage in the development of leadership instruments in absence of overarching strategies. Subsequently, these activities eventually developed into formal strategies. Furthermore, we discovered another important fact: Sometimes CR-oriented initiatives are developed *below the radar of upper management*. In these cases, intrinsically motivated individuals from middle management or other levels engage in small-scale solutions and pilot projects to advance CR:

> "If you ask [about introducing an CR development programme], there will be resistance. Thus, we approached the topic in a small group below the radar. We didn't make it a strategic initiative and we didn't wait that others tell us: 'This is a decisive topic, implement it!' We did experiments; we developed room for experiments—a laboratory. […] That's what the [X] programme [a certain top leadership development] is. In this field, we wanted to develop a deeper understanding and see if it survives the tests. We didn't market it, neither internally nor externally. Ultimately, however, it developed from a peripheral programme—which nobody really knew about—to a flagship programme for leadership development of key talents." (BOA1: 35)

5.4.5 Most Important Future Trends

Based on the data from interviews and documents, we also analysed the current developments in regard to the RLS framework. All instruments on which two or more of the firms are currently working on (or planning to do so) are depicted in the following diagram (Figure 40).

Major trends regarding leadership instruments
(#firms planning/implementing an instrument; minimum two firms)

Instrument	Value
CCI metrics	5
Specialists & policy training	4
Supplier codes of conduct	3
Formal stakeholder dialogue	3
Employee community involvement	3
CR innovation KPIs	3
Compliance structure	2
Leadership development	2
Incentive pay	2

Accumulated trends according to each field of the RLS framework
(#instruments planned or currently being implemented)

Field	Value
Interactive process (L1)	8
Metrics (L2)	12
Deployment (L3)	10
Selection & development (L4)	8
Strategy (C1)	1
Structure (C2)	4

Figure 40   Trends of Responsible Leadership Systems

The most evident trend is the expansion of *CR-oriented measurement systems*. More specific, companies are currently working on corporate community involvement metrics and on CR innovation KPIs. The former covers all kinds of metrics which aim at evaluating social initiatives in local communities, for example, through corporate donations and volunteering schemes. The latter deals with the quantification and control of the innovation process in regard to social and environmental criteria. KPIs can, for example, determine the firm's green innovativeness.

The second strongest trend concerns the field of *leadership deployment,* in which firms implement new incentive, reward, and punishment systems. Thereby, especially non-monetary incentive schemes receive consideration. Especially compliance systems and *employee community involvement*

programmes [30] are currently worked on. Employee volunteering and community involvement programmes are tools to motivate employees on all levels to personally involve in responsible action. Compliance systems deal with prevention and detection of incompliant employee behaviour, and also incorporate punishment mechanisms.

With a similar importance, the field of *interactive process* and *selection and development* follow. Concerning *interactive process*, organisations currently work on codes of conduct in the supply chain and on formal stakeholder dialogues. In the field of *selection and development*, most cited instruments currently worked on are specialists training (i.e., development programmes addressing specialists with function-specific CR content) concerning sustainable product development and policy training with respect to compliance. A bit less trendy are leadership development programmes covering CR in a more general nature. [31] At the same time, two interviewees state that it is often the budget for leadership development initiatives which is subject to cost cutting once economic conditions get tough; accordingly, these latter trends are considered preliminary.

We identified only one major trend in the contextual fields strategy and structure. This is the construction of organisational structures dedicated to compliance aspects.

---

[30]   Corporate disclosure and interviews.

[31]   Interview and corporate disclosure.

6 Discussion

This chapter discusses the descriptive findings of the prior chapter. It is divided into three sections. *First*, we discuss the findings in the *core* fields of the RLS framework. *Second*, we discuss findings in the *contextual* fields. *Third*, we discuss the findings regarding the *overall system*.

6.1 Core Fields

This section discusses the findings in the core fields of the RLS framework. Each field is dealt with in a dedicated subsection.

6.1.1 Interactive Process

The findings on *corporate values statements* show that virtually all companies make reference to CR. This is slightly more than what earlier, and more international studies show (AMA, 2002; Austin, 2006: 204; Steger, 2004: 57; Wilson, Lenssen & Hind, 2006: 15). This indicates that CR is, at least from a communication perspective, increasingly common sense. Now, as a communication tool, we generally agree with authors stating that corporate values are rather unimportant for real action (Paine, 2006: 56). However, our findings support that they are linked to other, more fundamental leadership instruments. As data shows, many firms make reference to values in other leadership instruments (i.e., *goal setting*, *stakeholder surveys*, *individual performance evaluation*, *selection mechanisms*, and *development programmes*). Hence, if CR is an integral part of formal values statements, the likelihood for integration within other leadership instruments increases.

Comparable to values statements, we found that overall *CR communication* is one of the strongest areas in most firms. This is in line with previous results (Wilson, Lenssen & Hind, 2006: 15); in literature and empirical studies this overemphasis of communication is often referred to as mere rhetoric (e.g., Basu & Palazzo, 2008: 128; Post, Preston & Sachs, 2002: 25).

Also, the integration of CR through various types of *business codes* is advanced. This confirms other empirical results showing that code of conducts are pervasive (e.g., KPMG, 2008: 42; Logsdon & Wood, 2005: 59). The findings of this study confirm that, with respect to code *content*, social issues still outpace environmental issues (cf. Kolk, van Tulder & Welters, 1999: 158).

In the present study, *goal setting instruments* are mostly limited to the *organisational* level ("CR programme"). Few other studies investigate goal setting (KPMG, 2008: 22; Loew & Braun, 2006: 24);[32] in line with our findings, these studies show that CR programmes are being mainstreamed. Regarding *individual* goal setting, some of the company representatives stated that firms are reducing the number of individual goals and, accordingly, *goals with CR content* seldom make it on the list. This finding is supported by goal shielding theory (Barsky, 2008: 71; Locke, 2004: 133) suggesting that individuals have difficulties in following multiple goals. Consistently, another study finds that only 18 percent of executives have goals with CR content (Economist Intelligence Unit, 2007). Beyond explicit CR goals, the present study also analysed the role of *behavioural goals.* According to Locke (2004: 131), these are important to make responsible conduct integral to overall goal setting (i.e., including goals unrelated to CR). However, only one firm in the sample established a goal setting instrument including a dimension for behavioural goals.

---

[32] Most other empirical studies do not explicitly consider goal setting for CR (e.g., Baumann & Scherer, 2009; Steger, 2004: 57; Treviño, 1990; Wirtenberg et al., 2007).

The few examples in DAX firms where formal decision-making templates are required for board decisions or for product development resonate with other literature. Most examples given are theoretical-normative (Treviño, 1990; Treviño, Brown & Hartmann, 2003) and only selected examples are derived from empirical data (Clausen & Loew, 2009; Wade, 2006).

Overall, the types of instruments showing a higher integration in the field of interactive process all belong to values statements, communication and dialogue, and business codes. The only type showing low CR integration is "goal setting and decision-making". Whilst the former instruments are more likely to remain pure rhetoric, the latter already have a binding character and action-orientation. Thus, it seems that companies still hesitate to integrate CR more broadly into day-to-day business.

6.1.2 Leadership Metrics

A vary diverse spectrum of leadership metrics for CR exist in the sample. One trend is the development of *one-dimensional metrics,* in the sample represented by the two approaches called *sustainable excellence KPI* and *sustainable value* (SV). It is best described as the "quest for the single indicator" (Atkisson & Lee Hatcher, 2001: 512). These two approaches have in common that they include an element of benchmarking: The sustainable excellence KPI includes an average of rating results (usually cross-industry), whereas sustainable value is calculated based on industry-specific benchmarking. This produces *relative* results comparable to what is called "best-in-class", which is the best firm/product in a specific group (Knoepfel, 2001). This relative assessment also resonates with the understanding of CR as *direction* rather than of *absolute levels* (Hansen, Große-Dunker & Reichwald, 2009a, 2009b; Paech & Pfriem, 2004: 37). For example, it is difficult, if not impossible, to assess whether a product is entirely sustainable or not, but it is possible to judge whether it is more sustainable compared to other (or prior) products. At the same time, both measurement approaches are different in nature: The sustainable excellence KPIs are based on external perception-based assessment (rating agencies and customers), sustainable value is calculated using real performance indicators. Thinking about an *ideal* single metric, this probably requires both perception-based and real performance indicators: A stakeholder perspective demands perception-based assessment of CR by various stakeholders; at the same time, an organisation has the best overview on internal risks and opportunities and the related progress and, thus, can deliver the most accurate metrics.

Beyond the quest for a single metric, the results show that companies also engage in *partial solutions to CR measurement* including the areas of supply chain management, innovation management, and CCI. The green innovativeness KPI is a good example of how CR is made an integral element of core business processes. The innovation system belongs to the core of business organisations and it, hence, is especially meaningful for CR integration. This is confirmed by Claussen and Loew (2009: 79) who show that companies are starting to systematically integrate CR into their formal innovation processes. The green innovativeness KPI has also weaknesses, comparable to portfolio strategy approaches (cf. 6.2.2). The outcome of the KPI is strongly determined by the weights assigned to eco classes and categorisation of technologies into these classes. Both of these aspects (definition of weights; assignment to categories) remain internal and, hence, non-transparent processes. To address these weaknesses, the company could open up the process and include external stakeholders, for example, environmental experts (ibid.: 84).

Strategic performance measurement systems like the *traditional* BSC were recognised as too complex by a majority of the companies. This resonates with previous findings (Bieker, 2005: 192; Bieker et al.,

2002: 362; Möslein, 2005: 185). The results are similar for approaches integrating CR into the BSC (i.e. a SBSC). This low diffusion of the SBSC probably stems from some of the prerequisites, especially (1) an existing traditional BSC system and (2) explicit strategies concerning CR (Bieker et al., 2002: 345–348). Still, selected companies demonstrate forward-looking solutions. As data shows, "living" SBSC solutions more likely exist in smaller organisations (cf. pilot cases) than in the headquarters of DAX companies. A possible explanation derived from some of the executive statements is that large-scale organisations become so complex that tools like the BSC are not practical anymore.

CR-oriented performance measurement on the *level of the individual* is virtually absent in the sample. In a few companies, we registered at least a formal performance evaluation instrument making *reference to corporate values*. This link of values to performance evaluation is also acknowledged in prior studies (AMA, 2002; Reichwald, Siebert & Möslein, 2005: 193; Siebert, 2006: 298). One possible explanation for low CR integration in this area is that researchers and practitioners alike have trouble in defining CR on the individual level (DTI, 2003: 23; Nijhof et al., 2007: 151f). Often, CR is simply regarded as an organisational-level construct and, hence, companies wait for proper metrics on the organisational level, which they can then break down into individual-level metrics. As data shows, organisational metrics are indeed used as a component of evaluation tools on the level of the individual; still, this is only true for *economic* metrics. Other empirical studies avoid the topicality by not differing between performance measurement on the level of the organisation and the one of the individual; they more generally speak of "performance measurement" or "business metrics" (e.g., Steger, 2004; Wilson, Lenssen & Hind, 2006; Wirtenberg et al., 2007).

6.1.3 Leadership Deployment

The present study reveals that, with respect to CR, few firms use *monetary* incentives and rewards. Monetary incentives remain mostly limited to (function-specific) pay components of functional specialists (e.g., head of environmental department). This confirms other empirical studies finding that only 14 to 20 percent of executives receive CR-oriented incentive pay (Economist Intelligence Unit, 2007: 19; Steger, 2004: 57, 59).

Compared to monetary incentives, *non-monetary incentives and rewards* are much stronger recognised by companies, which is also in line with prior findings (Steger, 2004: 59). In the current study, we recognised awards, leadership groups, and employee community involvement. The instrument of *employee community involvement* is the strongest differentiator between companies. Some companies provide a set of formalised programmes, while others do not pursue any formal approach. This divide probably stems from the scepticism of a large share of German companies with respect to the rather Anglo-American concept of community involvement. For example, several dedicated studies show that only a minority of German companies offer such programmes (Backhaus-Maul & Braun, 2007: 8; VIS a VIS, 2008: 77–144).

A large share of companies also possess thorough *compliance mechanisms*. This supports literature stating that *values-oriented and compliance-oriented perspective* are both required for managing responsibility (Paine, 1994; Thomas, Schermerhorn & Dienhart, 2004: 63; Weaver, Treviño & Cochran, 1999: 42).

6.1.4 Selection of Leaders and Leadership Development

Especially interesting is the fact that DAX firms do widely neglect CR in formal mechanism for the *selection of leaders* as well as in *formal leadership development programmes*. The only development instrument firms broadly engage in is specialists training and policy training. Firms are, thus, less interested in making CR an overall paradigm of formal development; they rather address executives and employees by a smaller set of CR aspects related to their specific function. If CR is incorporated into leadership development at all, it is reduced to technical modules which aim at developing *knowledge* on CR. Vertical development, intended at developing CR *mindsets,* is even less available, even though literature consider it sometimes more effective than traditional (horizontal) approaches (RESPONSE, [2007]). These findings on the degree of CR integration are even more critical as part of our data stems from CR managers, who tend to overestimate the situation of CR-oriented training and development (Steger, 2004: 57). Regarding the degree of CR integration in development programmes, previous research is contradictory. Some studies mirror our findings (Baumann & Scherer, 2009: 29; 2005; Brunner, 2006: 178; WEF & IBLF, 2003). Still, others report of slightly higher integration into leadership development. For example, Steger's results suggest that about 31 percent of executives receive CR-oriented leadership development (Steger, 2004: 57). However, these approaches do not differ between overall "leadership development" and function or issue-specific specialists and policy training. We assume that in the study by Steger the share of specialists and policy training outweighs broader leadership development programmes and, hence, may mislead comparison to the results of the present study.

At the same time, our findings are in stark contrast to the ones of Wirtenberg et al., who state that HR offers "unlimited leadership development opportunities for their high potential employees" and that "these are oriented around a core of sustainability as an overarching corporate goal" (2007: 15). It is also in contrast to a study by Wilson, Lenssen and Hind (2006: 14), where 61 percent of executives state that CR was integrated in top-management development and induction (still, these findings should be contemplated sceptically because they result from a survey which remains on a very superficial level and does not control for social desirability bias).

Concerning the degree of CR integration, the conflicting results of these diverse studies (on the one hand, *low* training integration and, on the other, *high* training integration) lead to another insight: Most of the studies finding *low integration*—including the current one—use samples tending towards the German-speaking world (especially Germany and Switzerland). Studies reflecting *higher integration* have stronger emphasis on Anglo-American countries. Against this backdrop, we hypothesise that the cultures in German-speaking countries, with their (over) emphasis on "hard" facts, may be a source of scepticism towards leadership development practices, especially when such practices are intertwined with likewise "soft" topics such as CR.

Our data also shows a *divide of the HR and CR functions.* This finding is also controversial considering prior studies. In support of the "divide", one study finds that HR executives in Germany regard CR of *average* importance for the HR department *to date* and of *low* importance in the *future* (Blumberg & Scheubel, 2007: 15). Further, Nijhof finds limited support for CR by the HR department (Nijhof et al., 2007: 164). In contrast, other studies identify HR as a function rather *supportive* for CR (Steger, 2004: 52f; Wirtenberg et al., 2007). Still, this is put into perspective by Brunner, stating that a large variety exists between companies of even the same sector, ranging from "not interacting at all with the sustainability function to being part of the opinion-leader group" (Brunner, 2003: 28, 30-32).

Wirtenberg et al. (2007: 17) also qualifies own findings stating that HR support was only strong in companies were HR leaders were strategically positioned in the firm.

Overall, the findings about CR-oriented selection and development remain controversial and may lead to two opposing conclusions: One may argue that the virtual absence of CR-oriented instruments speak for the irrelevance of the field for practice, thus, for an exclusion from the theoretical framework. Vice versa, one may argue that companies are still in an early stage of cultural change towards CR and simply fail to address this important component of a RLS. We follow the latter argument for two reasons:

- First, considering that this work is rooted in the understanding of CR as a leadership task, that leadership systems help to "manage" leaders in large-scale organisations (Huff & Möslein, 2004; Möslein, 2005), and that instruments for the selection of leaders and leadership development are central elements of such a leadership system, they simply cannot be disregarded.

- Second, normative and empirical literature from the field of CR regards CR-oriented leadership development as a success factor in order to build necessary organisational capabilities and provoke top management buy-in (e.g., Epstein, 2008a: 167; Hunsdiek & Tams, 2006: 57; Salzmann, 2006: 220).

By this line of argumentation, DAX firms are simply lacking the kind of selection and development instruments which nurture CR. It is also questionable, if this can change in the short-term. Especially under tighter financial conditions, cost cutting most prominently hits human resource development in the way that budgets are withdrawn and programmes are suspended.

6.2 Contextual Fields

This section discusses findings in the contextual fields of the RLS framework. The first two subsections address corporate strategy and the third subsection deals with organisational structures.

6.2.1 Raising Integration of Strategy and CR

Previous studies amongst MNCs conclude that about 80 percent of companies do *not* integrate CR into their corporate strategy (GTZ, 2006: 21) and that "only minor involvement between the strategy department and the sustainability unit" exists (Eckelmann, 2003: 21). It seems that this situation is slightly better today. As our analysis shows, very recently, about half of the companies redeveloped their corporate-level strategies resulting in a stronger CR orientation. These are companies from automotive and technology industries. Regarding the *automotive companies*, the changing strategies are most probably a consequence of increasing pressure from governments and consumers to produce more environmental-friendly cars. This pressure is a direct consequence of the latest scientific knowledge on the link of carbon emissions and climate change, as published in the "Stern Review" (IPCC, 2007). The findings of the present study show, for example, that automotive companies are more open to rethink their business models. This is very much in contrast to earlier findings of Brunner; he cites automotive experts stating that "there is no way this issue [sustainable mobility] will change our business model" (2003: 27). Regarding the company from the *technology sector*, the greater strategic alignment towards CR is also related to the Stern Review, but it is less a matter of *pressures* to the own business model, than to the insight that global environmental challenges provide new markets for environmental technologies and, hence, are a *source of business opportunities*.

Overall, data analysis reveals that companies have a *medium* degree of CR integration in strategies. However, this result has to be considered carefully because a significant share of this result stems from the high scores of *functional-level* (CR) strategies, which do not necessarily translate into *corporate-level* strategies: Few of the companies' *vision and mission statements* go beyond a superficial integration of CR. Also, still more than half of the companies do not address CR in *corporate-level strategies*. This mirrors the findings from other authors questioning "whether a revolutionary sustainability strategy […] would completely change the corporate strategy and the company's business model" (Eckelmann, 2003: 18; also: Brunner, 2003: 27; Eckelmann, 2006: 189; Steger, 2004: 47). Overall, results confirm the finding by Brunner (2006: 158) that economic criteria still outweigh CR-related ones.

Another interesting finding regards the *nature* of *(functional) CR strategies*. The analysis shows that they are often *semi-formal* in the sense that they only exist in the form of a broad description in the CR report (though, sometimes in a dedicated section) addressing aspects as diverse as action areas, instruments and tools, organisational structures, and goals. This resonates with Eckelmann's remarks about "whether such a [CR] strategy could possibly be formulated" (Eckelmann, 2003: 17).

6.2.2 Critical Aspects of Portfolio Strategies

As the study demonstrates, some of the firms use dedicated CR or environmental *portfolios* as a means for making CR integral to corporate strategy. Motivated by GE's "Ecomagination" strategy (Heslin & Ochoa, 2008: 142; Mirvis & Googins, 2006: 116), such portfolios cover a selection of CR or environmental-oriented products and technologies. The separation of dedicated CR-oriented portfolios from the overall portfolio, however, has several weaknesses. On the one hand, (partial) portfolios represent a selective approach: They do not address risky or harmful products and technologies a firm may also maintain.

On the other hand, the products and technologies entering the portfolio may not be as "green" or responsible as the portfolio name suggests. Their portfolio inclusion seems to be guided rather by a business narrative (cf. Bekefi, & Epstein, 2008: 43). Consider, for example, carbon sequestration technologies, a geo-engineering technique aiming at long-term storage of carbon emission in various geological features or below the ocean. Both firms with the portfolio approach consider these as "green" technologies. However, this categorisation is debatable (if not to say cynical), as the technology is, to date, far from being understood. Further, the technology inherits a multitude of risks like, for example, the risk of *long-term* storage. Moreover, it is also considered as a decelerator for renewable energies and, hence, counterproductive for combating climate change (Supersberger et al., 2006). Under these uncertainties and considering that CR opposes high risk technologies (Paech & Pfriem, 2004: 30), carbon sequestration technologies, at this point of time, should not be part of a CR portfolio. The rather relaxed approach for selecting technologies shows that business opportunities outweigh CR-oriented reflection. This resonates with authors stating that GE's portfolio approach was primarily a profit-oriented strategy (Bekefi & Epstein, 2008: 43; Epstein, 2008a: 253). We elaborated this exemplary technology (carbon sequestration) in order to demonstrate the difficulty of deciding over potential CR-related positive and negative effects of products and technologies (cf.: Hansen, Große-Dunker & Reichwald, 2009a). Accordingly, there should be more open discussion or *discourse over the content of CR portfolios*. However, the (corporate) process (e.g., actors involved; evaluation criteria) for composing these portfolios remains highly intransparent. A possible solution could be the

full accountability on the selection process or, better, the involvement of various stakeholders in technology assessment (cf. Clausen & Loew, 2009: 84).

6.2.3 Organisational Structures

The analysis of organisational structures demonstrated that, to date, *CR departments* are a quasi-standard in MNCs. The characteristics of this type of department, however, differ across companies. *Centralised arrangements* bundle all CR-related expertise within the CR department, which then provides this expertise to other functions. For example, sustainable product developers assist the R&D departments; supply chain CR specialists help procurement departments to implement social and environmental codes within the entire value chain; community involvement experts assist the human resources department in developing new formats for professional development; and bottom of the pyramid experts consult business units in developing new business opportunities in highly-populated, but low-budget countries of the developing nations. Following *decentralised arrangement*, companies have functional experts with additional CR-oriented expertise located in functions like communication, HR, R&D, or the environmental department. An earlier study regards both approaches as legitimate (BSR, 2002: 13). The findings of this study shows that a majority of companies follows a *centralised* approach with departments increasing in size. This is a sign that the CR department is becoming a unit comparable to other functions.

Also, *CR committees* are a de facto standard in large, quoted MNCs. Concerning CR committees, only two companies lack such a structure, of which one *discontinued* it little before the qualitative investigation took place. The other company missing a committee argues for a strong *decentralised approach* in which every employee maintains responsibility for CR: Whilst this is a praiseworthy intent, it remains questionable if the exchange and collaboration between different units could solely be based on informal or project structures. Our results show a trend towards committees with greater decision-making power (e.g., participation of board members) and greater integration into business (e.g. participation of business units and regions). Spitzeck (2009b) also recognises a constant trend towards committees and even finds that committees are directly related to CR performance. Some studies draw a different picture, but then, they usually include more diverse samples (smaller or unquoted MNCs). For example, Clausen and Loew's (2009: 69f) study show that few companies have both CR departments *and* committees.

Another interesting finding is the *stakeholder advisory board* presented by one of the firms. The advisory board is constituted of various experts from various domains (e.g., NGOs, academia, politics) and is considered to advise the company's board of management and CR unit. Other recent studies also determine the existence of comparable organisational arrangements: Spitzeck (2009b) reports of a "CSR Leadership Board" at British Telecom. Mirvis and Googins (2006: 113) report of a *hybrid structure*, including elements of both CR committees and stakeholder advisory boards. According to them, the Swiss firm ABB uses a stakeholder advisory board consisting of the CEO, the CR head, and seven (external) ad-hoc advisors. This collaboration with external actors reflects findings by Austin (2006) stating that many of today's socio-economic problems even transcend the problem-solving capacity of single sectors. These developments can be identified to be the first steps on a path towards a *stakeholder governance* of the firm (Tirole, 2001), which we will elaborate more detailed in the next section.

The trend towards additive organisational structures for CR needs to consider the *risk of parallel organisations* referring to the disconnect between real business and CR structures (Doughty Centre, 2009: 8; Schaltegger & Wagner, 2006a: 2). With respect to *CR departments*, it is interesting to look at the firm following a strong decentralised approach (no committee; main responsibility for CR within environmental department). In this firm, the CR/environmental department is reporting to corporate strategy, which could be interpreted as close relationship with core business. The situation is different for the company with the largest CR department (presented in detail in the findings). Though our impression has been that it is very effective, it is maybe most vulnerable to develop towards a parallel organisation because it covers all responsibilities typically spread across functions (which we earlier referred to as a "micro cosmos" of the firm). For example, the department has its own employees for CR communication, sustainable product development, and community involvement. In this strongly centralised set-up, it is even more important to establish strong links to the other functions. Indeed, this is achieved by various formal and semi-formal structures like the CR committee and the instrument introduced as "one-to-one talks". As our data shows, the risk of parallel organisations is smaller for *CR committees* than for CR departments because committees consist of representatives of various functions and, sometimes, also of business units. Our sample included a firm with the CEO participating in the committee, which is a good example for the strong link of CR structure and business. Spitzeck (2009b) also finds increasing board participation in CR committees.

Beyond these main organisational bodies of CR, data also shows that more function or *issues-specific committees* are being established like, for instance, committees for compliance, carbon emission management, and reputation. Indeed, other studies sometimes take such an issues-specific perspective on governance structures (e.g., Cogan, 2006). Still, it leads to the question whether the complexity of CR indeed requires a broad range of issues-specific bodies and whether these are living bodies or rather empty shells in the sense of a public relation exercise.

Overall, the organisational bodies found in corporate practice show an increasing trend towards *collaboration across various internal and external borders*. This is in line with the recommendation to establish more cross-disciplinary structures provided in an earlier study by Salzmann (2006). In the present study, this is represented by various arrangements. *CR committees* bring together functions, business units, and top-management. The same is achieved by the tool of *one-to-one talks,* but with fewer constituencies per meeting and in a more semi-formal fashion. *Issues-specific committees* bring together internal experts across functions to collaborate on a focal issue. Finally, *stakeholder advisory boards* connect external and internal experts to advise the executive board. This collaborative nature of many of the organisational structures seem simply to reflect the complexity of CR, which itself spans virtually across all corporate domains. A positive side-effect of CR-oriented collaborative structures could, thus, be the dissolution of knowledge islands (North, 2005).

6.3 Overall Systems

6.3.1 Relationships

Concerning the core fields of the RLS framework, the benchmarking of case data shows that companies scored highest in the field of *interactive process*. This is not surprising as this field is regarded as a major entry point for developing responsible leadership systems (cf. Figure 39 on p. 76). Also, considering that the statistical analysis of the relationship between RLS and CR performance suggests one of the strongest links between the field of *interactive process* and external CR rating

performance, investments into this kind of leadership instrument can be recognised as "low hanging fruits" with regard to improving CR rating performance. Once CR is integrated within codes, guidelines, and goal systems, a firm can proceed to install related metrics (L2), deployment (L3), and development (L4) instruments. At the same time, instruments in the interactive process field are easier to implement. They can be designed on corporate level, with the "implementation" being accomplished by a more or less intense broadcasting initiative. For example, a new code-of-conduct comes together with a global communication initiative, or, at most, with additional e-learning sessions. In contrast, instruments in the fields of *metrics* and *deployment* have a stronger results orientation and require a much tighter involvement of the diverse global and local sites, and a stronger commitment of affected people. For example, when CR-oriented measurement and compensation systems are introduced, every manager, at least once per year, has to deal with the related evaluation criteria. Concerning the field of *development*, CR-oriented leadership development initiatives require well developed trainings which go far beyond simple broadcasting and e-learning tools and, thus, require more significant investments.

Still, the field of *leadership deployment* (i.e., monetary and non-monetary incentive and rewards schemes) shows a degree of CR integration almost as high as in the field of interactive process. This high integration score stems, however, almost entirely from the instruments for *non-monetary* incentives and rewards like awards, compliance mechanisms, and employee community involvement. The "tougher" instruments like *monetary* incentives and rewards (Steger, 2004: 59) remain with a low degree of CR integration. This observation also explains why, with respect to the degree of CR integration, the *metrics field* stays considerable behind the field of deployment: Usually, non-monetary incentives and rewards are less bound to rigorous performance metrics than monetary ones (Huff & Möslein, 2004: 259).

Overall, the overemphasis on less binding types of instruments, as demonstrated by the analysis termed "rhetoric versus obligation" (more than half of the firms have *high* CR integration within the field of interactive process, whereas concerning the other fields, more than half of the companies remain with *low* integration), rises the question how serious the currently existing responsible leadership systems indeed facilitate change towards more responsible business. This resonates with a discussion about the *"rhetoric-reality gap"* (Hess, Rogovsky & Dunfee, 2002: 118; Mintzberg, 1983: 4; Steger, 2004: 47) referring to the gap between expressed claims and substantive action (Campbell, 2007: 950).

CR is becoming more established in MNCs, represented by increased formal recognition in *organisational structures* and *formal strategies*. These *contextual fields* tend to be more advanced concerning CR integration than the core fields of the RLS. When arguing that *contextual* fields influence the development of the *core* fields, or in other words, that excellence requires the core fields to be in line with contextual fields (Möslein, 2005; Reichwald, Siebert & Möslein, 2005), the future should see more advancements at the core fields of the RLS. At the same time, one of the most interesting finding is the fact that the emergence of responsible leadership systems is not *dependent on a formal strategic approach* (cf. section 5.4.2). As the analysis shows, the two firms with the strongest RLS have only low or average scores in the field of strategy (still, both companies have strong dedicated CR strategies). More specific, the company with the strongest RLS does not at all relate to CR in its *vision and mission statements*, nor in its *formal corporate strategy*. This confirms Brunner stating that "overall the relevance of visions and goals for successful CSM [i.e. CR] is

considered as relatively unimportant" (2003: 24). It seems that their success in building a RLS is more based on their CR-oriented *organisational structures*, or on a mixture of organisational structures and a small degree of strategy integration (i.e. limited to dedicated CR strategies). On the other hand, some of the firms with (only) an average RLS achieved top scores in the field of strategy. Overall, this provokes the conclusion that formalised corporate strategies do not reflect organisational reality; indeed, when strategy is thought of as a guideline for future actions, such strategy can only have impact in the future. This is different for *organisational structures*, which come into effect the day they are established and staffed (i.e., so far they are not false facades). For example, establishing a CR department with a CR officer will immediately start to work in this field. This hypotheses is supported by other findings, suggesting that organisational structures and moral organisational learning are interlinked (Spitzeck, 2008: 233). This means that, if strategies are not immediately translated into the proper organisational structures, strategy may be reduced to a formal exercise without real impact.

Across the RLS framework, the empirical findings show that an increasing number of instruments integrate a diverse set of *stakeholders* (especially external ones). Examples include stakeholder advisory boards, stakeholder dialogues, as well as the proposed evaluation of green innovations through external experts. This is consistent with other literature identifying a trend towards *"stakeholder governance"* (IBLF & SustainAbility, 2001: 28; Maak & Ulrich, 2007: 217ff; Spitzeck & Hansen, 2009) or "stakeholder societies" (Tirole, 2001). This extended governance structure could align corporate activity towards an "economy that serves life", which Ulrich calls "lebensdienliche Ökonomie" (Ulrich 1997/2001, 1997/2008). Stakeholder governance also relates to the idea of a "boundaryless organisation" as proposed by Picot, Reichwald and Wigand et al. (2008: 13). The term is used to describe the shift of the rather isolated corporation responsible for the entire value creation towards collaboration with other companies (i.e., *network organisations*) and, as Reichwald and Piller (2006) added lately, with consumers in the sense of an *interactive value creation*. Following the concept of the boundaryless organisation, stakeholder governance becomes only one further step in this development process: It lowers the boundaries between corporations and external stakeholders.

6.3.2 Scope of Solutions

The solutions described in the results of this study lead to the impression that corporations already apply a large set of instruments and tools in order to integrate CR into organisational culture. At the same time, most solutions presented are *limited in scope*:

- *Regional.* Many of the cutting-edge solutions were focused on selected regions. For example, the presented community balanced scorecard is a tool applied in a small subsidiary of the MNC.

- *Divisional.* Other solutions apply for selected divisions of the companies. For example, the green innovativeness performance indicator is a tool only applied in one of the three division of the MNC. The mentioned bottom of the pyramid initiative (developing products and services for underdeveloped nations) is a pilot project of a single division.

- *Product/market combination.* Some of the solutions do apply to specific products or markets. This is especially the case with the environmental portfolio. Whilst this portfolio channels organisational resources towards "environmental technologies", it does not say anything about the other products and services the company maintains. Products and technologies critical with respect to CR are simply not included in the environmental portfolio. It is to be assumed that they are treated as business-as-usual.

- *Functional.* The solutions are often focusing on a functional scope. Most important, CR strategies, usually developed within the CR function, are often separate from corporate strategy. In this case, CR strategies may remain a vision of the CR unit without impact on overall business. Some of the tools also remain within functional silos. The mentioned EFQM model, for example, seems to be a model limited to the area of production.

- *Pilots.* Some of the solutions presented were in a pilot phase or still part of a research initiative, hence, promising but not guaranteeing to ever become an integral part of the organisation. Examples are, amongst others, the presented balanced scorecard system, the green innovativeness performance indicator, and product-oriented carbon emission assessment. Sometimes, such initiatives operate "below the radar", turning into formal corporate instruments once a greater acceptance is achieved.

- *Voluntarism.* Often, solutions stem from a voluntary level. This is especially the case for leadership development initiatives. Most company representatives stated that *formal development programme*s are or ought to be voluntary. This argument was even stronger with respect to vertical development tools like service learning. Considering that a successful CR integration in business requires a shift of executive worldviews and mindsets, voluntarism might be counterproductive. Also, *individual feedback systems* like the 360 degree feedback are used, up to now, in a voluntary fashion. This prevents a more integrated, stakeholder-oriented evaluation of leaders and, hence, requires future changes.

- *Business case.* Most of the initiatives demonstrated in this work follow a business case narrative, this is, they are pursued for making profits. This is also baked by many of the interview statements saying that the CR function was under increasing pressure to more directly support core business. Whilst it is beneficial when CR and profits are achieved simultaneously, the overemphasis of the business case is limited because other important aspects of CR do not apply to this instrumental view (Wagner & Schaltegger, 2003: 9). In this way, CR risks to become solely another corporate tool for the shareholder value ideology entirely in line with Friedmann's view that "the social responsibility of business is to increase its profits" (1979).

Overall, the pilots, experiments, and small-scale solutions concerning the integration of CR with leadership instruments shows that companies are far from *mainstreaming CR*. They rather proceed to partial solutions. Reasons for this behaviour need to be explored in future research.

7 Implications and Conclusion

7.1 Implications for Management

The study results lead to various implications for managers, especially in large-scale organisations:

RLS Performance is Linked to CR Performance and Competitive Advantage

Investments into a good responsible leadership system is not necessarily limited to a moral exercise. Three aspects are important. First, though the study sample is too narrow to make definite statements, the data analysis reveals a *link between the strength of a RLS and the CR performance* (as determined by rating organisations). Thus, investments into a RLS also drive CR performance. Considering that CR performance is becoming more important for overall corporate performance (e.g., through mechanisms of reputation, access to financing, and employee morale), it also becomes more beneficial to establish a RLS.

Second, as many of the corporate solutions demonstrate, responsible leadership instruments become more and more *linked to core business* and, hence, have direct impact on an organisation's competitive advantage. This is because today's economic system is increasingly affected by (global) social and environmental challenges. Tools like the *environmental portfolio* or the *green innovativeness KPI* have the power to realign corporations towards promising new markets for environmental technologies as well as towards raising markets of ethically and environmentally concerned consumers. *Stakeholder dialogues* and *stakeholder advisory boards* are structures enabling knowledge transfer into the organisation and can facilitate the analysis of social and environmental trends, opportunities, and risks. Also, some of the instruments, to-date still the domain of leading organisations, quickly become a *common business practice* or a *regulatory policy*. For example, the ability to asses and monitor the supply chain with regard to social and environmental concerns is increasingly required to participate in large tenders.

Third, though the serious application of a RLS also requires to refuse deals in the cases of CR-related risks (e.g., projects with negative environmental/social impact, high-risk technologies, refusal of briberies), a RLS potentially protects against major crises and scandals as well as against the related economic costs resulting from these. Considering these links to performance, investments into RLS can be both morally and economically beneficial.

Strategy Follows Structure?

Many conceptual management frameworks of CR are rooted in the understanding of formal strategic approaches usually starting with a vision (e.g., Waddock, Bodwell & Graves, 2002); sometimes these frameworks even follow the structure of a formal *strategic planning process* (e.g., Brunner, 2006; Eckelmann, 2006; Schmitt, 2005). However, the results of the present study show that the companies with the strongest RLS are rather weak concerning CR-integration in *formal* strategies. In studied companies, it seems that the integration in *formal* strategies happens rather ex-post (i.e., after CR already became somewhat successful in the organisation). The efforts to drive CR in these corporations were often driven by various organisational units like the environmental department or the dedicated CR unit. In this sense, theory should also acknowledge "strategy follows structure" as a valid alternative to the predominant paradigm of "structure follows strategy". Against this backdrop, alternative strategy conceptions may better serve to understand how organisations adapt CR, for

example, the "learning school" regarding "strategy formation as an emergent process" (Mintzberg, Ahlstrand & Lampel, 1998: 5).

Leveraging the RLS Toolbox

One of the major results of this work is the *RLS Toolbox* (chapters 5.2.5 and 5.3.4) providing a large set of leadership instruments and tools instrumental to make CR part of the organisational leadership system (i.e. to establish a *responsible* leadership system). The toolbox is not necessarily considered as "the more the better". Managers and especially top-managers should carefully select appropriate instruments and adapt them to their organisational realities. The overall message of the toolbox is that there are broad and manifold solutions at hand which already passed the real-life test in organisations (a summary is depicted in Figure 41).
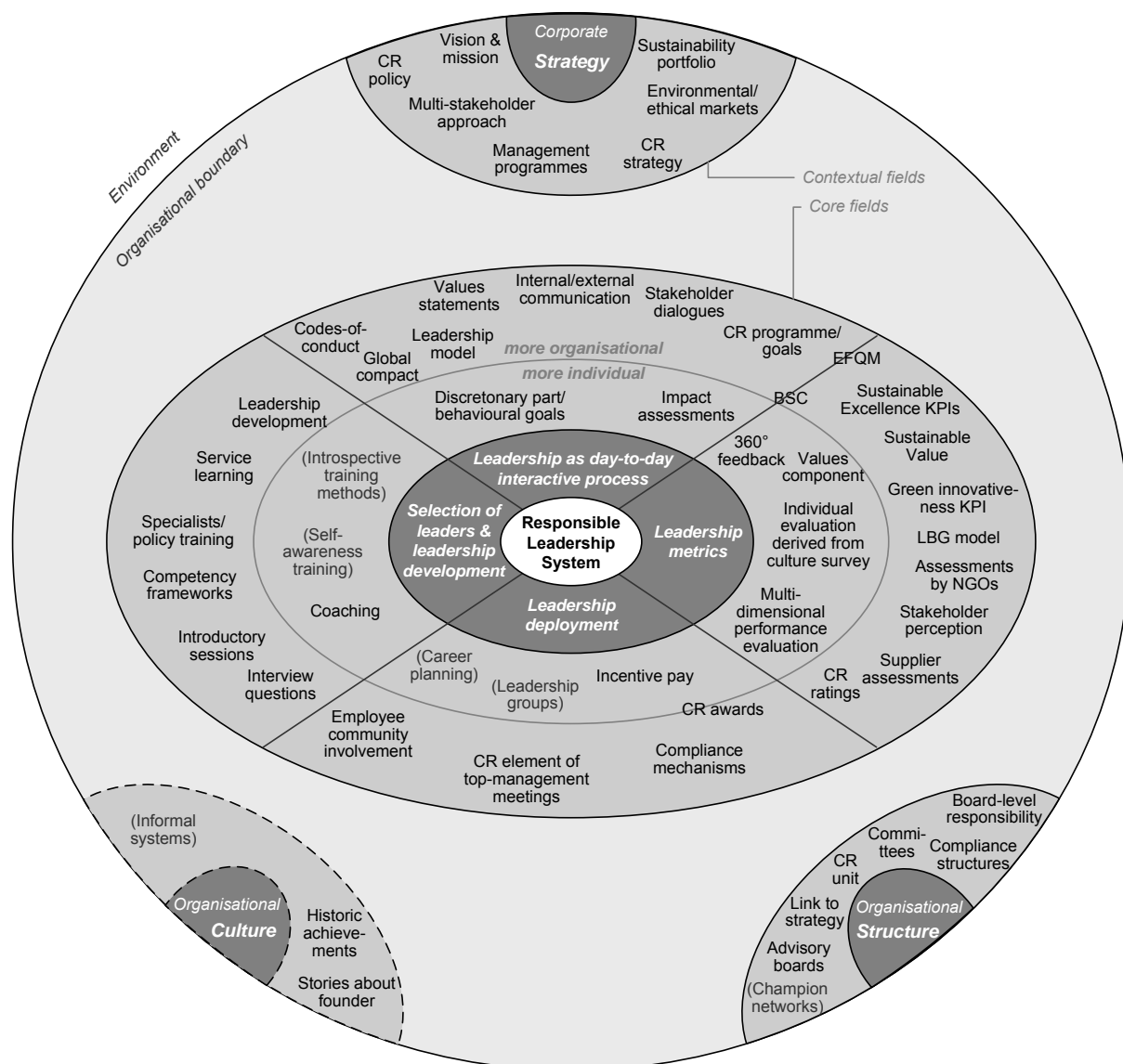

Figure 41   RLS Framework and Instruments Applied in Practice[33]

These tools can be used by both top-management and executives on lower hierarchical levels:

---

[33]   Instruments in brackets were not identified in the empirical part, but come from the theoretical framework.

- *Top-management* wanting to initiate change, best follows the top-down process of strategic planning starting with the alignment of vision, mission, and formal strategies. At the same time, investments into dedicated organisational structures for CR should be taken. A further integration of CR in formal leadership systems then follows the core fields of the RLS framework: Instruments to raise awareness, to communicate, and to establish goals (*interactive process*); instruments to evaluate performance on organisational and individual level (*metrics*); instruments to link consequences to performance (*deployment*); and instruments to select and develop leaders (*selection and development*).

- *Other executives* (CR managers, functional heads, heads of business units, regional managers) may not want to wait for top-management initiatives and begin change in their own area of responsibility. CR-oriented change is not limited to a formal strategic planning approach. The RLS toolbox presents both overarching corporate approaches as well as lower-level (e.g., function-specific) solutions and, hence, allows executives of various hierarchical levels and functional units to make use of these. An effective strategy can also be to involve in projects "below the radar". Thus, it remains in the responsibility and courage of individual executives to implement these instruments and, through these, initiate CR-oriented change.

Balancing the Elements of the RLS Framework

The RLS framework incorporates the most important fields of formal instruments important for leading cultural change towards CR. The systemic nature of the framework best mirrors the complex reality of real organisations. Whilst we stated that CR-oriented change can be initialised at various positions within the RLS framework, in the long term, the *systemic* nature of the framework should be acknowledged. Every manager engaged in change towards CR should be aware of these fields and their relationships. A *consistent* system requires the alignment of all its components (i.e. fields) in the long term. This also asks for a collaborative approach of various functions. Each of the fields of the RLS framework is predominantly in responsibility of another corporate function. For example, the contextual field strategy closest relates to *corporate strategists*; the field of interactive process with codes, values statements, and goal setting procedures is often in responsibility of the *HR department*; the performance measures on organisational level also requires *controlling specialists*; leadership development is provided by *HR development specialists*. Whilst often the CR unit coordinates these activities, a collaboration with all these functions is important. As will be stated below, cross-functional structures can be instrumental in this regard.

Distinguishing Performance Metrics on Individual and Organisational Level

Previous studies either treat CR-oriented performance metrics only on the organisational level, or do not explicitly distinguish organisational from individual metrics (e.g., Steger, 2004; Wilson, Lenssen & Hind, 2006; Wirtenberg et al., 2007). In contrast, the present study makes this distinction. The results show that CR-oriented performance metrics often exist on the *organisational level*, but rarely on the *individual level*, respectively, the evaluation of individual executives continues to be focus predominantly on economic metrics. In order to break down CR from a purely organisational subject (mostly limited to the CR unit and other central functions), however, individual metrics are crucial because they can be attached to performance evaluation of a broader group of executives.

Engaging in Measures to Select and Develop Leaders with a CR-Spirit

Most companies completely lack instruments in the field of *selection of leaders and leadership development*. Formal mechanisms for *recruiting and selecting leaders*, at best, integrate a values-component. So far, most *development initiatives* remain on the level of very focused trainings with regard to functional expertise (specialists training) or specific policies (policy training) and, further, often remain on a voluntary basis. CR as an overarching concept is seldom considered in development initiatives. As development is an inherent part of every company's leadership system, companies should integrate CR more strongly in leadership development programmes using both horizontal and vertical development approaches. Whereas horizontal development aims at providing *knowledge and (technical) skills* with regard to CR, vertical development aims at changing the *manager's mindsets* towards a greater open-mindedness for social and environmental concerns in management. We have also emphasised the usefulness of service learning programmes for vertical-oriented executive development.

Vertical development often goes beyond the capacity of internal HR development capacities. The cooperation with external training providers and educational institutions is a possible solution. An exemplary programme is "ELIAS" (ELIAS, 2007) hosted at the Massachusetts Institute of Technology.

Nurturing Cross-Functional and Cross-Business Collaboration

CR covers a very broad range of economic, social, and environmental issues and basically spans across all corporate activities and is, thus, a cross-disciplinary concept. This complexity simply mirrors the complexity of the economic, social, and environmental challenges CR tries to address. Against this background, it is easily understood that CR cannot be a "project" independently addressed by a staff unit in the company's headquarters. CR requires engagement of a large set of experts from various disciplines. In the leadership system, this is represented by an increasing trend towards *collaborative instruments* like in the area of organisational structures (e.g., committee structures; cross-boundary collaborative structures; stakeholder advisory boards; one-to-one talks), interactive process (e.g., stakeholder dialogues), and performance metrics (e.g., external stakeholder surveys, 360 degree feedback systems, social and environmental impact by NGOs). Also, in all fields of the RLS framework, NGO partnerships become more important, as they often provide the external expertise for social and environmental issues. By bringing together various constituencies inside and outside of the corporation, cross-disciplinary arrangements also prevent companies from the *risk of parallel organisations* (i.e. the risk that CR is something separate from "real" business). To conclude, in order to implement effective responsible leadership systems, managers should think about cross-disciplinary approaches wherever appropriate and practicable.

Improving Collaboration of CR and HR Functions

One reason for the missing engagement of companies in the field of selection of leaders and leadership development is a *divide between CR and HR functions*. From the data, it seems that they are not collaborating closely. In order to be successful in establishing a responsible leadership system, the HR department is inevitable and needs to be convinced by top-management (or the CR unit). Also, the following paragraph will explain more in detail how organisational arrangements like cross-functional committees help to institutionalise cross-functional collaboration. Also, CR units should leverage instruments like the one referred to as "one-to-one talks" in order to better establish a joint roadmap amongst CR and HR function.

7.2 Limitations and Further Research

7.2.1 Methodological

The results of this study have to be tempered by its methodological limitations. Foremost, the multi-case study is *limited in depth of analysis* as of only two to four interviews per case. Two problems are related: First, the focus of interviews was on the *CR management.* Thus, there is the risk of a bias and an overestimation of CR-related aspects (e.g., Steger, 2004). Second, whilst we also interviewed executives from areas such as HR and communication, almost all interviewees are executives of *central functions*. Thus, their opinions, perceptions, and experiences may not entirely match the ones of business unit executives and general managers. As of this limitation, it could be interesting to conduct more *in-depth single case studies*. Then, interviews could also include functional managers from sites beyond the headquarter as well as in selected international subsidiaries. Also, business unit managers could give an additional perspective to the case. For such an in-depth analysis, we suggest at least ten interviews per case.

A methodological limitation related to the interview focus on selected unit heads is that such findings only reveal information about *existence* of instruments, but do not give any evidence on the *application* of these. For example, research on BSCs have revealed that the *implementation* of such a system does not necessarily mean that it is *applied* successfully (Schaltegger & Dyllick, 2002). In order to get information on the *application* of instruments, the research methods applied in the case study should be extended. Quantitative methods, which can also be part of a case study design (Yin, 2003), could investigate the role of application of leadership instruments by conducting survey research amongst a larger set of line managers.

The present multi-case study is also limited by its *small sample of analysed cases* (companies). This limitation, however, does not stem from missing generalisation of the limited number of cases because case studies do *not* follow a sampling logic known from statistical analysis (Eisenhardt, 1989: 537; Yin, 2003: 48). Rather, an enlargement of the multi-case study sample could be beneficial in order to uncover more instruments and to get more information on *why* and *how* these instruments became successful and, ultimately, to improve theory. We, thus, propose further research with a sample size of ten to thirty companies.

The *scoring system and process* used in this study has also limitations. Due to few resources, the evaluation was done by a small *internal* research team. Whilst the scoring criteria were guided by literature and exploratory expert interviews, this process can not entirely assure objectivity. Further studies could involve *external experts* in the rating process. Another limitation to the scoring model, which is, however, rather a *conceptual* limitation, is that the scoring of formal systems does not necessarily reveal the real situation in the organisation. Moreover, it misses a "time dimension" because once new formal systems are introduced they are immediately reflected in scoring results (where, in contrast, organisational realities remain firstly untouched).

Finally, the findings on the explorative *link between the strength of the responsible leadership system and the CR performance* have to be used with care. The assessment using the RLS framework covers some instruments which are also assessed by CR rating agencies (e.g., code of conduct). Thus, RLS "performance" already includes some parts of the CR performance, which makes both "constructs" dependent to a certain degree.

7.2.2 Conceptual

The holistic framework of the present study comes at the cost of a rather high-level analysis of each of the framework's elements.

- Concerning the field of *interactive process*, further exploratory research could focus on *organisational goal systems*, represented by the so called CR programmes or roadmaps. Whilst the present study applied a very generic assessment of these systems, it is, to date, still unknown how to systematically evaluate and compare them: Are short-term goals better than long-term goals? Should quantitative improvement measures be set in *relative* or *absolute* levels in respect to the production output?

- Another field which research (RESPONSE, [2007]) needs to advance is *leadership development*. Recent research revealed that the current focus on *horizontal development* (i.e. competencies and skills), by itself, does not suffice to facilitate CR. Development also needs to work on "mindsets" in order to achieve more open-minded leaders, then able to transcend the narrow minded economic orientation. This paradigm change towards *vertical development* requires new types of development programmes which go far beyond traditional classroom-based programmes.

- One limitation in the analysis of formal strategies exists in the differentiation of *corporate* and *functional*-level strategies. Functional-level strategies were less formalised and, thus, more difficult to analyse. Further, it remains difficult to judge whether a strategy relates to the corporate level or functional level: For example, if the CR unit is a staff unit below the executive board, is the CR strategy then corporate or functional level? Hence, it is maybe oversimplified to generally relate CR strategies to the functional level. Further research needs to investigate strategies on these levels and could also consider business-level strategies (Brunner, 2003: 26; Steger, 2004: 47).

- Based on the few existing studies on *organisational structures for CR*, the present study explored the various organisational structures within companies. The findings indicate a large variety on solutions with the two extremes being a highly *decentralised* and a highly *centralised* arrangement. More importantly, the findings demonstrate that the judgement on quantity and quality of such structures remain a very complex task. The simple question about how many people work for CR can, thus, be a challenging one. We suggest further in-depth case study research in order to identify existing organisational arrangements and their interdependencies. The other interesting question is which of the design types (centralised, decentralised) is best for CR. External ratings results and other research (BSR, 2002) reveals that both types of companies receive similar good evaluations. This could be an indicator that additive CR structures does not have an influence on CR performance. However, further research should evaluate this in more detail.

- In the RLS framework, the contextual field *culture* covers all semi-formal and implicit aspects of culture like myths, stories, and underlying values (the formal artefacts of culture are represented by the other fields of the RLS framework). These semi-formal and implicit aspects of culture, however, were only superficially investigated in the present study. Further exploratory research should investigate the links between corporate culture and CR.

Last but not least, one limitation is related to the *concept of CR*. CR is a very high-level conceptualisation which covers social, societal, environmental, and ethical dimensions and spans across a very broad set of issues (e.g., health and safety, employee training, environmental protection). Although we maintained flexibility to step down from the high-level of CR during the

research, we did not systematically cover and explore all of these different dimensions and issues. However, many of the interviewees stressed the fact that CR is a term to be replaced by more specific fields, focal areas, or issues. One of the CR managers expressed this as follows:

> "I recognise in many of the interviews [from researchers] that the posed questions address the term 'CR'. One could also approach it from the other side, and leave the umbrella term away and define CR in terms of specific issues like, for example, training, safety management, environmental protection, etc. Then, you take a more practice-oriented perspective by approaching the related functions and asking them about their progress in these specific issues. The current way of CR research could lead to a situation, where the researchers are presented with a simulation layer [e.g. corporate CR units], which does in fact not exist and which does not have a proper reality, whereas safety management does indeed exist in practice." (CR Manager, DAX)

Against this background, it is reasonable to make future CR research focus on more specific issues.

7.3 Conclusion

Corporations, with their large-scale organisations often spanning across the globe, have more power than ever to engage in CR and, hence, to contribute to sustainable development. Leading corporations make CR an integral part of products and services across the entire value chain; educate consumers and influence consumer needs; develop their employees in more holistic forms; demonstrate a proactive CR position towards their investors; and engage with governments to develop more responsible market frameworks. As these examples show, CR is a collaborative approach in which companies can take a very influential role.

Conceptually, the responsible leadership systems framework demonstrates that a large set of leadership instruments and tools are at hand to foster CR-oriented change in organisations. Also, empirical evidence shows that MNCs are embarking towards responsible leadership systems. Still, corporate solutions are often partial in terms of scope. Against this background, it remains to see whether corporations more determinately engage in change towards responsible business. Considering the immense challenges faced today, this will be a required step in order to provide healthy, just, and inclusive markets and societies worldwide and, more generally, to provide "prosperity"—not limited to an economic sphere (e.g. gross national products), but also covering non-economic aspects (well-being, beauty of nature, etc.). As optimists, who have gotten to know many individuals working towards this change (formal and informal leaders), we believe that this change is possible and has already gained momentum.

Annex

A.1.   List of Interviewees

Name	Position / Title	Organisation
anonymous	Manager	Anonymous Inc.
anonymous	CSR Manager	Anonymous Inc.
Baumann, Ernst	Member of the managing board responsible for HR	BMW AG
Höltschl, Herbert	Group Representative Sustainability and Environmental Protection	BMW AG
Schuler, Dr. Verena	Corporate and Governmental Affairs/ Sustainability Communications	BMW AG
Campino, Dr. Ignacio	Representative of the Board of Management for Sustainability and Climate Change	Deutsche Telekom AG
Henn, Albert	Human Resources Director, T-Mobile Germany	Deutsche Telekom AG
Neves, Luis	Head Sustainable Development and Environment	Deutsche Telekom AG
Bergmann, Dr. Uwe	Head Sustainability Reporting & Stakeholder Dialogue	Henkel AG
Adamzcyk, Sabrina	Intern (Corporate Responsibility)	Linde AG
Freiberg, Dietlind	Corporate Responsibility	Linde AG
Vetter, Katarina	Corporate Responsibility	Linde AG
Schaad, Maria	Public Affairs / Corporate Responsibility	Merck KGaA
Landau, Heinz	Managing Director	Merck Ltd., Thailand (Merck KGaA)
Chotivimut, Cerean	Corporate Communications Manager	Merck Ltd., Thailand
Chuaywongyart, Sutisophan	Department Manager, Human Resources	Merck Ltd., Thailand
Elangovan, Govindasamy	Human Resources Development Advisor	Merck Ltd., Thailand
Hering, Cornelia	Management intern (HRD)	Merck Ltd., Thailand
Sextl, Martin	Management intern (CSR & controlling)	Merck Ltd., Thailand
Suwanna, Somjaivong	CSR Manager	Merck Ltd., Thailand
Kronen, Daniel	Senior Director, Corporate Responsibility	Siemens AG
Merz, Christian*	Sustainability Manager	Siemens AG
Czutka, Mira**	Diversity Officer	W.L. Gore & Associates GmbH
Hochrein, Kilian**	Environmental Officer	W.L. Gore & Associates GmbH
Kiehl, Bernhard**	Product Manager	W.L. Gore & Associates GmbH
Klein, Eduard	Managing Director	W.L. Gore & Associates GmbH

Table 33   Interviewees Part of the Case Studies (Ordered by Firm)[34]

---

[34]   (*): Interview conducted by Friedrich Große-Dunker; (**): Interview conducted by Susanne Kuntze

Name	Position / Titel	Organisation
Bachfischer, Dr. Robert	Managing Director and Trainer	Management Centrum Schloss Lautrach
Deiser, Dr. Roland	Executive Chairman European Corporate Learning Forum	European Corporate Learning Forum (ECLF)
Möslein, Kathrin, Prof.	Expert in leadership systems	University Erlangen-Nuremberg, Chair for Information Systems I - Innovation & Value Creation; Academic director CLIC- Center for Leading Innovation & Cooperation
Sackmann, Prof. Sonja	Expert in corporate culture	University Bw Munich, Institut for Human Resources and Organization Research Project leader at Malik Management Zentrum St. Gallen (MZSG)
Schneider, Ralf	Partner and Head of Global Talent Management	PriceWaterhouseCoopers
Staffhorst, Christiane	Project Manager	Stiftung Wertevolle Zukunft
Wagner, Dr. Marcus	Senior Researcher	Technische Universitaet Muenchen, TUM Business School

Table 34   Interviewees Part of the Preliminary Expert Study

A.2.   Interview Guideline for CR managers

Institute for Information, Organization, and Management.
Prof. Dr. Prof. h.c. Dr. h.c. Ralf Reichwald.

CSR Leadership Study

Generic Interview Guideline

IMPORTANT: This guideline is a generic interview guideline covering the main aspects of the interview. Before the actual interview takes place, company-specific information from secondary sources will be used to adapt the guideline to the actual situation of the company.

Target: CSR Manager / Head of Sustainability Committee / Council

Author: Erik Hansen

                      TUM Business School

                      Chair for Information, Organisation and Management

                      Prof. Dr. Prof. h.c. Dr. h.c. Ralf Reichwald

                      Leopoldstr. 139

                      80804 Muenchen

                      Germany

1 INTRODUCTION

1.1 Instructions for the interview

- If you agree, the interview will be recorded. The audio recording will be used for preparation of the protocol only. Recording can be interrupted anytime on request.
- The protocol of the interview will be emailed to you for approval. Statements can be deleted from the protocol on request.
- All information is used only in anonymous form for publications. Any other form of publication will require your additional approval.
- This interview takes about 1.5-2 hours.

1.2 Information about the interviewee

Q1)   What's you exact job position and title? Business card?

Q2)   What is your background?

     a) education? previous jobs?

Q3)   How long are you in

     a) this position? in this company?

Q4)   Optional: Participation in Leadership Excellence study in 2003

1.3 General questions

Q5)   Do you see a link between CSR and leadership? Where exactly?

Q6)   How do you judge the approach of "hardwiring" responsibility into the organisational structures and leadership structures ?

Q7)   (Is it possible to introduce "responsibility" / CSR with top-down approaches?)

2 CSR LEADERSHIP: CONTEXT FIELDS

2.1 Strategy

Q8)   According to Zadek's CSR stages…

STAGE	WHAT ORGANISATIONS DO
Defensive	Deny practices, outcomes or responsibilities
Compliance	Adopt a policy-based compliance approach as a cost of doing business
Managerial	Embed the societal issue in their core management processes
Strategic	Integrate the societal issue into their core business strategies
Civil	Promote broad industry participation in corporate responsibility

a) Where do you see your company currently?

b) Where do you see your company in the next 3 years?

Q9) Is CSR part of the business strategy?

a) Why? Why not?

b) Is an incremental or radical (product portfolio) strategy followed?

c) How is this reflected in the company's organisation / processes?

d) Since when?

e) entire company vs. selected business units

2.2 Structure

Q10) In how far do you think that the legal structure influences your company's CSR approach?

a) ownership: foundation / family / public / mixed-mode

Q11) How is CSR set-up in your organisation?

a) Responsible department: HR / Environment & Safety / CSR department / Committees / Council

b) How many people work for CSR (exclusive vs. shared responsibility) ?

c) How often does the council or committee meet with CR on the agenda?

d) Top-leadership responsibility:

i) CEO / General Manager

ii) board responsibility

e) Is the sustainability manager part of corporate strategy?

f) Global structure: decentralisation / centralisation

2.3 Culture

Q12) Which role has corporate culture for CSR?

Q13) How relates the corporate culture of your company to CSR?

Q14) Does the culture / the values of the founder play a role?

Q15) How does the country's culture influence your company's CSR approach?

   a) Optional: headquarter vs. local country

Q16) (Does your company aim at a high performance culture?)

   a) High performance culture and CSR – what's the relation?

3 CSR LEADERSHIP: LEADERSHIP SYSTEM

3.1 Internal & external Stakeholder Interaction (L1)

3.1.1 General

Q17) Which role plays (internal/external) CSR communication and dialogue in your organisation?

Q18) Which stakeholders did you identify as strategic/primary?

Q19) Which stakeholders are directed with CSR?

   a) Investors, employees, customers, suppliers, communities, society at large

Q20) How does your company specifically deal with investors/owners in terms of CSR?

   a) If a subsidiary: How to deal with the headquarter?

3.1.2 Mostly one-directional instruments

Q21) Which instruments are used to communicate the company's CSR approach?

   a) Vision, mission and values

      i) integrated vs. separated sustainability vision/strategy

   b) Management programmes / strategic programmes

   c) Decision-making processes?

   d) Codes of conduct / Code of ethics

   e) Leadership Guidelines

   f) CSR reports (annually vs. bi-annually)

   g) CSR magazine / newsletters

   h) Employee magazine

   i) Speeches (top-management)

3.1.3 Bi-directional and dialogic instruments

Q22) Which instruments are used to involve stakeholders into CSR management?

a) Stakeholder dialogue (meetings, forums) / Surveys / …

3.1.4 Interaction via target setting (crossover to CSR performance metrics)

Q23) CSR targets on corporate level:

    a) How are targets set on corporate level?

        i) Targets for results in external CSR ratings / participation in indexes (e.g. DJSI)

        ii) Application of continuous improvement (TQM)

    b) How are targets communicated?

        i) Vision / CSR reports / GRI reporting / Global compact reporting

Q24) Are CSR targets set on individual level: board, top-management, management

        i) MBO

3.2 CSR Performance Metrics (L2)

Q25) How does your company assess the CSR performance?

Q26) Which role does 'continuous improvement' play for CSR?

Q27) In how far can published CSR targets/ Gap analysis be regarded as performance measurement? What's the internal background on that?

Q28) What is the relevance of qualitative goals?

Q29) KPI's used to measure CSR:

    a) (standard KPI's from EHS / EMS / SMS)

    b) KPI's or measurement systems beyond EHS

    c) EFQM

    d) Reporting to Global compact / Reporting according to GRI

    e) Other concepts (e.g. "sustainable value")

Q30) Surrogate measures

    a) Stakeholder measurement (survey data, e.g. "SPIRIT")

    b) other survey-based measurement

Q31) Evaluation by external groups:

    a) Audits & Standards (e.g. ISO 26000)

    b) In how far are external CSR Ratings used as internal performance measure?

    c) In how far are services of such agencies exploited?

Q32) Integration into strategic tools

    a) e.g. sustainability balanced scorecard (S-BSC)

Q33) Performance of the individuals

    a) Feedback criteria (180/360°) / culture surveys

3.3 CSR Deployment (L3): Incentives and Compensation

Q34) Which role do incentives and compensation play in CSR?

Q35) Which incentives for leaders can you imagine to motivate CSR-oriented action?

Q36) Does your company use some of the following incentives to stimulate CSR?

    a) non-monetary

        i) recognition / status

        ii) "liberation" (volunteering)

        iii) leadership groups

        iv) special projects / board awareness etc.

        v) success stories e.g. of responsible leaders

        vi) awards

    b) monetary

        i) bonus or variable parts according to CSR-KPI's (environment, safety, etc.)

        ii) MBO

Q37) Are there any compliance systems to avoid irresponsible behaviour

    a) whistle blowing against corruption, zero-tolerance etc.)?

    b) is compliance regarded as means to detect corruption or to detect any

Q38) Other consequences

    a) e.g. influencing the carrier

3.4 Selection of Leaders and Leadership Development (L4)

Q39) Do you think development programs can help to promote CSR in the organisation / to change the culture?

Q40) "Values can't be taught, but are part of the education received by the family". Your opinion?

Q41) Which instruments for development do you see as appropriate for that?

Q42) Is CSR somehow part of defined leadership competencies or skills?

Q43) In your company, which instruments are used for leadership development:

   a) internal programmes / corporate university / other external programmes

Q44) Does leadership development in your company integrate CSR?

   a) on which management level?

   b) type of integration:

      i) theoretically: the concept of CSR is a subject in certain development sessions

      ii) practically: Utilization of outdoor programmes (community projects, volunteering) as development programs

Q45) Are external leadership development / executive training programs offered that integrate CSR?

Q46) Does CSR (values) play a role in promotion / selection of leaders? In how far?

Q47) (Is CSR subject in development programmes for employees in general?)

3.5 Systems perspective on CSR Leadership System

Q48) What is your opinion about the following statement: "A successful CSR implementation requires instruments in all four CSR Leadership clusters"?

Q49) How (which cluster/context field) did your organisation approach CSR first? In which order?

Q50) How do you assess the relative importance of the 4 clusters (and context fields)?

Q51) Which was the most important instrument used?

Q52) Regarding your company, please compare the current importance of the clusters with the importance anticipated for the next 3 years!

Q53) Are there any new CSR projects planned which have relevance for the CSR Leadership Framework and which were not mentioned yet?

Q54) Centralisation vs. Decentralisation:

   a) What is the scope of instruments discussed in terms of subsidiaries worldwide?

4 CLOSING QUESTIONS

Q55) Do you support the CSR Leadership framework as a generic tool for analysis?

    a) Do you support the framework's clusters and context fields?

    b) As of your opinion, which relevant issues are missing in the framework, regarding CSR and leadership?

Q56) Any other comments, suggestions or requests?

Q57) Is your company eventually interested in further participating in the study (interviews with functional experts, with experts from subsidiaries or/and with the top-management)?

Q58) Can you recommend other experts who could be relevant for this study?

    a) from other departments

    b) from subsidiaries with extraordinary engagement in CSR?

    c) from other companies, competitors, suppliers, customers or NGO's?

Thank you very much for your contribution!

References

Adamczyk, S., Hansen, E. G. & Reichwald, R. 2009: Measuring Sustainability By Environmental Innovativeness: Results from Action Research at a Multinational Corporation in Germany. Paper presented at the International Conference and Doctoral Consortium on Evaluation Metrics of Corporate Social and Environmental Responsibility, 8–10 June, 2009, Lyon, France. Organized in partnership between ISEOR and Academy of Management.

Alexander, J. & Wilson, M. 2005: Foundations of responsible leadership: from self-insight to integrity and altruism. In: Doh, J. P. & Stumpf, S. A. (Eds.): *Handbook on Responsible Leadership and Governance in Global Business.* Glos: Edward Elgar: 137–156.

Alvesson, M. & Sköldberg, K. 2000: Reflexive Methodology. New Vistas for Qualitative Research. London: Sage.

AMA American Management Association 2002: AMA 2002 Corporate Values Survey. Executive summary. New York. Online: http://www.amanet.org/research/pdfs/2002_corp_value.pdf (21.08.2008).

AMA American Management Association 2007: Creating a Sustainable Future. A Global Study of Current Trends and Possibilities 2007–2017. New York. Online: http://www.amanet.org/research/pdfs/sustainable-future-07.pdf (16.08.2008).

Atkisson, A. & Lee Hatcher, R. 2001: The Compass Index of Sustainability: Prototype for a Comprehensive Sustainability Information System. In: *Journal of Environmental Assessment Policy & Management,* 3(4): 509–532.

Austin, J. E. 2006: Leadership through social purpose partnering. In: Maak, T. & Pless, N. M. (Eds.): *Responsible Leadership.* PriceWaterhouseCoopers. Oxon: Routledge: 202–212.

Backhaus-Maul, H. & Braun, S. 2007: Gesellschaftliches Engagement von Unternehmen in Deutschland. Konzeptionelle Überlegungen und empirische Befunde. In: *Stiftung&Sponsoring,* 10(5): 2–15.

Barsky, A. 2008: Understanding the Ethical Cost of Organizational Goal-Setting: A Review and Theory Development. In: *Journal of Business Ethics,* 81(1): 63–81.

Basu, K. & Palazzo, G. 2008: Corporate Social Responsibility: A Process Model of Sensemaking. In: *Academy of Management Review,* 33(1): 122–136.

Baumann, D. & Scherer, A. G. 2009: MNEs and the UN Global Compact: An Empirical Analysis of the Organizational Implementation of Corporate Citizenship. Paper accepted for the 2009 Annual Meeting of the Academy of Management, Aug, 7-11.

Bekefi, T. & Epstein, M. J. 2008: Transforming Social and Environmental Risks into Opportunities. In: *Strategic Finance,* 89(9 - March): 42–47.

Bieker, T. 2005: Normatives Nachhaltigkeitsmanagement. Die Bedeutung der Unternehmenskultur am Beispiel der F&E der Automobil- und Maschinenbaubranche. Dissertation. Betreut von Thomas Dyllick-Brenzinger und Peter Ulrich. St. Gallen. Universität St. Gallen. Online: http://www.unisg.ch/www/edis.nsf/wwwDisplayIdentifier/3068/$FILE/dis3068.pdf (8.7.2007).

Bieker, T. & Dyllick, T. 2006: Nachhaltiges Wirtschaften aus managementorientierter Sicht. In: Tiemeyer Ernst, Wilbers, K. & Tiemeyer, E. (Eds.): *Berufliche Bildung für nachhaltiges Wirtschaften.* Konzepte Curricula Methoden Beispiele. 1. Aufl. Bielefeld: Bertelsmann: 87–106.

Bieker, T., Dyllick, T., Figge, F., Gminder, C. U., Hahn, T., Schaltegger, S. & Wagner, M. 2002: Erfahrungen und Schlussfolgerungen. In: Schaltegger, S. & Dyllick, T. (Eds.): *Nachhaltig managen mit der Balanced Scorecard.* Konzept und Fallstudien. Wiesbaden: Gabler: 345–371.

Bieker, T., Herbst, S. & Minte, H. 2002: Nachhaltigkeitskonzept für die Konzernforschung der Volkswagen AG. In: Schaltegger, S. & Dyllick, T. (Eds.): *Nachhaltig managen mit der Balanced Scorecard.* Konzept und Fallstudien. Wiesbaden: Gabler: 315–342.

Bielak, D., Bonini, S. M. & Oppenheim, J. M. 2007: CEOs on strategy and social issues. In: *The McKinsey Quarterly,* October 2007: 1–8.

Bihl, G., Thanner, E. & Wächter, J. 1997: Anforderungen Neuer Arbeitsstrukturen an Führungskräfte und Mitarbeiter. In: *Zeitschrift Führung + Organisation,* (3): 168–172.

Blumberg, M. & Scheubel, V. 2007: Hand in Hand. "Corporate Volunteering" als Instrument der Organisationsentwicklung in Deutschland. Edited by brand&values GmbH. Bremen, Germany.

BMU (Bundesministerium für Umwelt Naturschutz und Reaktorsicherheit), econsense & CSM (Centre for Sustainability Management) (Eds.) 2007: Nachhaltigkeitsmanagement in Unternehmen. Von der Idee zur Praxis: Managementansätze zur Umsetzung von Corporate Social Responsibility und Corporate Sustainability. 3rd ed. Co-authorship by S. Schaltegger, C. Herzig, O. Kleiber, T. Klinke & J. Müller. Berlin; Lüneburg: BMU.

BMW 2007: Sustainable Value Report 2007/2008. München. Online: www.bmwgroup.com (05.09.2008).

BMW 2008: Annual Report 2007. Munich, Germany. Online: http://www.bmwgroup.com/ annualreport2007/start.html (28.11.2008).

Brodbeck, F. C., Hanges, P., Dickson, M. W., Gupta, V. & Dorfman, P. W. 2006: Societal Culture and Industrial Sector Influences on Organizational Culture. In: House, R. J., Hanges, P., Javidan, M., Dorfman, P. W. & Gupta, V. (Eds.): *Culture, leadership, and organizations.* The GLOBE study of 62 societies. Thousand Oaks, Calif.: Sage: 654–668.

Brown, M. E. & Treviño, L. K. 2006: Ethical leadership: A review and future directions. In: *The Leadership Quarterly,* 17(6 - December): 595–616.

Brugger, F. 2008: Unternehmerische Nachhaltigkeitskommunikation. Ansätze zur Stärkung unternehmerischer Nachhaltigkeit. Lüneburg: CSM.

Brunner, M. 2003: Automobile Industry. Sector Report. CSM/WWF Research Project: The Business Case for Sustainability. Rheingau. (IMD Working Paper Series). Online: http://www.imd.ch/research/centers/csm/business_case_for_sustainability.cfm (14.12.2007).

Brunner, M. 2006: Strategisches Nachhaltigkeits-Management in der Automobilindustrie. Eine empirische Studie. Wiesbaden: Dt. Univ.-Verl.

BSR Business for Social Responsibility 2002: Designing a CSR structure. A step-by-step guide including leadership examples and decision-making tools. Online: www.bsr.org (28.07.2009).

Bullinger, A. C. 2008: Innovation and ontologies. Structuring the early stages of innovation management. Wiesbaden, Germany: Gabler.

Camp, R. C. 1989/2006: Benchmarking. The search for industry best practices that lead to superior performance. Portland, OR: Productivity Press, 2006.

Campbell, J. L. 2007: Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. In: *Academy of Management Review,* 32(3): 946–967.

Campino, I. & Hoffmann, J. 2004: Der "Kulturbeitrag" von Unternehmen. In: Dietzfelbinger, D. (Ed.): *Nachhaltige Entwicklung: Grundlage einer neuen Wirtschaftsethik.* München, Mering: Hampp (DNWE-Schriftenreihe, 12): 141–154.

Carroll, A. B. 1978: Setting operational goals for corporate social responsibility. In: *Long Range Planning,* 11(2): 35–38.

Carroll, A. B. 1979: A Three-Dimensional Conceptual Model of Corporate Performance. In: *Academy of Management Review,* 4(4): 497–505.

Carroll, A. B. 1991: The pyramid of corporate social responsibility: Towards the moral management of organizational stakeholders. In: *Business Horizons,* 34(4 - Jul/Aug): 39–48.

Chesbrough, H. W. 2003: Open innovation. The new imperative for creating and profiting from technology. Boston, Mass.: Harvard Business School Press.

Clausen, J. & Loew, T. 2009: CSR und Innovation: Literaturstudie und Befragung. Berlin. Online: http://www.4sustainability.org (21.03.2009).

Cogan, D. G. 2006: Corporate Governance and Climate Change: Making the Connection. Edited by Ceres Inc. Boston, MA. Online: http://www.ceres.org/Document.Doc?id=397 (27.02.2009).

Conger, J. A. 1998: Qualitative research as the cornerstone methodology for understanding leadership. In: *Leadership Quarterly,* 9(1): 107–121.

Cook-Greuter, S. R. 2004: Making the case for a developmental perspective. In: *Industrial and Commercial Training,* 36(7): 275–281.

Daft, R. L. 2002: The Leadership Experience. 2nd ed. Orlando: Hartcourt.

Davis, K. 1973: The Case for and Against Business Assumption of Social Responsibilities. In: *Academy of Management Journal,* 16(2): 312–322.

Deiser, R. 1994: Postconventional Strategic Management - Criteria for the Postmodern Organization. In: Thomas, H., White, R. & O'Neal, D. (Eds.): *Building the strategically-responsive organization.* Chichester England, New York: Wiley & Sons (The strategic management series, 1): 171–188.

Denison, D. R. & Schlue, R. 2007: Managing Corporate Culture at Henkel. Applying the Denison Organizational Culture Survey. Edited by Bertelsmann Stiftung. Gütersloh. Online: http://www.denisonconsulting.com/dc/Portals/0/Docs/Case_Henkel.pdf (15.08.2008).

Dietzfelbinger, D. 2004: Unternehmerische Verantwortung für die Zukunft. Ein Praxisbericht. In: Dietzfelbinger, D. (Ed.): *Nachhaltige Entwicklung: Grundlage einer neuen Wirtschaftsethik.* München, Mering: Hampp (DNWE-Schriftenreihe, 12): 129–140.

Ditz, D. & Ranganathan, J. 1997: Measuring Up. Toward a Common Framework for Tracking Corporate Environmental Performance. Edited by WRI, [World Resources Institute].

Doh, J. P. & Stumpf, S. A. 2005: Towards a framework of responsible leadership and governance. In: Doh, J. P. & Stumpf, S. A. (Eds.): *Handbook on Responsible Leadership and Governance in Global Business.* Glos: Edward Elgar: 3–18.

Doppelt, B. 2003: Leading change toward sustainability. A change-management guide for business, government and civil society. Sheffield: Greenleaf.

Doughty Centre (Ed.) 2009: Corporate Responsibility Champions Network: A 'How to' Guide. Cranfield. Online: http://www.cranfieldknowledgeinterchange.com/critguide.aspx (08.04.2009).

Deutsche Telekom n.d.: Our Code of Conduct. Living up to our Corporate Values. Creating Values - as a Team. Bonn, Germany. Online: http://www.download-telekom.de/dt/StaticPage/ 28/90/dtag_code_of_conduct_en_28908.pdf (28.11.2008).

Deutsche Telekom 2008: Connected life and work. Bringing people together. Embracing responsibility. Finding solutions. The 2008 Corporate Responsibility Report. Bonn, Germany. Online: http://www.cr-report.telekom.de (29.11.2008).

DTI (Department of Trade and Industry) 2003: "Changing Manager Mindsets". Report of the Working Group on the Development of Professional Skills for the Practice of Corporate Social Responsibility. no place. Online: http://www.bitc.org.uk/document.rm?id=5104 (20.11.2007).

Dubois, A. & Gadde, L.-E. 2002: Systematic combining: an abductive approach to case research. In: *Journal of Business Research,* 55(7): 553–560.

Eckelmann, O. 2003: Pharmaceutical Industry. Sector Report. CSM/WWF Research Project: The Business Case for Sustainability. Rheingau. (IMD Working Paper Series, 2003-11). Online: http://www.imd.ch/research/centers/csm/business_case_for_sustainability.cfm (14.12.2007).

Eckelmann, O. 2006: Strategisches Nachhaltigkeitsmanagement in der pharmazeutischen Industrie. Eine empirische Untersuchung. Zugl.: Berlin, Techn. Univ., Dissertation, 2006. Wiesbaden: Dt. Univ.-Verl.

Economist Intelligence Unit 2007: Action or Aspiration? Sustainability in the workplace. A report from the Economist Intelligence Unit. London; New York; Hong Kong;. Online: http://www.biggerthinking.com/docs/en/BT_SUSTAIN_GLOBAL_301007.pdf (26.11.2007).

EFMD (European Foundation for Management Development) 2005: Globally Responsible Leadership. A Call for Engagement. Online: http://www.efmd.org/attachments/ tmpl_3_art_060614xvqa_att_060614trmw.pdf (7.1.2008).

Eisenhardt, K. M. 1989: Building Theories from Case Study Research. In: *Academy of Management Review,* 14(4): 532–550.

ELIAS 2007: ELIAS. Online: http://www.elias-global.com/Documents/ELIAS_Project_20.pdf (29.09.2008).

Elkington, J. 1998: Cannibals with forks. The triple bottom line of 21st century business. Gabriola Island BC Canada Stony Creek CT: New Society Publishers (Conscientious commerce).

Epstein, M. J. 2008: Making sustainability work. Best practices in managing and measuring corporate social, environmental, and economic impacts. Sheffield: Greenleaf.

Epstein, M. J. & Roy, M.-J. 2001: Sustainability in Action: Identifying and Measuring the Key Performance Drivers. In: *Long Range Planning,* 34(5): 585–604.

Epstein, M. J. & Roy, M.-J. 2003: Making the Business Case for Sustainability: Linking Social and Environmental Actions to Financial Performance. In: *Journal of Corporate Citizenship,* 9: 79–96.

Ettorre, B. 1993: Benchmarking: The Next Generation. In: *Management Review,* 82(6): 10–16.

Figge, F. & Hahn, T. 2004: Sustainable Value Added – Ein neues Maß des Nachhaltigkeitsbeitrags von Unternehmen am Beispiel der Henkel KGaA. In: *Quarterly Journal of Economic Research*, 73(1): 126–141.

Hahn, T., Figge, F. & Barkemeyer, R. 2007: Sustainable Value creation among companies in the manufacturing sector. In: *International Journal of Environmental Technology and Management*, 7(5/6): 496–512.

Flick, U. 2004: Qualitative Sozialforschung. Eine Einführung. 2. Aufl. Reinbek bei Hamburg: Rowohlt-Taschenbuch.

Freeman, R. E., Harrison, J. S. & Wicks, A. C. 2007: Managing for stakeholders. Survival, reputation, and success. New Haven; London: Yale University Press (Business Roundtable Institute for Corporate Ethics series in ethics and leadership).

Friedman, M. 1979: The Social Responsibility of Business is to increase its Profits. In: *New York Times Magazine*, 13.09.1979.

Fulmer, R. M. 2005: What leaders and their organizations can do to develop ethical leaders. In: Doh, J. P. & Stumpf, S. A. (Eds.): *Handbook on Responsible Leadership and Governance in Global Business.* Glos: Edward Elgar: 42–53.

Fussler, C., Cramer, A. & van der Vegt, Sebastian (Eds.) 2004: Raising the bar. Creating value with the United Nations Global Compact. Sheffield: Greenleaf.

Gardiner, L. & Lacy, P. 2005: Lead, respond, partner or ignore: the role of business schools on corporate responsibility. In: *Corporate Governance: International Journal of Business in Society,* 5(2): 174–185.

Gordon, M. 2006: Taking the lead: a case study of corporate social responsibility in Thailand. In: *Journal of Social Change,* 1(1): 30–65.

Graafland, J., Eijffinger, S. C. & Smid H. 2004: Benchmarking of Corporate Social Responsibility: Methodological Problems and Robustness. In: *Journal of Business Ethics,* 53(1-2): 137–152.

GRI (Global Reporting Initiative) 2006: Sustainability Reporting Guidelines. Version 3.0. Online: http://www.globalreporting.org (5.8.2007).

GTZ 2006: Sustainable Management for the Future. Findings of a Study on the Implementation of Sustainable Management in German Multinational Companies. Frankfurt. Online: http://www2.gtz.de/dokumente/bib/06-0180.pdf (18.07.2007).

Guerrera, F. 2009: Welch rues short-term profit 'obsession'. In: *Financial Times*, 12.03.2009. Online: http://us.ft.com (13.02.2009).

Hahn, T., Figge, F. & Barkemeyer, R. 2008: Sustainable Value in Automobile Manufacturing. An analysis of the sustainability performance of automobile manufacturers worldwide. Belfast, Berlin. Online: http://www.sustainablevalue.com (16.09.2008).

Hamel, G. & Breen, B. 2007: The future of management. Edited by Harvard Graduate School of Business Administration. Boston, Mass.: Harvard Business School Press.

Hansen, E. G. 2009: Responsible Leadership Systems - Integrating Corporate Responsibility into Leadership Systems. An Empirical Analysis in Multinational Corporations. Dissertation. Technische Universität München. München, Germany.

Hansen, E. G. 2008: Responsible leadership requires responsible leadership systems: The case of Merck Ltd., Thailand. Paper presented at the 8th EURAM conference 2008: Managing Diversity: European Destiny and Hope. Ljubljana and Bled, Slovenia, 14–17 May. Online: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1440290 (21.08.2009).

Hansen, E. G., Große-Dunker, F. & Reichwald, R. 2009a: Sustainability Innovation Cube — A Framework to Evaluate Sustainability-Oriented Innovations. In: *International Journal of Innovation Management*, 13(4): 1–31.

Hansen, E. G., Große-Dunker, F. & Reichwald, R. 2009b: Sustainability Innovation Cube: A Framework to Evaluate Sustainability of Product Innovations. Paper presented at XXth ISPIM Conference "The Future of Innovation", 21–24 June 2009, Vienna, Austria. Best student paper award.

Hansen, E. G., Sextl, M. & Reichwald, R. 2009: Integrating Strategy and Corporate Community Involvement in a Balanced Scorecard. Results from Action Research at Merck Thailand Ltd. Submission to 9th EURAM Conference, 11–14th May, 2009, Liverpool, UK.

Hartmann, P. L., Rubin, R. S. & Dhanda, K. K. 2007: The Communication of Corporate Social Responsibility: United States and European Union Multinational Corporations. In: *Journal of Business Ethics,* 74(4): 373–389.

Henkel 2008: Our commitment. Sustainability Report 2007. Corporate Social Responsibility at Henkel. Düsseldorf, Germany.

Heslin, P. A. & Ochoa, J. D. 2008: Understanding and developing strategic corporate social responsibility. In: *Organizational Dynamics,* 37(2): 125–144.

Hess, D., Rogovsky, N. & Dunfee, T. W. 2002: The Next Wave of Corporate Community Involvement. Corporate Social Initiatives. In: *California Management Review,* 44(2): 110–125.

Heß, H.-J. 2007: Nachhaltigkeitsmanagement und nachhaltige Business Cases bei Finanzkonzernen. Das Management ökologischer und sozialer Probleme durch die Unternehmenszentralen. Betreut von Ulrich Steger. Berlin. TU Berlin, Fakultät VIII - Wirtschaft und Management.

Hesse, A. 2007: Nachhaltig mehr Wert. Der Informationsbedarf von Investoren und Analysten nach branchenspezifischen "Sustainable Development Key Performance Indicators" (SD-KPIs) in Lageberichten deutscher Unternehmen. Eine Untersuchung von Dr. Axel Hesse (SD-M) im Auftrag von Deloitte und dem Bundesumweltministerium. Edited by Deloitte. München. Online: http://www.sd-m.de (27.08.2008).

Hilb, M. 2001: Integriertes Personal-Management. Ziele - Strategien - Instrumente. 9. Aufl. Neuwied, Kriftel: Luchterhand.

Hind, P., Wilson, A. & Lenssen, G. 2009: Developing leaders for sustainable business. In: *Corporate Governance: International Journal of Business in Society,* 9(1): 7–20.

Hirsch, P. & Horowitz, P. 2006: The global employee volunteer: a corporate program for giving back. In: *Journal of Business Strategy,* 27(3): 50–55.

Hitt, M. A., Ireland, R. D. & Hoskisson, R. E. 2007: Strategic Management. Competitiveness and Globalization: Concepts and Cases. 7. ed. Mason OH: Thomson South-Western.

Hollender, J. 2004: What Matters Most: Corporate Values and Social Responsibility. In: *California Management Review,* 46(4): 111–119.

Holzinger, M., Richter, K. & Thomsen, D. 2006: A Company's Social Side. In: Hennigfeld, J., Pohl, M. & Tolhurst, N. (Eds.): *The ICCA Handbook on Corporate Social Responsibility.* Chichester: Wiley: 309–330.

Huff, A. & Möslein, K. M. 2004: An agenda for understanding individual leadership in corporate leadership systems. In: Cooper, C. L. (Ed.): *Leadership and Management in the 21st Century.* Business challenges of the future. Oxford: Oxford University Press: 248–270.

Hunsdiek, D. & Tams, C. 2006: Ethics & Compliance-Programme: Überlegungen zur Einführung in europäischen Unternehmen. In: Albach, H. (Ed.): *Unternehmensethik und globale Märkte.* Zeitschrift für Betriebswirtschaft Special Issue 1/2006. Wiesbaden: Gabler: 43–71.

Husted, B. W. & Jesus Salazar, J. de 2006: Taking Friedman Seriously: Maximizing Profits and Social Performance. In: *Journal of Management Studies,* 43(1): 75–91.

IBLF (International Business Leaders Forum) & SustainAbility 2001: The Power to Change. Mobilising board leadership to deliver sustainable value to markets and society. Co-authorship by J. Nelson, P. Zollinger & A. Singh. no place: Prince of Wales Business Leaders Forum.

IÖW Institut für ökologische Wirtschaftsforschung & future e.V. (Eds.) 2007: Nachhaltigkeitsberichterstattung in Deutschland: Ergebnisse und Trends im Ranking 2007. Münster. Online: http://www.ranking-nachhaltigkeitsberichte.de (28.08.2008).

IPCC (Intergovernmental Panel on Climate Change) 2007: Climate Change 2007: The Physical Science Basis. Summary for Policymakers. IPCC, [Intergovernmental Panel on Climate Change]. Paris. Online: http://www.ipcc.ch/SPM2feb07.pdf (4.2.2007).

Ireland, R. D. & Hitt, M. A. 1992: Mission statements: Importance, Challenge, and Recommendations for Development. In: *Business Horizons,* 35(3): 34–42.

Jones, T. M. 1995: Instrumental Stakeholder Theory: A Synthesis of Ethics and Economics. In: *Academy of Management Review,* 20(2): 404–437.

Kaptein, M. & Schwartz, M. S. 2008: The Effectiveness of Business Codes: A Critical Examination of Existing Studies and the Development of an Integrated Research Model. In: *Journal of Business Ethics,* 77(2): 111–127.

Kaufmann, L., Ehrgott, M. & Reimann, F. 2008: Der Nutzen anständigen Wirtschaftens. In: *Harvard Business manager,* 1: 6–12.

Kirchhoff, K. R. (Ed.) 2007: The Good Company Ranking. Evaluation of the Corporate Social Responsibility of Europe's 120 biggest Firms. Hamburg. Online: http://www.kirchhoff.de/fileadmin/Engagement/GCR_Gesamt_E.pdf (6.7.2008).

Knight, D. 2006: The SIGMA Management Model. In: Jonker, J. & Witte, M. de (Eds.): *Management models for corporate social responsibility.* Berlin, Heidelberg: Springer: 11–18.

Knoepfel, I. 2001: Dow Jones sustainability group index: A global benchmark for corporate sustainability. In: *Corporate Environmental Strategy,* 8(1): 6–15.

Kolk, A. 2004: A decade of sustainability reporting: developments and significance. In: *International Journal of Environment and Sustainable Development,* 3(1): 51–64.

Kolk, A., van Tulder, R. & Welters, C. 1999: International codes of conduct and corporate social responsibility: can transnational corporations regulate themselves? In: *Transnational Corporations,* 8(1): 143–180.

KPMG 2008: KPMG International survey of corporate responsibility reporting 2008. Online: http://www.kpmg.com (21.03.2009).

Kuhndt, M., Tuncer, B., Andersen, K. S. & Liedtke, C. 2004: Responsible Corporate Governance. An Overview of Trends, Initiatives and State-of-the-art Elements. Working paper (Wuppertal Papers, 139).

Landau, H., Polomski, S. & Schramm, N. 2005: Because we care. Integrierte Markenführung am Beispiel von Merck Ltd., Thailand. In: Gaiser, B., Linxweiler, R. & Brucker, V. (Eds.): *Praxisorientierte Markenführung.* Neue Strategien innovative Instrumente und aktuelle Fallstudien. Wiesbaden: Gabler: 677–696.

Landau, H. & Woisetschläger, D. 2009: Corporate Social Responsibility in der internationalen Markenführung. Das CSR-Konzept von Merck Thailand. In: Ahlert, D., Backhaus, C., Blut, M. &

Michaelis, M. (Eds.): *Management internationaler Dienstleistungsmarken.* Konzepte und Methoden für einen nachhaltigen Internationalisierungserfolg. Wiesbaden: Gabler: 345–370.

Lehner, U. 2006: Business Ethics as a Management Instrument - Vision, Values and Code of Conduct at Henkel. In: Hennigfeld, J., Pohl, M. & Tolhurst, N. (Eds.): *The ICCA Handbook on Corporate Social Responsibility.* Chichester: Wiley: 277–308.

Leitschuh-Fecht, H. 2005: Nachhaltig die Zukunft managen. Pioniere in globalen Unternehmen – Porträts und Hintergründe. Berne: Haupt.

Linde [2007]: The Linde Spirit. Munich, Germany. Online: www.linde.com (2.1.2009).

Linde 2008: Solutions Beyond Tomorrow. The Linde Corporate Responsibility Report 2008. Munich, Germany. Online: http://www.linde.de (15.12.2008).

Littlechild, M. 2003: The reporting dilemma. In: *European Business Forum,* (16): 76–78.

Locke, E. A. 2004: Linking goals to monetary incentives. In: *Academy of Management Executive,* 18(4): 130–133.

Lockwood, N. R. 2004: Corporate Social Responsibility. HR's Leadership Role. In: *HR Magazine,* 49(Dec 2004 - Supplement): 1–10.

Loew, T., Ankele, K., Braun, S. & Clausen, J. 2004: Bedeutung der internationalen CSR-Diskussion für Nachhaltigkeit und die sich ergebenden Anforderungen an Unternehmen mit Fokus Berichterstattung. Endbericht. Münster; Berlin. Online: http://www.ioew.de/home/downloaddateien/ bedeutung%20der%20csr%20diskussion.pdf (20.08.2007).

Loew, T. & Braun, S. 2006: Organisatorische Umsetzung von CSR: Vom Umweltmanagement zur Sustainable Corporate Governance. Berlin. Online: http://www.4sustainability.org/downloads/ Loew_Braun_2006_Organisatorische_Umsetzung_von_CSR.pdf (27.6.2007).

Logsdon, J. M. & Wood, D. J. 2005: Global Business Citizenship and Voluntary Codes of Ethical Conduct. In: *Journal of Business Ethics,* 59(1-2): 55–67.

Logsdon, J. M. & Yuthas, K. 1997: Corporate Social Performance, Stakeholder Orientation, and Organizational Moral Development. In: *Journal of Business Ethics,* 16(12/13 - September): 1213–1226.

Lowe, K. B. & Gardner, W. L. 2000: Ten years of the leadership quarterly: Contributions and challenges for the future. In: *The Leadership Quarterly,* 11(4): 459–514.

Lühmann, B. 2003: Entwicklung eines Nachhaltigkeitskommunikationskonzepts für Unternehmen. Modellanwendung am Beispiel T-Mobile Deutschland GmbH. Lüneburg: CSM.

Maak, T. & Pless, N. M. 2006: Responsible Leadership in a Stakeholder Society – A Relational Perspective. In: *Journal of Business Ethics,* 66(1): 99–115.

Maak, T. & Ulrich, P. 2007: Integre Unternehmensführung. Ethisches Orientierungswissen für die Wirtschaftspraxis. Co-authorship by P. Ulrich. Stuttgart: Schäffer-Poeschel.

Majer, H. 2004: Nachhaltigkeit – was bedeutet das? In: *unw-nachrichten,* (12): 23–29.

Malik, F. 2006: Management. Das A und O des Handwerks. 2. Aufl. Frankfurt a. M.: Frankfurter Allgemeine Buch.

Matten, D. & Moon, J. 2008: "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. In: *Academy of Management Review,* 33(2): 404–424.

Mavis, M. 1994: Painless performance evaluations. In: *Training & Development,* 48(10): 40–45.

Mayring, P. 1990/2002: Einführung in die Qualitative Sozialforschung. Eine Anleitung zu qualitativem Denken. 5., überarb. und neu ausgestattete Aufl. Weinheim: Beltz, 2002 (Beltz Studium).

Mayring, P. 2007: Qualitative Inhaltsanalyse. Grundlagen und Techniken. 9. Aufl. Weinheim, Basel: Beltz.

McIntosh, M. & Arora, B. 2001: Sustainability & Innovation, Learning and Cultural Change. Coventry. (The Sigma Project). Online: http://www.projectsigma.co.uk/RnDStreams/Innovation.PDF (17.05.2007).

Merck KGaA 2008: The Merck Group. Online: http://www.merck.de/en/company (28.11.2008).

Merck Thailand 2008: Merck Thailand. Corporate Social Responsibility. Annual Report 2006/07. Responsibility towards Employees, the Environment and Thai Society. Bangkok. Online: http://www.merck.co.th/en/about/social_annual.asp (04.12.2008).

Mintzberg, H. 1983: The Case for Corporate Social Responsibility. In: *Journal of Business Strategy,* 4(2): 3–14.

Mintzberg, H., Ahlstrand, B. W. & Lampel, J. 1998: Strategy safari. A guided tour through the wilds of strategic management. London: Prentice Hall.

Mirvis, P. & Googins, B. 2006: Stages of Corporate Citizenship. In: *California Management Review,* 48(2): 104–126.

Money, K. & Schepers, H. 2007: Are CSR and corporate governance converging? A view from boardroom directors and company secretaries in FTSE100 comanies in the UK. In: *Journal of General Management,* 33(2): 1–11.

Morgan, G., Ryu, K. & Mirvis, P. 2009: Leading corporate citizenship: governance, structure, systems. In: *Corporate Governance: International Journal of Business in Society,* 9(1): 39–49.

Möslein, K. M. 2005: Der Markt für Managementwissen. Wissensgenerierung im Zusammenspiel von Wirtschaftswissenschaft und Wirtschaftspraxis. Habilitationsschrift Technische Universität München, 2004. Wiesbaden: Gabler-DUV (Markt- und Unternehmensentwicklung).

Möslein, K. M., Neyer, A.-K. & Reichwald, R. 2006a: How to successfully lead boundary-spanning activities: Understanding the role of relational and performance oriented leadership systems. Paper presented at the EURAM Annual Conference 2006, Oslo.

Möslein, K. M., Neyer, A.-K. & Reichwald, R. 2006b: Leading Innovation: The Role of Leadership Systems for the Leadership of Boundary Spanning Innovation. Paper presented at the 26th SMS Annual International Conference 2006, Vienna.

Muijen, J. J. van & Koopman, P. L. 1994: The Influence of National Culture on Organizational Culture: A Comparative Study Between 10 Countries. In: *European Work and Organizational Psychologist,* 4(4): 367–380.

Müller, M. & Siebenhüner, B. 2007: Policy Instruments for Sustainability-Oriented Organizational Learning. In: *Business Strategy and the Environment,* 16(3): 232–245.

Münstermann, M. 2007: Corporate social responsibility. Ausgestaltung und Steuerung von CSR-Aktivitäten. Wiesbaden: Gabler (Schriftenreihe Unternehmensführung und Marketing, 48).

Neuberger, O. 1976: Führungsverhalten und Führungserfolg. Berlin: Duncker & Humblot.

Nijhof, A. H., Bruijn, T. de, Fisscher, O., Jonker, J., Karssing, E. & Schoemaker, M. 2007: Learning to Be Responsible: Developing Competencies for Organization-wide CSR. In: Jonker, J. (Ed.): *The challenge of organizing and implementing corporate social responsibility.* Reprint. Basingstoke, Hampshire: Palgrave Macmillan: 148–172.

North, K. 2005: Wissensorientierte Unternehmensführung. Wertschöpfung durch Wissen. 4., aktualisierte und erw. Aufl. Wiesbaden: Gabler.

Olsthoorn, X., Tyteca, D., Wehrmeyer, W. & Wagner, M. 2001: Environmental indicators for business: a review of the literature and standardisation methods. In: *Journal of Cleaner Production,* 9(5): 453–463.

Paech, N. & Pfriem, R. 2004: Konzepte der Nachhaltigkeit von Unternehmen. Theoretische Anforderungen und empirische Trends. Endbericht der Basisstudie des vom BMBF geförderten Vorhabens „SUstainable Markets eMERge" (SUMMER). Oldenburg. Online: http://134.106.124.67/summer/download/BS1-Endfassung-050504.pdf (04.02.2007).

Paine, L. S. 1994: Managing for Organizational Integrity. In: *Harvard Business Review,* 72(2): 106–117.

Paine, L. S. 2006: A compass for decision making. In: Maak, T. & Pless, N. M. (Eds.): *Responsible Leadership.* PriceWaterhouseCoopers. Oxon: Routledge: 54–67.

Pederson, E. R. 2006: Making Corporate Social Responsibility (CSR) Operable: How Companies Translate Stakeholder Dialogue into Practice. In: *Business & Society Review,* 111(2): 137–163.

Pfeffer, J. 1998: Six Dangerous Myths About Pay. In: *Harvard Business Review,* 76(3): 109–119.

Picot, A., Reichwald, R. & Wigand, R. T. 2003: Die grenzenlose Unternehmung. Information Organisation und Management. Lehrbuch zur Unternehmensführung im Informationszeitalter. 5., aktualisierte Aufl. Wiesbaden: Gabler.

Picot, A., Reichwald, R. & Wigand, R. T. 2008: Information, organization and management. Berlin, Heidelberg, Germany: Springer.

Pinter, A. 2006: Corporate volunteering in der Personalarbeit. Ein strategischer Ansatz zur Kombination von Unternehmensinteresse und Gemeinwohl? Lüneburg: Centre for Sustainability Management.

Pless, N. M. & Schneider, R. 2006: Towards developing responsible global leaders. The Ulysses experience. In: Maak, T. & Pless, N. M. (Eds.): *Responsible Leadership.* PriceWaterhouseCoopers. Oxon: Routledge: 213–226.

Porter, M. E. & Kramer, M. R. 2006: Strategy & Society. The Link Between Competitive Advantage and Corporate Social Responsibility. In: *Harvard Business Review,* 84(12): 78–92.

Post, J. E., Preston, L. E. & Sachs, S. 2002: Managing the Extended Enterprise. The New Stakeholder View. In: *California Management Review,* 45(1): 6–28.

Quinn, L. & Baltes, J. 2007: Leadership and the Triple Button Line. Bringing Sustainability and Corporate Social Responsibility to Life. A CCL Research White Paper. Online: http://www.ccl.org/leadership/pdf/research/tripleBottomLine.pdf (3.1.2008).

Reichwald, R. & Möslein, K. M. 2005: Führung und Führungssysteme. Working paper. Leipzig. (HHL Arbeitspapier, 70). Online: http://www.hhl.de/fileadmin/LS/Strama/Arbeitspapiere/hhlap70.pdf (13.7.2007).

Reichwald, R. & Möslein, K. M. 2007: Marktorientierte Führung in organisatorischen Führungssystemen. In: Bruhn, M., Kirchgeorg, M. & Meier, J. (Eds.): *Marktorientierte Führung im wirtschaftlichen und gesellschaftlichen Wandel.* Wiesbaden: Gabler: 47–62.

Reichwald, R. & Möslein, K. M. 2008: Individuelle Führung in organisatorischen Führungssystemen. In: Sackmann, S. A. (Ed.): *Mensch und Ökonomie.* Wie sich Unternehmen das Innovationspotenzial dieses Wertespagats erschließen. Wiesbaden: Gabler.

Reichwald, R., Möslein, K. M., Kalbitzer, T. & Siebert, J. 2003: Leadership Excellence. Abschlußbericht der Studie.

Reichwald, R. & Piller, F. T. 2006: Interaktive Wertschöpfung. Open innovation, Individualisierung und neue Formen der Arbeitsteilung. Wiesbaden, Germany: Gabler.

Reichwald, R., Siebert, J. & Möslein, K. M. 2004: Leadership Excellence: Führungssysteme auf dem Prüfstand. In: *Personalführung,* 37(3): 50–56.

Reichwald, R., Siebert, J. & Möslein, K. M. 2005: Leadership excellence. Learning from an exploratory study on leadership systems in large multinationals. In: *Journal of European Industrial Training,* 29(3): 184–198.

RESPONSE [2007]: Understanding and Responding to Societal Demands on Corporate Responsibility (RESPONSE). Final Report. Online: http://www.insead.edu/v1/ibis/events/response/information/documents/Response_FinalsubmittedtoEU.pdf (15.01.2008).

Rosenstiel, L. von & Comelli, G. 2003: Führung zwischen Stabilität und Wandel. München: Vahlen.

Rüegg-Stürm, J. 2005: The New St. Gallen Management Model. Basic Categories of an Approach to Integrated Management. 1st English ed. Houndmills, Basingstoke: Palgrave Macmillan.

Sackmann, S. A. 2002: Unternehmenskultur. Erkennen - Entwickeln - Verändern. Mit Checklisten Fragebogen und Fallstudien. Neuwied, Kriftel: Luchterhand.

Sackmann, S. A. 2005: Responsible Leadership and Governance – A Cross-Cultural Perspective. In: Doh, J. P. & Stumpf, S. A. (Eds.): *Handbook on Responsible Leadership and Governance in Global Business.* Glos: Edward Elgar: 307–331.

Sackmann, S. A. 2006a: Assessment, Evaluation, Improvement. Success through Corporate Culture. Edited by Bertelsmann Stiftung. Gütersloh: Bertelsmann Stiftung.

Sackmann, S. A. 2006b: Leading responsibly across cultures. In: Maak, T. & Pless, N. M. (Eds.): *Responsible Leadership.* PriceWaterhouseCoopers. Oxon: Routledge: 122–137.

Salzmann, O. 2006: Corporate Sustainability Management in the Energy Sector – An Empirical Contingency Approach. Dissertation. Betreut von Ulrich Steger. Berlin. TU Berlin, Institut für Technologie und Management. Online: http://opus.kobv.de/tuberlin/volltexte/2006/1296/pdf/salzmann_oliver.pdf.

Salzmann, O., Steger, U. & Ionescu-Somers, A. 2008: Determinants of corporate sustainability management: An empirical contingency approach. In: Schwalbach, J. (Ed.): *Corporate Social Responsibility.* Special Issue 3/2008. Zeitschrift für Betriebswirtschaft 3. Wiesbaden: Gabler: 1–22.

SAM & PwC [2008]: Sustainability Yearbook 2008. Zurich et al. Online: http://www.sam-group.com/downloads/YB/Yearbook_2008.pdf (01.04.2008).

Saunders, M., Lewis, P. & Thornhill, A. 2003: Research methods for business students. 3. ed. Upper Saddle River, NJ: Prentice Hall.

Scalberg, E. J. 2005: Responsible leadership and governance in global business: the role of business education. In: Doh, J. P. & Stumpf, S. A. (Eds.): *Handbook on Responsible Leadership and Governance in Global Business.* Glos: Edward Elgar: 380–398.

Schaltegger, S. & Dyllick, T. (Eds.) 2002: Nachhaltig managen mit der Balanced Scorecard. Konzept und Fallstudien. Wiesbaden: Gabler.

Schaltegger, S. & Wagner, M. 2006: Integrative management of sustainability performance, measurement and reporting. In: *International Journal of Accounting, Auditing and Performance Evaluation,* 3(3): 1–19.

Schein, E. H. 1985/2004: Organizational culture and leadership. 3rd ed. San Francisco: Jossey-Bass, 2004.

Schmitt, K. 2005: Corporate Social Responsibility in der strategischen Unternehmensführung. Eine Fallstudienanalyse deutscher und britischer Unternehmen der Ernährungsindustrie. Edited by Öko-Institut e.V. Berlin.

Schuler, V. 2006: Umwelt- und Sozialstandards als Beitrag zur unternehmerischen Nachhaltigkeit aus Sicht eines in Emerging-Markets tätigen Automobilherstellers. Marburg: Tectum.

Schwartz, M. S. & Carroll, A. B. 2003: Corporate Social Responsibility: A Three-domain Approach. In: *Business Ethics Quarterly,* 13(4): 503–530.

Sethi, S. P. 2002: Standards for Corporate Conduct in the International Arena. Challenges and Opportunities for Multinational Corporations. In: *Business & Society Review,* 107(1): 20–40.

Siebert, J. 2006: Führungssysteme zwischen Stabilität und Wandel. Ein systematischer Ansatz zum Management der Führung. Wiesbaden: Dt. Univ.-Verl. (Markt- und Unternehmensentwicklung).

Siemens 2008: Corporate Responsibilty. Report 2007. Facts, figures and other information on the 2007 fiscal year. Munich, Germany. Online: http://w1.siemens.com/responsibility/report/07/en (28.11.2008).

SIGMA [2003]: The SIGMA Guidelines. Putting Sustainable Development into Practice – A Guide for Organisations. Online: http://www.projectsigma.co.uk/Guidelines/SigmaGuidelines.pdf (17.5.2007).

Spitzeck, H. 2008: Moralische Organisationsentwicklung. Was lernen Unternehmen durch die Kritik von Nichtregierungsorganisationen? Bern, Stuttgart, Wien: Haupt.

Spitzeck, H. 2009: The Development of Governance Structures for Corporate Responsibility. In: *Corporate Governance: International Journal of Business in Society,* 9(4): 495–505.
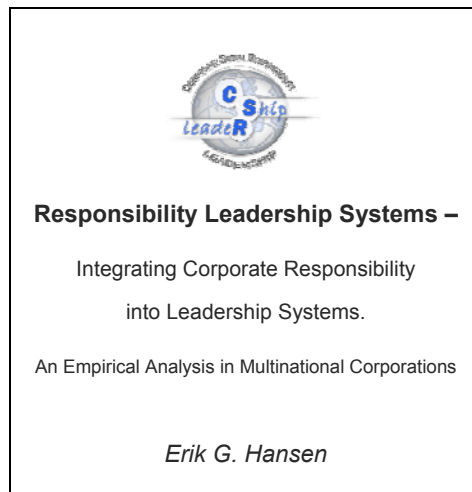
Spitzeck, H. & Hansen, E. G. 2009: Stakeholder Governance – How do stakeholders influence corporate decision-making? Paper presented at the 8th EABIS Annual Colloquium, 21-22 September 2009, Barcelona, Spain.

Srnka, K. J. & Koeszegi, S. T. 2007: From Words to Numbers: How to Transform Qualitative Data into Meaningful Quantitative Results. In: *SBR,* 59(January): 29–57.

Steger, U. (Ed.) 2004: The Business of Sustainability. Building industry cases for corporate sustainability. Houndmills: Palgrave Macmillan.

Steger, U., Ionescu-Somers, A. & Salzmann, O. 2007: The economic foundations of corporate sustainability. In: *Corporate Governance: International Journal of Business in Society,* 7(2): 162–177.

Steinmann, H., Löhr, A. & Suzuki, S. 2003: Unternehmensethik – 100 Jahre Betriebswirtschaftslehre in Deutschland.

Strand, R. 1983: A Systems Paradigm of Organizational Adaptations to the Social Environment. In: *Academy of Management Review,* 8(1): 90–96.

Supersberger, N., Esken, A., Fischedick, M. & Schüwer, D. 2006: Carbon Capture and Storage - Solution to Climate Change? Working paper. Wuppertal Institut. Wuppertal. (KyotoPlus - Papers). Online: http://www.wupperinst.org (20.07.2009).

SustainAbility 2008: The Social Intrapreneur: A Field Guide for Corporate Changemakers. Online: http://www.sustainability.com (8.4.2008).

Tenbrunsel, A. E., Smith-Crowe, K. & Umphress, E. E. 2003: Building Houses on Rocks: The Role of the Ethical Infrastructure in Organizations. In: *Social Justice Research,* 16(3): 285–307.

Thomas, T., Schermerhorn, J. R. & Dienhart, J. W. 2004: Strategic leadership of ethical behavior in business. In: *Academy of Management Executive,* 18(2): 56–66.

Tirole, J. 2001: Corporate Governance. In: *Econometrica,* 69(1): 1–35.

Treviño, L. K. 1990: A cultural perspective on changing and developing organizational ethics. In: Woodman, R. & Passmore, W. (Eds.): *Research in organizational change and development.* Vol. 4. Greenwich: JAI Press: 195–230.

Treviño, L. K., Brown, M. E. & Hartmann, P. L. 2003: A qualitative investigation of perceived executive ethical leadership: Perceptions from inside and outside the executive suite. In: *Human Relations,* 56(1): 5–37.

Treviño, L. K., Butterfield, K. D. & McCabe, D. 1998: The ethical context in organizations: Influences on employee attitudes and behaviors. In: *Business Ethics Quarterly,* 8(3): 447–476.

Tucker, F. G., Zivan, S. M. & Camp, R. C. 1987: How to measure yourself against the best. In: *Harvard Business Review,* 65(1): 8–10.

Ulrich, P. 1997/2001: Integrative Wirtschaftsethik. Grundlagen einer lebensdienlichen Ökonomie. 3. Auflage. Bern; Stuttgart; Wien: Haupt, 2001.

Ulrich, P. 1997/2008: Integrative economic ethics. Foundations of a civilized market economy. Co-authorship by J. Fearns. Cambridge: Cambridge University Press, 2008.

UN (United Nations) 1987: Report of the World Commission on Environment and Development. "Our Common Future". General Assembly document A/42/427. Co-authorship by G. Brundtland.

Urbany, J. E. 2005: Inspiration and Cynicism in Values Statements. In: *Journal of Business Ethics,* 62(2): 169–182.

VIS a VIS 2008: Unternehmen in der Gesellschaft. Engagement mit Kompetenz und Personal. Online: http://www.visavis-agentur.de (24.07.2009).

Waddock, S. 2002/2006: Leading corporate citizens. Vision, values, value added. 2nd ed. Boston Mass.: McGraw-Hill/Irwin, 2006.

Waddock, S. & Bodwell, C. 2004: Managing Responsibility. What can be learned from the quality movement? In: *California Management Review,* 47(1): 25–37.

Waddock, S., Bodwell, C. & Graves, S. B. 2002: Responsibility: The new business imperative. In: *Academy of Management Executive,* 16(2): 132–148.

Waddock, S. & Graves, S. B. 1997: The Corporate Social Performance-Financial Performance Link. In: *Strategic Management Journal,* 18(4): 303–319.

Wade, M. 2006: Developing leaders for sustainable business. In: Maak, T. & Pless, N. M. (Eds.): *Responsible Leadership.* PriceWaterhouseCoopers. Oxon: Routledge: 227–244.

Wagner, M. & Schaltegger, S. 2003: How Does Sustainability Performance Relate to Business Competitiveness? In: *Greener Management International,* (44 - Special Edition, Winter 2003): 5–16.

Wartick, S. L. & Cochran, P. L. 1985: The Evolution of the Corporate Social Performance Model. In: *Academy of Management Review,* 10(4): 758–769.

WBCSD (World Business Council for Sustainable Development) 2006: From Challenge to Opportunity. The role of business in tomorrow's society. Geneva. Online: http://www.wbcsd.org/includes/getTarget.asp?type=d&id=MTgyMTQ (27.6.2007).

Weaver, G. R. 2001: Ethics Programs in Global Businesses: Culture's Role in Managing Ethics. In: *Journal of Business Ethics,* 30(1): 3–15.

Weaver, G. R. & Treviño, L. K. 1999: Integrated and Decoupled Corporate Social Performance: Management Commitments, External Pressures, And Corporate Ethics Practices. In: *Academy of Management Journal,* 42(5): 539–552.

Weaver, G. R., Treviño, L. K. & Cochran, P. L. 1999: Corporate ethics programs as control systems: influences of executive commitment and environmental factors. In: *Academy of Management Journal,* 42(1): 41–57.

WEF (World Economic Forum) & IBLF (International Business Leaders Forum) 2003: Responding to the Leadership Challenge. Findings of a CEO Survey on Global Corporate Citizenship. Geneva. Online: http://www.iblf.org/docs/WEFCEOSurvey.pdf (20.05.2008).

Welge, M. K. & Al-Laham, A. 1992/2003: Strategisches Management. Grundlagen - Prozess - Implementierung. 4. ed. Wiesbaden: Gabler, 2003.

Wieland, J. 2004: Wozu Wertemanagement? Ein Leitfaden für die Praxis. In: Wieland, J. (Ed.): *Handbuch Wertemanagement.* Erfolgsstrategien einer modernen Corporate Governance. Hamburg: Murmann: 13–52.

Wilhelm, A. 2007: Die Nachhaltigkeitsleistungen deutscher Großunternehmen. Ergebnisse des dritten vergleichenden Nachhaltigkeitsratings der DAX® 30 Unternehmen. scoris GmbH. Online: http://www.scoris.de/download/scoris_dax30_studie_2007.pdf (4.12.2007).

Wilson, A., Lenssen, G. & Hind, P. 2006: Leadership Qualities and Management Competencies for Corporate Responsibility. A Research Report for the European Academy of Business in Society.

Wirtenberg, J., Harmon, J., Russell, W. G. & Fairfield, K. D. 2007: HR's Role in Building a Sustainable Enterprise: Insights From Some of the World's Best Companies. In: *Human Resource Planning,* 30(1): 10–20.

Wood, D. J. 1991a: Corporate Social Performance Revisited. In: *Academy of Management Review,* 16(4): 691–718.

Wood, D. J. 1991b: Social Issues in Management: Theory and Research in Corporate Social Performance. In: *Journal of Management,* 17(2): 383–406.

Wynhoven, U. 2006: Global Compact Performance Model. In: Jonker, J. & Witte, M. de (Eds.): *Management models for corporate social responsibility.* Berlin, Heidelberg: Springer: 63–71.

Yin, R. K. 1981: The Case Study Crisis. In: *Administrative Science Quarterly,* 26(1): 58–65.

Yin, R. K. 1984/2003: Case study research. Design and methods. 3. ed. Thousand Oaks Calif.: Sage, 2003 (Applied social research methods series, 5).

Yukl, G. A. 1989: Leadership in organizations. In: *Journal of Management,* 15(2): 251–289.

Information About Further Publications

Book Publication "Responsible Leadership Systems"

The following publication gives a more thorough picture on Responsible Leadership Systems. In comparison to the present report, the book publication contains a comprehensive review of literature and presents more in detail the development of the RLS framework. Extended versions of the discussion and outlook are also included.

Responsibility Leadership Systems –

Integrating Corporate Responsibility

into Leadership Systems.

An Empirical Analysis in Multinational Corporations

Erik G. Hansen

book forthcoming early 2010 (~350 pages)

Publisher: Gabler, Wiesbaden, Germany (planned)

Further information at: www.csr-leadership.org

Content: The book publication (dissertation) "Responsible leadership systems" by Erik G. Hansen is gives an in-depth overview of current literature from the research fields of corporate responsibility, sustainability, and stakeholder management under the perspective of leadership and organisational culture. Focusing on formal leadership systems, he derives a framework to assess organisations concerning their degree of CR integration in formal leadership structures, systems and tools. The focal areas part of the framework include tools and instruments for (1) communication and goal setting, (2) performance measurement, (3) incentive and rewards and (4) selection of leaders and leadership development. Further areas included are (5) formal strategies and (6) organisational structures.

Based on this framework, the author describes the results of a large empirical study. At the heart of this study is a multi-case study in seven multinational corporations (MNCs) based in Germany. The author describes future trends and gives implications for theory and practice.

Related Scholarly Publications

Adamcyzk, S., Hansen E. G. & Reichwald R. (2009): Measuring Sustainability By Environmental Innovativeness: Results from Action Research at a Multinational Corporation in Germany. Paper presented at the International Conference on Evaluation Metrics of Corporate Social and Environmental Responsibility. Organized in partnership between ISEOR and Academy of Management, 8 -10 June 2009, Lyon, France.

Hansen, E. G. (2008): Responsible Leadership Requires Responsible Leadership Systems: The Case of Merck Ltd., Thailand. Paper presented at EURAM 2008 conference, 14 -17 May 2008, Ljubljana and Bled, Slovenia.

Hansen, E. G. (2009): Responsible Leadership Systems — Integrating Corporate Responsibility into Leadership Systems. An Empirical Analysis in Multinational Corporations. Dissertation. Technische Universität München. Betreut von Ralf Reichwald. München, Germany. Technische Universität München, Lehrstuhl für Betriebswirtschaftslehre - Information, Organisation und Management.

Hansen, E. G., Bullinger, A. C. & Reichwald R. (2008): Corporate Responsibility and Responsibility Leadership Systems: An Exploratory Study in German Multinational Corporations. Paper presented at 3rd International CSR-Conference "Corporate Responsibility and Governance", 8-10 October 2008, Humboldt Universität zu Berlin, Germany.

Hansen, E. G., Große-Dunker, F. & Reichwald R. (2009): Sustainability Innovation Cube — A Framework to Evaluate Sustainability-Oriented Innovations. International Journal of Innovation Management 13(4): 1-31.

Hansen, E. G., Sextl, M. & Reichwald R. (2009): Integrating Strategy and Corporate Community Involvement in a Balanced Scorecard. Results from Actions Research at Merck Thailand Ltd. Paper presented at 9th EURAM Conference, 11-14 May 2009, Liverpool, UK.

Download/further information at: http://www.csr-leadership.org

About the Authors

Erik G. Hansen

Since 2006, Erik G. Hansen is a full-time researcher Institute for Information, Organization and Management at TUM Business School, Technische Universität München in Munich, Germany, where he is currently finishing his doctoral degree about "Responsible Leadership Systems". His research interests are leadership, corporate culture, and innovation in the context of corporate responsibility and sustainability. Together with Prof. Reichwald, Erik also teaches business classes at undergraduate, graduate and executive level.

Before his position at TUM Business School he gained a diploma ("Dipl.-Wirtsch.-Inf.") in Management Information Systems at Technische Universität Darmstadt, Germany. Erik also gained broad experience in industry jobs and academic exchanges in Brasil, China, Germany, and Thailand.

Ralf Reichwald

Prof. Dr. Ralf Reichwald is TUM Emeritus of Excellene at Technische Universität München (TUM); research director at the Center for Leading Innovation & Cooperation (CLIC) at HHL – Leipzig Graduate School of Management; and Professeur honoris causa de l'Université de Tunis El Manar. He has been head of the Institute for Information, Organization and Management at TUM since 1990 and has turned this institute into one of the largest and most renowned for business administration in Germany.

The founding of the new TUM Business School builds on a deep commitment of the entire university, its president, faculties, staff and students. Engaging in this ambitious start-up was one of Ralf Reichwald's most prominent projects in the last few years. In 2002 he was elected to be the first dean of the TUM Business School.

Furthermore, from 1991 until 1993, he was founding dean of the Faculty of Economics, Business and Management Studies at the Technical University of Freiberg, Saxony; the university awarded him an honorary doctorate in 1994.

In 1987 Ralf Reichwald became director of the Department of General Business Administration at the University of the Federal Armed Forces, Munich. In 1975, at the age of 32, he had become associate professor for business administration at the same university.

Imprint

Version 1.2

Published: November, 2009

Published by:

Technische Universität München

TUM Business School

Institute for Information, Organization and Management

Leopoldstr. 139

D-80802 München (Munich)

Germany

http://www.prof-reichwald.org