

The State of Corporate Citizenship 2007



Time to Get Real:

Closing the Gap Between Rhetoric and Reality

Produced in cooperation with:



BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT

Center for Corporate Citizenship

THE HITACHI
FOUNDATION

Survey Methodology

The findings in this report are based on results from a nationally representative sample of senior executives from 751 small, medium, and large companies across the United States who completed the survey between July 12 and July 24, 2007. The survey was conducted on-line by GlobeScan, a professional polling firm based in Toronto, Canada.

To qualify for completing the survey, respondents had to meet the following criteria:

- Be at VP level and up for small/medium firms, or Director level and up for large firms.
- Be familiar with their company's corporate citizenship activities.

To ensure a representative sample of U. S. companies, sample control quotas were set in advance of the fieldwork by region where company headquarters is located, size of company (by number of full-time equivalent employees), and industry sector. Large companies were over-sampled in order to produce a significant number of responses for separate analysis. The data have been weighted by geographic distribution of establishments,* number of employees (company size), and industry sector to reflect national United States census data.

The survey included 18 multi-part questions and additional questions for company size, industry, ownership, headquarters location, and financial performance, among others.

*Establishments (i.e. "branch" of a firm) were used in weighting, rather than firms (main company enterprise).

Survey Goals

The survey explores senior executives' attitudes, aspirations, and actions regarding the role of business in society. It also identifies key trends and differences among U.S. businesses by size, type of ownership, and who they sell to (customers, other businesses, or both).

The main goal of this survey was to sample small, medium, and large companies in the U.S. to determine whether they are walking the talk in addressing social and environmental challenges.

The key issues explored by the survey include:

- What do executives see as the most important components of corporate citizenship in their organizations?
- What motivates them to be better corporate citizens? What limits these efforts?
- How well are they managing corporate citizenship across their organization?
- How well are they incorporating corporate citizenship into their products and services?
- What is their support for the communities in which they operate?
- What is their involvement in supporting lower-income or economically distressed communities?
- How do they see the role of business in society?
- What factors are eroding the public trust in business?
- How do business executives view the effectiveness of the social contract?

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Foreword

Action Not Yet Keeping Pace with Attitudes Among U.S. Business Leaders

It is easy to let the economic growth and success we have enjoyed of late to distract us from the very serious and growing vulnerabilities facing our nation, that if left unaddressed, could jeopardize our future. Among those talking about but not responding to the threat: the men and women running business.

Serious skills deficiencies among American workers, stagnant pension rates, heavy debt loads, persistent poverty, climate change, and lack of benefits contribute to a real sense of insecurity about the future. Left unaddressed these may become more than unrealized fears; they become very real consequences. Instinctively many of us know this. Business leaders are publicly committing to do something about it as they embrace corporate citizenship. But their behavior has not caught up. Too many business leaders are talking, but not yet acting, like good corporate citizens.

This year's State of Corporate Citizenship in the U.S. survey found that, while 60% of U.S. executives say corporate citizenship is part of their business strategy, just 39% report it is actually part of their business planning process, and only 28% have formal corporate citizenship policies or statements.

Even when action could directly impact a pressing business need, such as developing a skilled workforce, reality trails behind rhetoric. Only 31% of businesses provide training and career development for their own lower-wage employees and a mere 18% offer job training to people in economically distressed communities. Yet finding and keeping a workforce with key skills is consistently among the challenges confronting most companies.

It would be easy, as many are wont to do, to dismiss this rhetoric vs. reality gap as simply a thin layer of corporate PR. But it's much deeper than that. It reveals the collision between the public's growing dissatisfaction with business as well as business leaders' growing dissatisfaction with what they see as their social contract. Business leaders don't agree with the general public on how much responsibility for fixing the world should fall on them and their companies. Today, few business leaders adhere to the old orthodoxy that the business of business is only to maximize profits. Rather, business leaders are struggling to translate their

principles and CSR beliefs into concrete action that can benefit the interests of business and community.

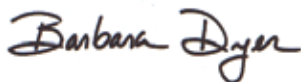
The gap between public expectations and business action is a key disconnect with ominous implications. Most of the public (79%) believes that companies should be using materials produced in a socially and environmentally responsible manner. Just over half (54%) of senior executives agree. Sixty-one percent of the public and just 42% of senior executives believe corporations should be responsible for improving education and skills in their communities. Forty-nine percent of the public versus just 21% of senior executives believe large companies should be responsible for helping reduce the gap between rich and poor.

Businesses have also begun to question the social contract—the distribution of rights and responsibilities that define the role of each citizen and organization in society. Small businesses, often with smaller budgets, are among the most dissatisfied with the social contract. Over two-thirds (67%) believe it needs a major overhaul or a serious change, versus 50% of medium-size companies and 56% of large companies.

As the public and business are increasingly uneasy about the social contract, questions necessarily follow about the government's role. We now have a government incapable of seriously addressing long- and short-term crises such as Hurricane Katrina, social security, education, and import safety. Thomas Jefferson noted that “a government big enough to give you everything you want, is strong enough to take everything you have.” But it is hard to believe he meant—or that we want—a government that is not big enough to provide real leadership.

What does it mean for business? Business is facing demands for new actions, different policies, and changed attitudes in areas beyond those traditionally considered business responsibilities. With their plates already full keeping their businesses running and in the black, company leaders will be challenged to keep even more balls in the air.

It's more an opportunity than a burden. Business leaders are able to juggle these new responsibilities. Doing so does not mean lower profits. It means a more sustainable, secure future for companies and for workers.



President and CEO
The Hitachi Foundation

key highlights from the 2007 survey

I. Ten Key Highlights From the 2007 Survey

The 2007 State of Corporate Citizenship in the U.S. is the third biennial survey of the attitudes and actions of senior executives in small, medium-sized, and large businesses regarding corporate citizenship. The previous two surveys, conducted in 2003 and 2005, found that executives view corporate citizenship as a fundamental part of doing business but often allow aspirations to outpace actions.

The 2007 survey went beyond the earlier surveys to explore the management practices and examine how companies plan, finance, and implement many of the concrete components of corporate citizenship. In probing deeper, this survey discovered what businesses are actually doing to support their communities, environment, employees, and contribute to society as a whole. What emerged from the 751 executives surveyed was clear support, at least in principle, for corporate citizenship. There is also strong evidence of gaps—such as providing health insurance, investing in producing sustainable products, and reporting to the public.

SUMMARY OF KEY HIGHLIGHTS

1) The overall value of corporate citizenship was affirmed by 73% of executives who said it needs to be a priority.

2) Some 61% said corporate citizenship makes a tangible contribution to their company's bottom line.

The mixed bag of responses indicates a need for reconciliation between executive attitudes, corporate action, and the expectations of the public.

GAPS BETWEEN RHETORIC AND REALITY

3) The results reveal significant gaps between strongly stated beliefs of executives and the actual behavior of U.S. companies.

Rhetoric: 73% of executives say corporate citizenship needs to be a priority for companies

Reality: 60% report corporate citizenship is part of their business strategy

Reality: 39% report corporate citizenship is part of their business planning process

Reality: 28% of companies have written corporate citizenship policies or statements

Rhetoric: *65% of executives say the public has a right to expect good corporate citizenship*

Reality: 29% report discussing citizenship outside the company with stakeholders

Reality: 21% of companies report to the public on corporate citizenship issues

Rhetoric: *81% of executives see the importance of valuing employees and treating them well*

Reality: 54% offer health insurance to all employees, including hourly workers

Reality: 52% of companies have written human rights policies that prohibit discrimination

Reality: 46% of companies support work-life balance practices for all employees, including hourly workers

Reality: 31% provide training and career development for low-wage employees

4) Gaps exist between business perceptions and public expectations regarding large companies' involvement in solving social problems. (Data on public survey from GlobeScan 2007 CSR Monitor.)

- Companies should be held responsible for ensuring that all materials a corporation uses to make its products have been produced in a socially and environmentally responsible manner:

Executive expectation: 55% agree

Public expectation: 79% agree

- Corporations should be held responsible for reducing human rights abuses in the world:

Executive expectation: 32% agree

Public expectation: 62% agree

Corporate Citizenship

For the purposes of this report, we define corporate citizenship as the commitment of companies to:

Minimize risks: work to minimize the negative consequences of business activities and decisions on stakeholders including customers, communities, ecosystems, employees, shareholders, and suppliers.

Maximize benefits: contribute to societal and economic well-being.

Be accountable and responsive to stakeholders: build relationships of trust that involve becoming more open about the progress and setbacks businesses experience in an effort to operate ethically.

Support strong financial results: The responsibility of a company to return a profit to shareholders must always be considered a part of its obligation to society.

- Corporations should be held responsible for improving education and skills in communities where they operate:

Executive expectation: 41% agree

Public expectation: 61% agree

- Corporations should be held responsible for increasing economic stability in the world:

Executive expectation: 31% agree

Public expectation: 53% agree

- Large companies should be held responsible for helping reduce the gap between rich and poor:

Executive expectation: 21% agree

Public expectation: 49% agree

Who Are the Respondents?

A total of 751 executives participated in this national survey:

- 53% were CEOs/Presidents
- 34% were Vice-Presidents
- 10% were Directors
- 3% were Senior Executives

To qualify for the survey, respondents had to meet the following criteria:

- Be at VP level and up for small/medium firms or Director level and up for large firms
- Be familiar with their company's corporate citizenship activities

5) Executives, acknowledging there is growing public distrust of large companies in the U.S., cite several contributing factors including:

- Excessive CEO pay: 79%
- Mostly negative image provided by media: 62%
- Lack of accountability: 59%

OTHER HIGHLIGHTS OF THE SURVEY:

6) Senior executives see the social contract (division of roles and responsibilities in society) changing.

Some 60% of executives said the existing social contract either has some serious structural flaws or needs a fundamental overhaul, with businesses, non-profits, government, and individual citizens taking on a larger role.

7) Company traditions and values remain the #1 motivation for corporate citizenship. Key factors identified as drivers for corporate citizenship included:

- Fits traditions and values of the company: 76%
- Improves reputation/image: 66%

- Part of business strategy: 60%
- Important to customers and consumers: 53%

8) Executives see ethical business practices and treating employees well as the two most important elements of good corporate citizenship.

- 87% of executives see operating with ethical business practices as the most important element of good corporate citizenship
- 81% of senior executives see valuing employees and treating them well as critical or very important
- 76% of surveyed senior executives see managing and reporting company finances accurately as a key aspect of corporate citizenship

9) Companies that sell to both businesses and consumers (B2B and B2C) approximately equally are more advanced in managing corporate citizenship.

- 61% of companies that are equally B2B and B2C report their CEO more actively supports corporate citizenship, compared to 43% for primarily B2C, and 50% for primarily B2B
- 56% of B2B and B2C report discussing corporate citizenship inside the company with employees, versus 35% for B2C and 29% for B2B
- 51% of B2B and B2C report that corporate citizenship is an integral part of their business planning process versus 41% for B2C and 32% for B2B

10) Most businesses provide philanthropic support to the community through:

- Cash donations: 69% of companies
- In-kind donations: 65% of companies
- Employee volunteering: 64% of companies

II. Context for Corporate Citizenship in the U.S.

At the time of this survey the U.S. business sector continued to benefit from a period of economic expansion and prosperity. However, domestic and global political and economic forces continued to create new challenges for American business. From climate change and supply chain practices, to healthcare and education, expectations that American business should do more to address environmental and social challenges continue to rise. At the same time trust in business leadership remains low as perception of corporate greed at the top increases.

Globally American companies find themselves falling behind European and Japanese competitors in the adoption of comprehensive corporate citizenship programs and policies. In this environment there is new urgency for American companies of all sizes and sectors to move beyond aspirational goals to meaningful action on corporate citizenship. This section examines external dynamics that impact business and have influenced significant change in the operating environment for business in the early 21st century.

CORPORATE CITIZENSHIP DEVELOPMENTS

1) Increasing public expectations for companies to take greater responsibility in addressing social and environmental challenges.

According to the 2007 CSR Monitor,¹ 88% of Americans believe companies should be held completely responsible for ensuring their products and operations do not harm the environment, 85% believe that companies should apply the same high standards everywhere they operate in the world, and 79% state that companies should be held completely responsible for ensuring all materials they use to make their products have been produced in a socially and environmentally responsible manner. In addition, 62% say companies should be held completely responsible for reducing human rights abuses in the world and 61% see companies responsible for improving education and skills in communities where they operate.

Brief description of the 2007 Survey Sample

85% private companies
54% no revenue from outside the U.S.
72% locally-owned
31% women-owned
11% minority-owned
36% partially-owned by employees
11% publish an annual corporate citizenship report

The Millennial generation is emerging as one of the new “agents of social change,” according to a 2006 survey by GreenBiz.com. The survey found that 89% of MBA students believe business professionals

should take social and environmental impacts into account when making business decisions. Some 79% would seek employment that is socially responsible in the course of their careers.²

2) Increasing regulatory pressures overseas affecting U.S. companies of all sizes.

Over the past two years the European Union—referred to as “the world’s chief regulator” by *The Economist*—continued to create measures to protect the environment and public health.³ The EU’s new REACH regulation will affect companies of all sizes around the world as they require supplier compliance. Markets around the world are adopting similar laws as was the case with the European Union electronics and cosmetics directives.

3) Growing link between social responsibility and corporate image and brand reputation.

The Reputation Institute’s 2007 global survey identified corporate citizenship as the top driver of reputation. This is the first year it edged out a company’s products, innovation, financial performance, workplace practices, governance, and leadership as the leading influencer of public perception regarding reputation.⁴

4) Increasing public distrust in corporations as a result of corporate scandals and excessive CEO pay.

American CEOs continue to earn much more than their peers in Europe and Japan, regardless of performance. a *Financial Times*/Harris Interactive poll in 2007 found that 77% of Americans think CEOs “earn too much,”⁵ a sentiment voiced by President George W. Bush in an October 2007 interview with the *Wall Street Journal*.⁶

5) Increased business action on climate change and environmental issues.

In the absence of government leadership, a growing number of American companies of all sizes are taking steps to measure and reduce their carbon footprint; these include: Dell, IBM, McGraw-Hill, Citigroup, ING, Alcoa, and Wal-Mart. Many, like Wal-Mart, are also requiring their suppliers to track the carbon footprint of their products. Companies of all sizes are also beginning to become more “green” by eliminating toxic chemicals in their products and operations, designing bio-degradable products, and expanding recycling efforts.

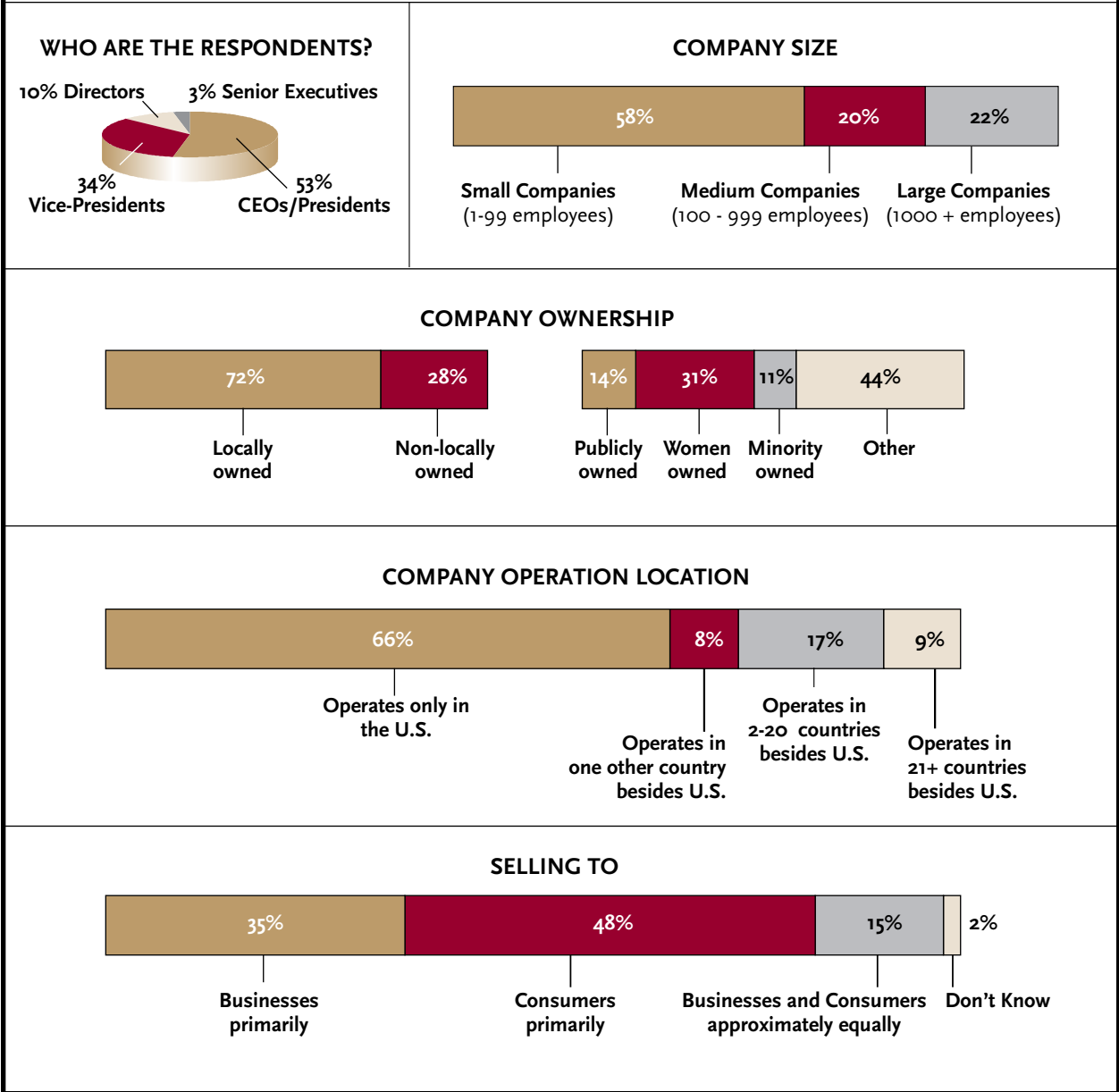
ECONOMIC OVERVIEW: 2005-2007

When analyzing corporate citizenship practices and trends it is important to consider the overall macroeconomic environment. The past two years were a particularly good time for businesses of all sizes in the U.S. Although the war in Iraq impacted the economy, inflation-adjusted GDP rose by 10.8% from 2003 to 2006. Corporate profits in the first quarter of 2007 were 27% higher than in the first quarter of 2005. At the same time the unemployment rate declined further from 5.1% in 2005 to 4.5% in June 2007.

Financial markets also showed robust performance, even as the Federal Reserve started increasing interest rates in mid-2004 amid growing concerns about inflation. By June 2006, the federal funds rate reached 5.25% (a more than five-fold increase from 1% in 2003) and remained unchanged in the first half of 2007. These changes notwithstanding, the Dow Jones Industrial Average rose to a record high of 14,000.41 in July 2007 and the S&P 500 Index increased 22% between 2005 and 2007.

The survey was conducted before concerns about the housing market and subprime mortgage scandals began to spread in the summer of 2007, affecting consumer spending and raising fears about a possible economic recession.

Figure A
Description of 2007 Sample
Total responses: 751



III. The Business Perspective on Corporate Citizenship

In the 2005 survey we reported that corporate citizenship programs continued to be diverse, idiosyncratic, and specialized. This descriptor still holds true. And while we collect evidence that the external environment is changing, the way businesses view—and more importantly—manage corporate citizenship has remained relatively constant since 2003.

Key issues explored in this section include:

- What are the attitudes of business executives toward corporate citizenship?
- How do executives see the role of business in society?
- What do executives see as the most important areas of corporate citizenship in their company?
- What motivates companies to be better corporate citizens? What limits their efforts?
- How are companies involved in economically distressed communities?
- How do business executives view the effectiveness of the social contract?
- What factors are eroding the public trust of business?

WHAT ARE THE ATTITUDES OF BUSINESS EXECUTIVES TOWARD CORPORATE CITIZENSHIP?

Executives, across the board, say corporate citizenship is important to business

Overall, executives continue to see corporate citizenship as a key part of doing business today. Figure 1 shows that 73% of American companies believe corporate citizenship needs to be a priority for companies; 72% believe many companies do more for their communities than is known; and 61% agree that corporate citizenship makes a tangible contribution to business' bottom line.

HOW DO EXECUTIVES SEE THE ROLE OF BUSINESS IN SOCIETY?

Consistent with results from the 2005 survey, 87% of senior executives identify “operating with ethical business practices” as the most important aspect of good corporate citizenship (see Figure 2). A new question, about valuing and treating employees well, was second in importance to U.S. executives (81% of respondents). Managing and reporting company finances accurately continues to score high at 76% as news about restated earnings, options back-dating, and other corporate scandals continued during the period 2005-2007.

Figure 1:

Attitudes Toward Corporate Citizenship

Question asked: “Please indicate how much you agree or disagree with the following statements.”
The 5-point scale ranged from “strongly disagree” to “strongly agree.”

| | Strongly Agree | Agree | Total | Small Co. | Medium Co. | Large Co. |
|---|----------------|-------|-------|-----------|------------|-----------|
| Corporate citizenship needs to be a priority for companies | 29% | 44% | 73% | 69% | 72% | 83% |
| Many companies do a great deal more for their communities than is talked about or known | 23% | 48% | 72% | 71% | 72% | 73% |
| Corporate citizenship should be completely voluntary — no laws/regulations should govern it | 33% | 36% | 70% | 72% | 68% | 64% |
| The public has a right to expect good corporate citizenship from companies | 22% | 44% | 66% | 64% | 63% | 72% |
| Many companies promote corporate citizenship, but are not truly committed to it | 18% | 45% | 63% | 62% | 59% | 69% |
| Corporate citizenship makes a tangible contribution to business’ bottom line | 17% | 44% | 61% | 59% | 58% | 67% |

*Note: Percentages may not add up to 100% due to rounding

Figure 2:

The Role of Business in Society

Question asked: “Corporate citizenship means different things to different companies.
In your opinion, how important is each of the following to your company’s role in society?”
The 5-point scale ranged from “not at all important” to “critical.”

| | Critical | Very Important | Total | Small Co. | Medium Co. | Large Co. |
|--|----------|----------------|-------|-----------|------------|-----------|
| Operating with ethical business practices | 60% | 27% | 87% | 88% | 84% | 88% |
| Valuing employees and treating them well | 43% | 38% | 81% | 83% | 80% | 78% |
| Managing and reporting company finances accurately | 45% | 31% | 76% | 74% | 76% | 84% |
| Marketing and advertising products and services responsibly | 28% | 40% | 68% | 69% | 64% | 70% |
| Maximizing long-run profits for owners | 29% | 32% | 61% | 59% | 62% | 66% |
| Providing employee benefits | 20% | 40% | 60% | 53% | 71% | 69% |
| Protecting consumers | 27% | 33% | 60% | 57% | 59% | 70% |
| Improving conditions in your community | 19% | 36% | 55% | 53% | 55% | 59% |
| Working with suppliers/vendors to ensure they operate ethically | 22% | 32% | 54% | 52% | 48% | 62% |
| Providing good paying jobs | 13% | 39% | 52% | 50% | 51% | 61% |
| Protecting the environment | 17% | 32% | 49% | 50% | 46% | 53% |
| Building employee diversity within your business | 17% | 32% | 49% | 43% | 51% | 65% |
| Responding to community/interest groups regarding issues they care about | 14% | 32% | 46% | 45% | 46% | 51% |
| Supporting employee volunteerism | 16% | 29% | 45% | 42% | 42% | 54% |

*Note: Percentages may not add up to 100% due to rounding

WHAT DO EXECUTIVES SEE AS THE MOST IMPORTANT AREAS OF CORPORATE CITIZENSHIP IN THEIR COMPANY?

The greatest congruence between business executives and the public involves the top three areas in which companies should take responsibility. The data on public opinion, from the GlobeScan 2007 CSR Monitor, tracks very closely with executives for the top three priorities:

- 83% of executives and 90% of the public believe large companies should be completely responsible for treating all employees and job applicants fairly, regardless of gender, race, religion, or sexual orientation.
- 75% of senior executives and 88% of the public believe large companies should be completely responsible for ensuring their products and operations do not harm the environment.
- 74% of senior executives and 85% of the public believe corporations should apply the same high standards everywhere they operate in the world.

Executives surveyed acknowledge there are new realities in the commercial and social landscape. The results reveal they know more is expected of business in terms of the role and responsibility of large companies to address key social problems. On an even more macro level (to be examined later in the report) the executives also express concern that the social contract needs to be fixed.

When asked about responsibilities of large companies, 75% of executives believe large corporations, not government, should be responsible for ensuring their products and operations do not harm the environment, and 74% believe that large corporations should apply the same high standards everywhere they operate in the world (see Figure 3).

While business leaders and the public agree on

the top three responsibilities of large corporations, their opinions diverge when it comes to solving wider social problems. For example, 62% of Americans but only 32% of senior executives believe corporations should be responsible for reducing human rights abuses in the world. Some 53% of Americans versus 31% of executives believe corporations should be responsible for increasing economic stability in the world. And 49% of the public compared to 21% of business leaders see corporations responsible for helping reduce the gap between rich and poor.

Finally, 79% of the public but only 55% of business leaders believe companies should be responsible for ensuring all their products are made in a socially and environmentally responsible manner.

WHAT MOTIVATES COMPANIES TO BE BETTER CORPORATE CITIZENS? WHAT LIMITS THEIR EFFORTS?

Motivations remain consistent

The 2007 survey identified the same top three motivating factors as the previous two surveys:

- Company traditions and values: 76%
- Improving reputation/image 66%
- Part of business strategy 60%

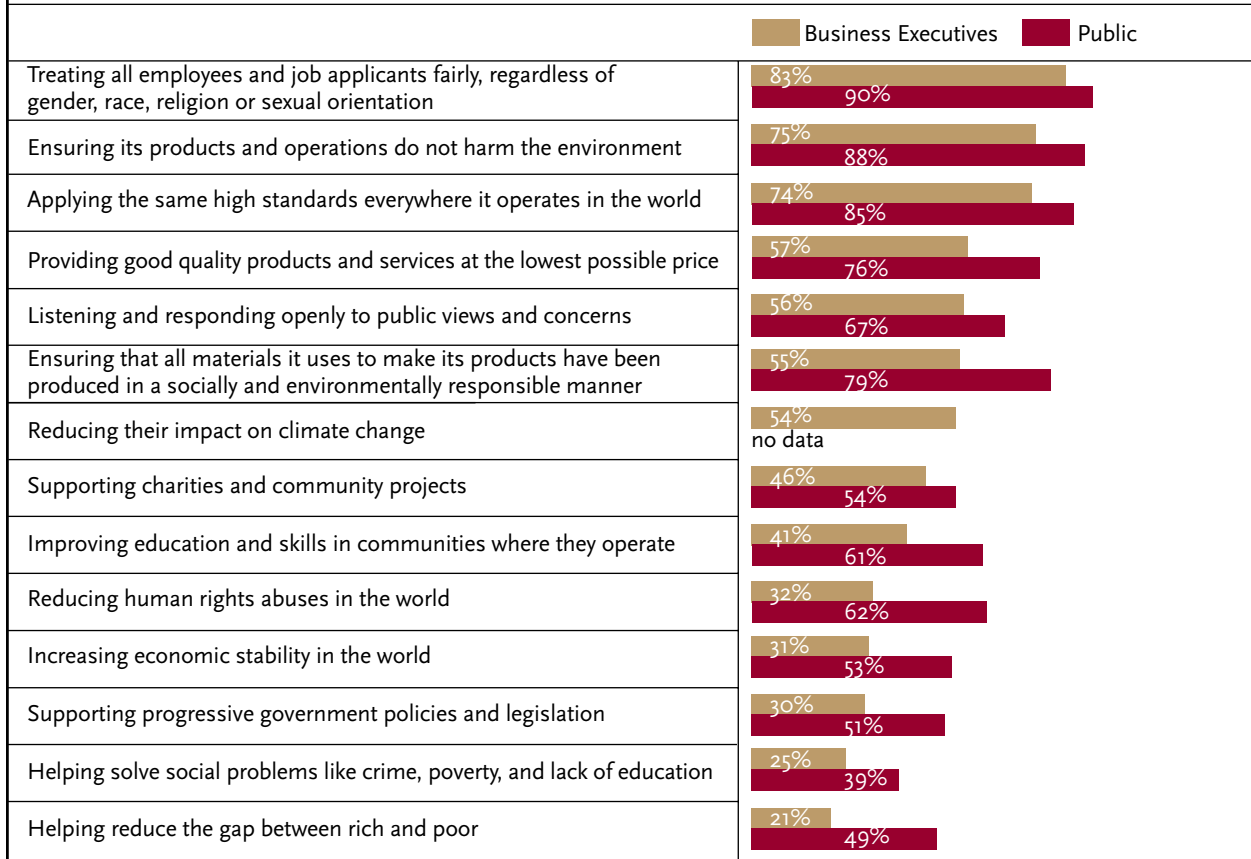
Three out of four large companies (75%) recognize the importance of corporate citizenship for improving reputation and image. Large privately-held companies report much greater importance of customers/consumers as a driving factor: 72% versus 53% of publicly-held large companies (the importance to customers/consumers is the third most important motivating factor for privately-held large companies).

The 2007 survey explored the role of two additional

Figure 3:

Business Responsibilities: Public vs. Executives' Views

Question asked: "Below is a list some people say should be part of the responsibilities of large companies. For each one, please indicate to what extent you think companies should be held responsible. Please, use a scale of 1 to 5 where 1 means 'not held responsible', 3 is 'held partially responsible' and 5 is 'held completely responsible.'" (Data for public expectations come from GlobeScan's 2007 CSR Monitor; percentages are for categories 4 and 5 combined.)



corporate citizenship factors—reducing business risks and providing competitive advantage. As Figure 4 demonstrates, almost half of large companies in the U.S. see corporate citizenship as providing competitive advantage. About one in three companies of any size see it as helping reduce business risks.

Obstacles for adopting corporate citizenship practices

Consistent with prior findings, the 2007 State of the Corporate Citizenship found that the greatest barrier

to corporate citizenship is the lack of resources—money, time, and people. Small companies in particular are struggling with limited capacity (see Figure 5). As executives seek resources inside the company, they face a huge gap in what the public expects. According to the GolinHarris survey, 81% of the American public say companies should invest more time, money, and resources in corporate citizenship than they are investing today, and 80% say corporate citizenship should be of higher priority for companies, compared to other factors in running a successful, profitable business.⁷

Figure 4:

Drivers of Corporate Citizenship

Question asked: "To what extent does each of the following factors 'motivate' or 'drive' your company's efforts to be a good corporate citizen?"

| | Very Great Extent | Large Extent | Total | Small Co. | Medium Co. | Large Co. |
|---|-------------------|--------------|-------|-----------|------------|-----------|
| It fits our company traditions and values | 37% | 39% | 76% | 75% | 75% | 79% |
| It improves our reputation/image | 30% | 36% | 66% | 63% | 67% | 75% |
| It's part of our business strategy | 26% | 34% | 60% | 58% | 59% | 66% |
| It's important to our customers/consumers | 22% | 31% | 53% | 49% | 56% | 63% |
| It helps to recruit and retain employees | 13% | 28% | 41% | 30% | 54% | 56% |
| It gives us a competitive advantage | 16% | 25% | 41% | 40% | 40% | 47% |
| It helps us reduce business risks | 10% | 23% | 33% | 32% | 34% | 37% |
| It's expected in our community | 13% | 20% | 33% | 26% | 38% | 44% |
| It helps manage regulatory pressures | 10% | 19% | 29% | 23% | 33% | 40% |

Figure 5:

Barriers to Corporate Citizenship

Question asked: "To what extent do the following limit your company's efforts to be a better corporate citizen in your communities? Please answer on the scale of 1 to 5, where 1 means 'not at all' and 5 means 'very great extent.'"

| Limiting Factor | Very Great Extent | Large Extent | Total | Small Co. | Medium Co. | Large Co. |
|---|-------------------|--------------|-------|-----------|------------|-----------|
| Don't have enough money | 12% | 18% | 31% | 36% | 24% | 21% |
| Don't have enough time | 6% | 21% | 27% | 28% | 26% | 25% |
| Don't have enough people | 6% | 20% | 27% | 30% | 20% | 24% |
| Don't have corporate citizenship management processes | 5% | 12% | 16% | 15% | 19% | 17% |
| No significant benefit to the business | 5% | 10% | 14% | 12% | 17% | 19% |
| Not of real interest to our employees | 2% | 11% | 13% | 12% | 18% | 13% |
| Top management does not support it | 4% | 8% | 12% | 9% | 18% | 17% |
| Middle management does not support it | 2% | 8% | 10% | 7% | 12% | 14% |
| Not sure what being a good "corporate citizen" means | 3% | 4% | 7% | 6% | 6% | 11% |

The second biggest barrier is the lack of corporate citizenship management processes. About one in six companies report this as a barrier.

HOW ARE COMPANIES INVOLVED IN ECONOMICALLY DISTRESSED COMMUNITIES?

Business executives recognize they have a role to play in addressing the prospects of economically distressed communities. This support has continued to grow since the first State of Corporate Citizenship survey in 2003, especially among large companies (see Figure 6).

Resource commitments to lower-income communities by business have been sustained or

growing in the past year or two, according to most business leaders. About one in five businesses in 2007 reports it has increased significantly or increased somewhat their company’s overall efforts in economically distressed communities over the past year or two. Only 9% have reduced somewhat or reduced significantly their support for such communities.

Purchasing from women-owned and minority-owned suppliers is significantly higher than reported in 2003 and 2005 and is likely reflecting the changing population demographics and the growing number of women and minorities in the workforce. In fact, the 2007 data shows these purchasing practices doubled in the last two years. In 2005 some 11% of executives reported purchasing from

Figure 6:
Support for Economically Distressed Communities
Question asked: “To what extent is your company involved in any of the following?”

| | Large Extent | Very Great Extent | Total | Small Co. | Medium Co. | Large Co. |
|---|--------------|-------------------|-------|-----------|------------|-----------|
| Providing training and development opportunities for your lower-wage employees | 20% | 11% | 31% | 23% | 38% | 43% |
| Purchasing from women-owned suppliers | 14% | 10% | 24% | 25% | 20% | 28% |
| Hiring people from economically distressed communities | 14% | 9% | 23% | 19% | 28% | 23% |
| Purchasing from minority-owned suppliers | 15% | 7% | 22% | 19% | 18% | 43% |
| Improving conditions in economically distressed communities | 13% | 7% | 20% | 14% | 24% | 29% |
| Offering job training programs to people in economically distressed communities | 12% | 6% | 18% | 13% | 21% | 29% |
| Locating your company's facilities or jobs in economically distressed communities | 10% | 6% | 16% | 11% | 17% | 28% |

women-owned suppliers—in 2007 that number increased to 24%. Similarly, while in 2005 some 11% said they purchased from minority-owned suppliers, the practice doubled to 22% in 2007. Most significant was the rise in this practice among small- and medium-size companies where the numbers almost tripled.

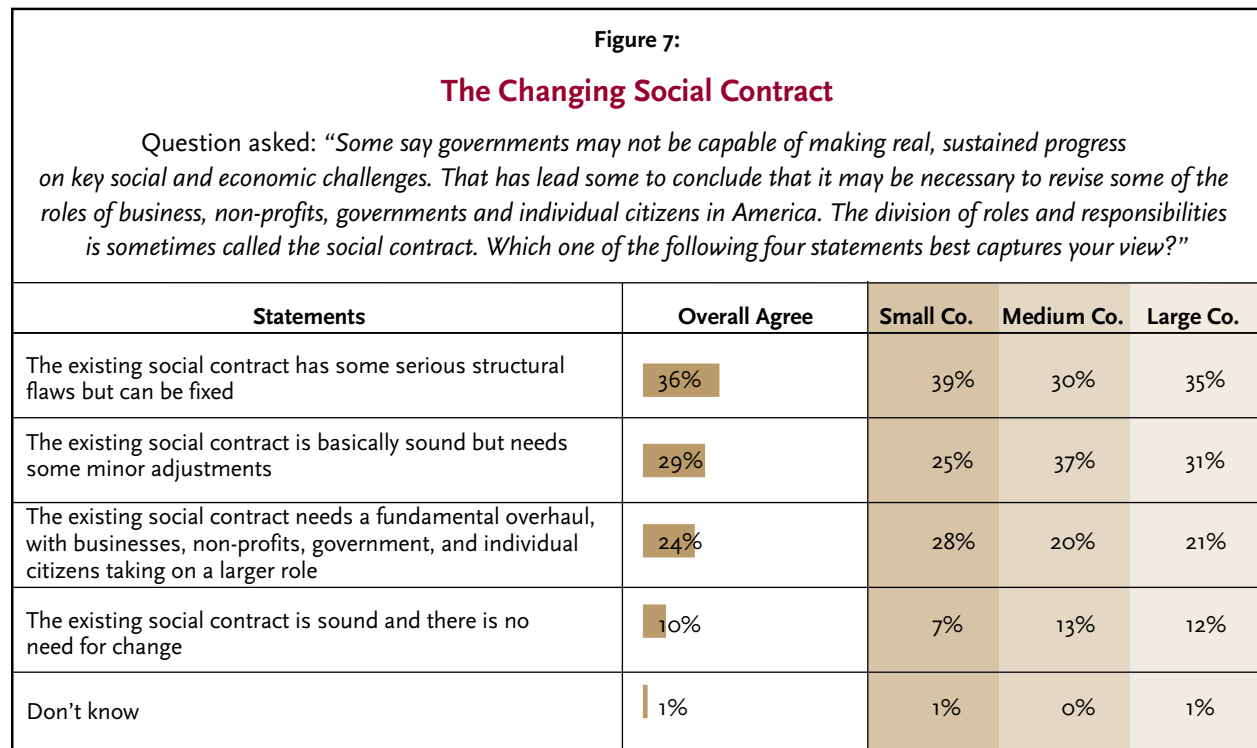
HOW DO BUSINESS EXECUTIVES VIEW THE EFFECTIVENESS OF THE SOCIAL CONTRACT?

Era of big government is over

U.S. President Bill Clinton stated in 1995, “the era of big government is over” which, according to the New America Foundation, has led to a breakdown of the American social contract, or the division of roles and responsibilities between government, business, civil society organizations, and citizens for addressing key social and environmental issues.

Government today does not have the capacity on its own to address many of the social problems such as healthcare, retirement, global warming, human rights issues, chemical pollution, and product safety. Consider, for example, the recent food and toy safety scandals and the FDA’s limited capacity to check the thousands of products manufactured or imported to the United States. The emergency response and recovery efforts associated with Hurricane Katrina also magnified the shifting responsibilities of government, business, and civil society.

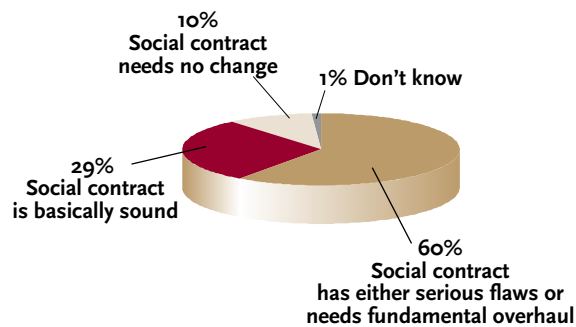
Americans expect companies today to assume a greater share in addressing social and environmental challenges in part because they reap financial gain from globalization. Today 200 corporations account for 23% of the world’s GDP, and 51 of the top 100 economies in the world are corporations. In the United States, where government is traditionally less trusted, public expectations for business to address many social issues are rising.



Business involvement in helping the victims of Hurricane Katrina demonstrated that some companies have the reach and the capabilities to help address significant challenges.

But what does business actually think about the changing social contract and its own role? Is it willing to take on even greater responsibilities?

The 2007 survey found that 60% of business leaders see our current social contract as troubled (some 36% say the social contract has some serious



structural flaws and 24% say it is in need of fundamental overhaul). Small companies seem most dissatisfied with the social contract—67% of them believe it needs a major overhaul or a serious change to fix it, versus 50% of medium-size companies and 56% of large companies (see Figure 7).

Overall, only one in ten respondents suggested the existing social contract is sound and there is no need for change.

Mirror, Mirror...

Who's the Leading Corporate Citizen?

The 2007 survey asked respondents to identify leaders in corporate citizenship. This open-ended question gave the respondents an option of naming up to three companies.

Microsoft, mentioned by 27%, topped the list. It was followed by GE with 9%, IBM with 8%, and Apple and Wal-Mart with 5%. One in five respondents (21%) did not identify a single company.

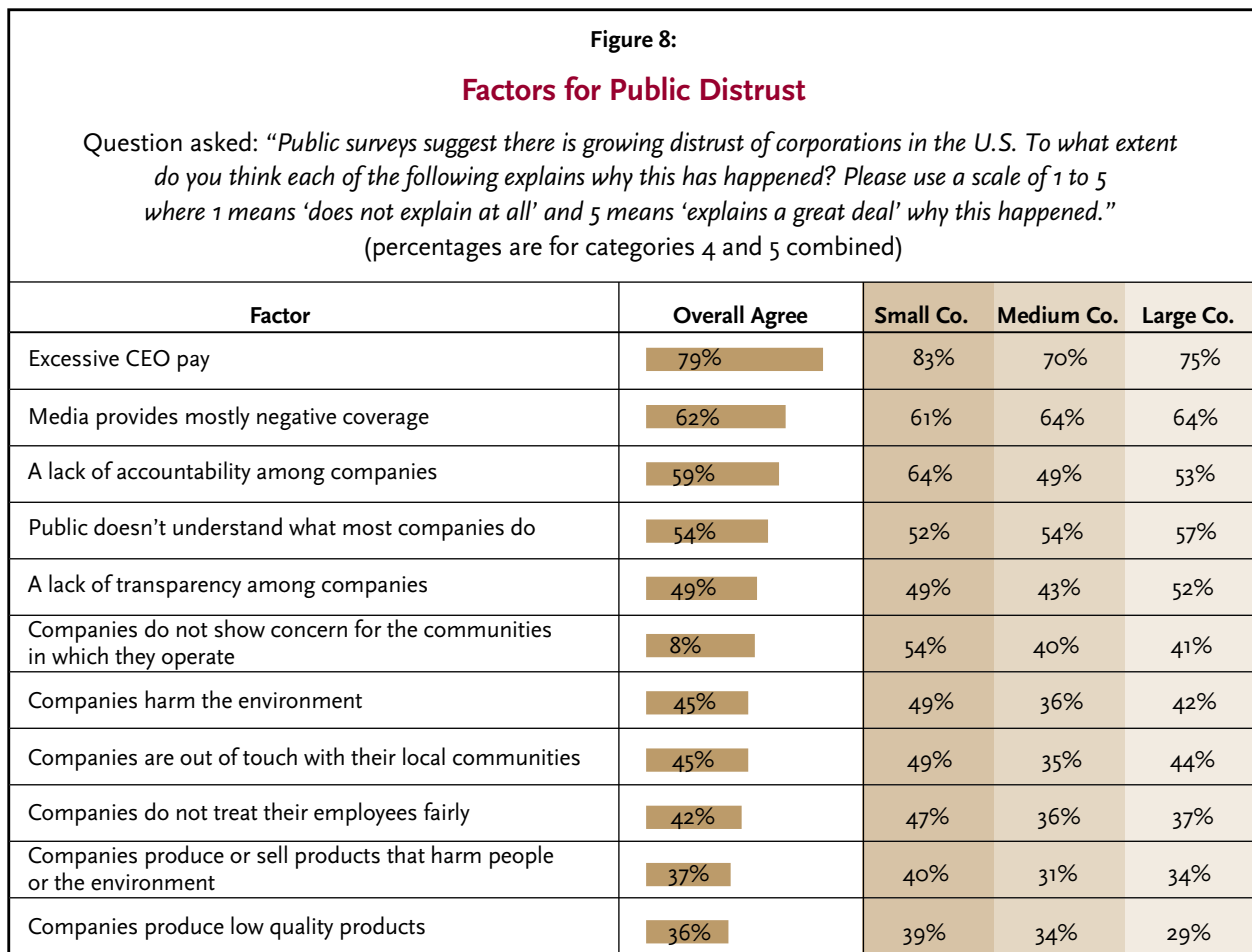
The unprompted responses of the executives are very different from what public surveys and other rankings have found. For example, the 2006 GolinHarris Corporate Citizenship Survey identified Ben & Jerry's, Target, and Patagonia as the three most responsible companies. Their list of top 30 brands does not include Microsoft, GE, or IBM. The top three companies on The CRO Magazine's list of 100 Best Corporate Citizens for 2007 are Green Mountain Coffee Roasters, Advanced Micro Devices Inc., and Nike. The list includes IBM at #6 and Microsoft at #40.

WHAT FACTORS ARE ERODING THE PUBLIC TRUST OF CORPORATIONS?

U.S. executives seem aware of the problem with the eroding trust in large companies. When asked about the factors that may explain it, a striking 79% point to excessive CEO pay. President Bush in an interview with *The Wall Street Journal* in October 2007 admitted that excessive executive compensation is a problem in America and said:

“Do I think some of the salaries are excessive at the top? I do.” He said it “sends a signal of unfairness, and people in America want... fairness.”

Other factors contributing to the eroding public trust in large business cited by the executives include the mostly negative image provided by media (62%) and the lack of accountability among companies (59%) (see Figure 8).



IV. Reality Check: What's Really Happening

This survey and the previous two demonstrate that corporate citizenship is important to American companies of all sizes. They recognize its value to their brand reputation, competitive advantage, and even to ensuring the right to operate in the 21st century. However, the data reveal that the attitudes of executives stretch beyond the reality of how corporate citizenship is being worked into their management and operations.

A commitment to corporate citizenship is more than giving money to a charity or planting trees to offset a company's emissions. It becomes part of a company's business planning process and involves employees across the business. It requires clear vision and top management support, as well as goals and targets to track and report performance. It requires building new partnerships and "thinking outside the box."

To evaluate business actions in 2007 and create a reality check to the survey, researchers used the Boston College Center's Corporate Citizenship Management Framework to examine business practices in four key dimensions:

- 1) overall management
- 2) community support
- 3) responsible business practices
- 4) products and services

The findings reveal gaps between business actions and executive attitudes and the reality of what is part of the business strategy. (For more information on the framework see the box on page 20.)

Some of the key issues explored in this section include:

- How well companies are managing corporate citizenship across their organization
- Companies' support for the communities in which they operate

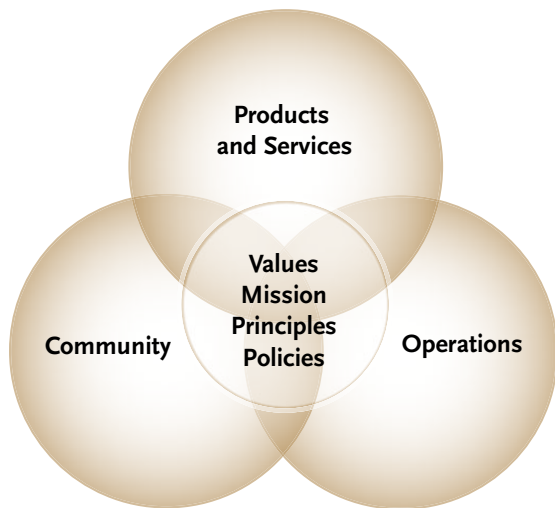
- How well companies are managing corporate citizenship in their operations
- How well companies are incorporating corporate citizenship into their products and services

OVERALL CORPORATE CITIZENSHIP MANAGEMENT: COMPANY VISION, VALUES, AND GOVERNANCE

The foundation of a company's corporate citizenship rests on its vision, values, and principles. These provide the platform for the company's business strategies. The governance of a company must ensure it remains accountable to these values and to its internal and external stakeholders. From a corporate citizenship perspective the challenge is to ensure that the values and mission of the company encompass and reflect the larger accountability to society that today's operating environment demands.

From a management point of view, the challenge is how well vision and values are translated into principles and policies that guide day-to-day

Corporate Citizenship Management Framework



Corporate Citizenship Management involves understanding and managing the business practices in four closely interrelated domains:

Products and services: understanding and incorporating social and environmental considerations in assessing market risks and opportunities when developing new products and services (e.g. Toyota's hybrid cars and GE's ecomagination).

Operations: adopting responsible business practices and accountability to internal and external stakeholders on a broad range of issues from health and safety, sustainable environmental practices, to respect for human rights in the supply chain.

Community: supporting and engaging with key stakeholders to address social and environmental challenges outside the firm and beyond creating wealth for shareholders, creating jobs, and paying taxes.

Company values, mission, and governance: the overall commitment, integration and management of corporate citizenship across the organization.

More information on the framework can be found at www.bccccc.net/ccmf.

management. Effective corporate citizenship management means the integration of corporate citizenship as a strategic driver for all line functions in the company. Like quality, corporate citizenship is most effective when it is embedded across the company.

The 2007 State of Corporate Citizenship survey found significant gaps between the attitudes of executives and the actions taken in managing and implementing corporate citizenship (see Figure 9).

Rhetoric: *60% of executives said corporate citizenship is part of their business strategy to a large or very great extent*

Reality: 39% report it is part of their business planning process

Reality: 28% have policies or a written statement about corporate citizenship

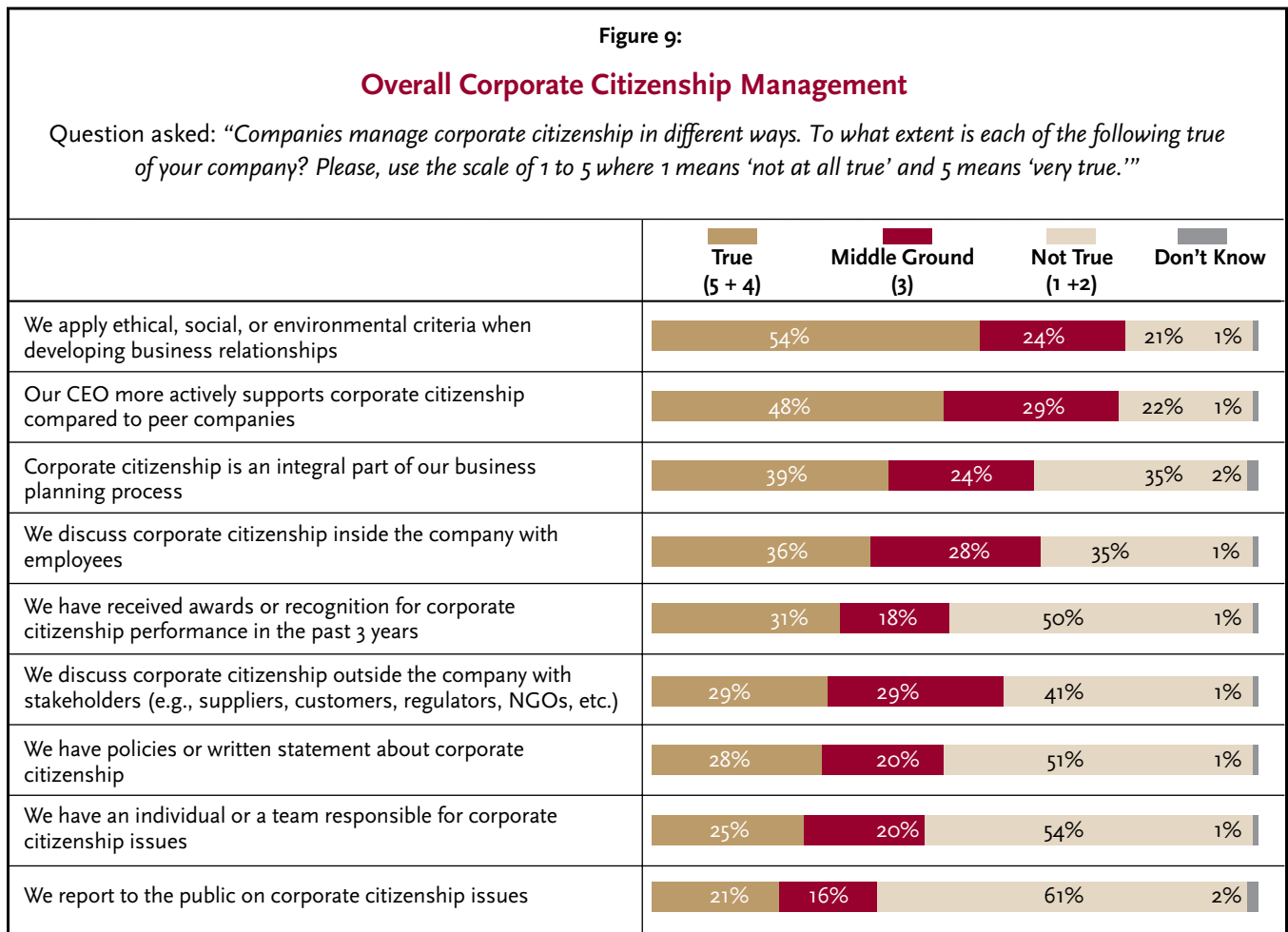
Reality: 25% have an individual or team responsible for citizenship issues

Rhetoric: *76% of executives said corporate citizenship fits traditions and values of the company to a large or very great extent*

Reality: 36% report discussing corporate citizenship with employees

Rhetoric: *87% of executives see operating with ethical business practices as the most important element of citizenship*

Reality: 54% report applying ethical, social, or environmental criteria when developing business relationships



Rhetoric: 65% of executives say the public has a right to expect good corporate citizenship

Reality: 29% of companies discuss corporate citizenship outside of their organizations with stakeholders such as suppliers, customers, regulators, or NGOs

Reality: 21% report to the public on corporate citizenship issues

HOW DO COMPANIES SUPPORT THE COMMUNITIES IN WHICH THEY OPERATE?

Corporate philanthropy and employee volunteerism

has long been the hallmark of a “good” company. This model is no longer seen by many stakeholders as adequate or sufficient to address social needs and challenges. Government and the public increasingly want business to be an active partner and contribute its skills, knowledge, and other resources to help address social problems.

Regarding community benefit and addressing the needs of people and communities in poverty, the results of the survey show significant engagement that is provided in a variety of ways. This includes traditional support through cash donations (69%), in-kind donations (65%), and employee volunteering (64%). Thirty percent of those who offer cash

Figure 10:

Areas of Community Support

Question asked: “Based on the amount of resources invested in community support activities (e.g., money, time, product and service donations), which are the top three areas your company supported in the past year?”

| | % of Total Mentions Overall | Small Co. | Medium Co. | Large Co. |
|---|-----------------------------|-----------|------------|-----------|
| Education | 53% | 56% | 47% | 47% |
| Health care, including nutrition and physical fitness | 35% | 35% | 34% | 38% |
| Job training | 32% | 25% | 45% | 38% |
| Arts and culture | 26% | 29% | 23% | 19% |
| Economic development | 19% | 13% | 27% | 19% |
| Environmental issues | 19% | 19% | 14% | 26% |
| Community safety | 15% | 14% | 13% | 21% |
| Sports | 14% | 15% | 14% | 14% |
| Affordable housing | 12% | 11% | 14% | 12% |
| Child care | 11% | 10% | 14% | 9% |
| Literacy | 10% | 8% | 10% | 15% |
| Don't know / no answer | 2% | 2% | 3% | 1% |

donations report that these donations exceed 1% of pre-tax revenues. Of the companies that offer employee volunteering opportunities, 53% offer some paid time off for volunteers with 18% of companies reporting eight or more hours of paid volunteer time per month and 14% of companies reporting four hours paid time per month (42% did not know the exact number of hours their company supports).

Societal problems targeted

Some 55% of executives said “improving conditions in their community” is critical or important to how they define their company’s role in society. The top three areas supported by U.S. companies are education (53%); healthcare, including nutrition and physical fitness (35%); and job training (32%). Small companies support arts and culture to a larger extent than job training (29% vs. 25%) (see Figure 10).

The results also show that business commitments to poor communities have been sustained or growing in the past year or two. About one in five businesses report they have increased significantly or increased somewhat their company’s overall efforts related to economically distressed communities over the past year or two. Only 9% have reduced somewhat or reduced significantly their support.

Private-public partnerships

Some 41% of all companies (65% of large companies) have formal and active partnerships established with charitable organizations. Such partnerships are becoming the cornerstone of the 21st century community involvement. Rather than “dumping spare cash, obsolete equipment, and tired executives in the community,” as noted

business expert Rosabeth Moss Kanter has written,⁸ companies today are increasingly adopting more active roles in building strategic partnerships. There are numerous examples of such innovative partnerships including Starbucks and the CHAI project in India, Booz Allen and its Executive Development Program for School Principals, Abbott Laboratories and its Tanzania Care project.

all employees and job applicants fairly, regardless of gender, race, religion, or sexual orientation, is the number one issue Americans believe corporations should be held completely responsible for (90% of respondents).

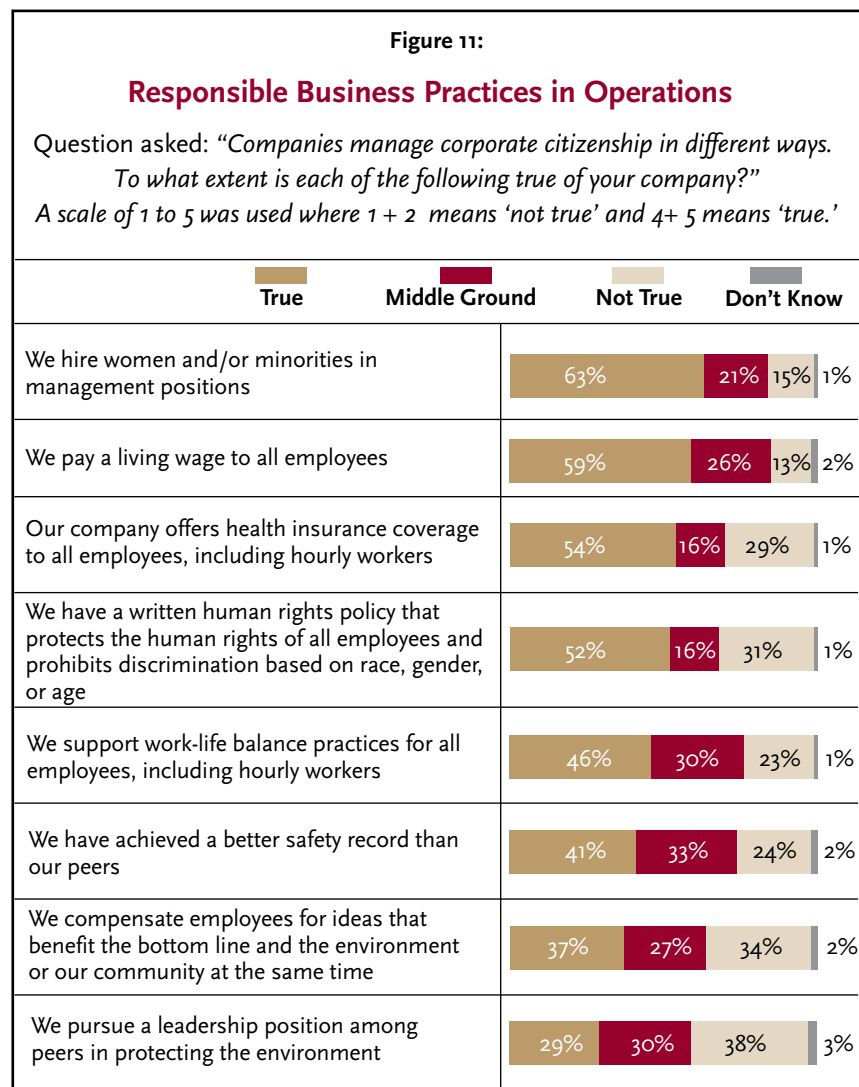
When analyzing employee support practices the 2007 survey found (see Figure 11):

HOW RESPONSIBLY ARE COMPANIES MANAGING CORPORATE CITIZENSHIP IN THEIR OPERATIONS?

Conducting business in a responsible way today means being ethical in all business transactions, reducing impact on the environment, protecting human rights, and valuing and treating employees well. While most companies recognize the importance of these practices for conducting business in the 21st century, the State of Corporate Citizenship survey found that concrete action lags behind generally positive attitudes.

Valuing employees

Some 81% of business leaders see the importance of valuing employees and treating them well. This correlates with other research on the value of good employee support practices. Similarly, GlobeScan's 2007 CSR monitor found that treating



Rhetoric: *81% of executives see the importance of valuing employees and treating them well*

Reality: 58% say it is true that they are paying a living wage to all their employees

Reality: 54% report they offer health insurance coverage to all employees

Reality: 52% have written policies that protect human rights of all employees

Reality: 46% support work-life balance practices for all employees

Reality: 41% report achieving a better safety record than their peers

Reality: 31% provide training and career development for low-wage employees

Protecting the environment

While many large companies are promoting their efforts to address environmental concerns such as climate change, the businesses overall are not as engaged as the headlines might suggest.

Rhetoric: *49% of American business leaders see protecting the environment as critical or very important*

Reality: 29% report pursuing a leadership position among peers

Reality: Environment is ranked 7th when executives forecast areas in which they plan to focus more effort in the coming years

Protecting the environment is still seen by most U.S. companies as compliance to existing laws and regulations. Only a few leaders have made “greening” their operations a strategic

business issue (e.g., redesigning their offices and manufacturing to phase out toxic chemicals, sourcing products from sustainably-managed forests or modifying operations to reduce or eliminate hazardous air or water emissions).

HOW WELL ARE COMPANIES INCORPORATING CORPORATE CITIZENSHIP CRITERIA INTO THEIR PRODUCTS AND SERVICES?

Through their products and services, companies can have significant impact on society and the environment. Yet, this is an area currently least developed, according to the 2007 survey. To become a good corporate citizen, a company must understand and incorporate social and environmental considerations in its assessment of market risks and opportunities as it offers new services or develops new products.

Early leaders saw the future markets for socially responsible products and services. Many of them were relatively small companies, such as the Body Shop and Ben & Jerry's. They often used corporate citizenship as a market differentiator.

Today more large companies are realizing the benefits of corporate citizenship as a strategic lens to identify market risks and opportunities—perhaps evidenced by the acquisition of those early adopters by global giants like Unilever and L'Oreal.

Highly visible examples today include company initiatives such as Toyota's hybrid cars and GE's eco-magination. However, many innovative small- and medium-size companies are also leaders in this area—a local dry cleaner that uses non-toxic cleaning systems or small startup developing software for the visually impaired are examples of this.

The 2007 survey found high aspirations, but limited actions in the area of sustainable product and service development (see Figure 12).

Rhetoric: 60% of business leaders claim corporate citizenship is to a very great or large extent part of their business strategy

Reality: 35% of companies design products and services with consideration of their life-cycle impacts

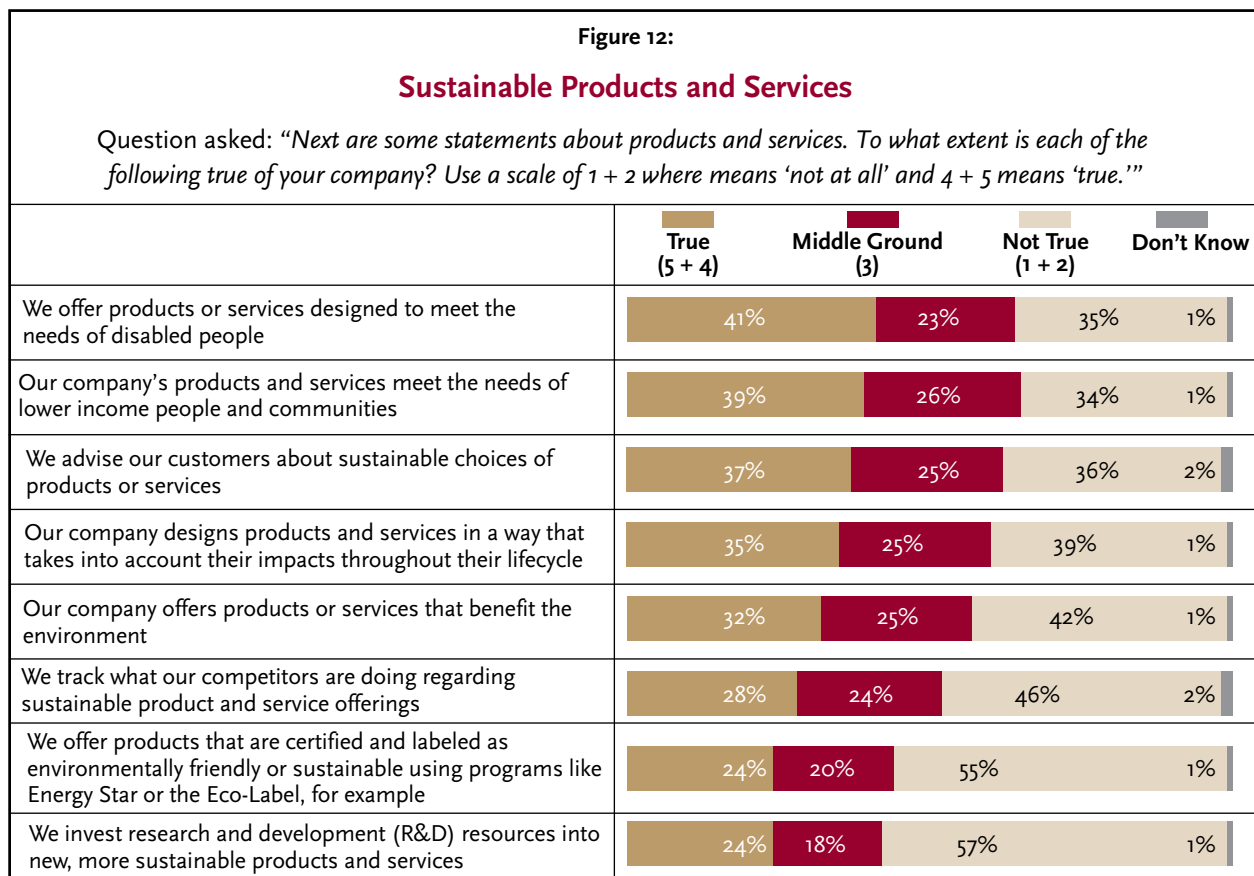
Reality: 32% offer products or services that benefit the environment

Reality: 28% of companies track what their competitors are doing regarding sustainable products and services

Reality: 24% of companies offer products that are certified or labeled as environmentally friendly or sustainable

Reality: 24% of companies invest R&D into new, more sustainable products and services

Large companies are more advanced in developing sustainable products and services: 44% offer products or services that benefit the environment, 43% design products or services with consideration of their life-cycle impacts, and 42% track what competitors are doing in this area.



Ownership matters: public vs. privately-held companies

Publicly held large companies are ahead of their privately-held peers in developing sustainable products and services:

- 51% of public versus 37% of private companies design products and services with consideration of their lifecycle impacts
- 37% of public versus 23% of private companies offer products that are certified or labeled as environmentally friendly or sustainable
- 37% of public versus 24% of private companies invest research and development resources into new, more sustainable products and services
- 51% of public versus 34% of private corporations track what their competitors are doing regarding sustainable product and service offerings

These differences may reflect greater disclosure requirements for publicly-held companies and the pressure they often experience from stakeholders, including large institutional investors.

Customer base matters: B2B and B2C vs. B2B vs. B2C

Companies that sell both to businesses and consumers approximately equally are more advanced in managing corporate citizenship and developing sustainable products and services when compared to companies that sell primarily to business or primarily to consumers. The exception is only when we look at products designed to meet the needs of disabled people or lower income communities, where consumer oriented companies have the lead (see Figure 13).

- 61% of businesses that sell to companies and consumers approximately equally report that their

CEO more actively supports corporate citizenship, compared to 43% for companies selling to consumers primarily, and 50% for companies selling to businesses primarily

- 56% report discussing corporate citizenship inside the company with employees, versus 35% for companies selling to consumers primarily, and 29% for companies selling to businesses primarily
- 51% of report that corporate citizenship is integral part of their business planning process; versus 41% for companies selling to consumers primarily, and 32% for companies selling to businesses primarily
- 43% design products and services with regard to their life-cycle impacts, versus 36% for companies selling to consumers primarily and 30% for companies primarily selling to businesses

One possible explanation of this finding could be that companies selling to both consumers and businesses approximately equally get significant pressures from both sides for developing products and services that meet today's changing expectations.

Clearly, developing sustainable products and services is an area poised to grow in the future. This is also an area that provides the greatest business opportunities. In the 2006 GolinHarris Corporate Citizenship Survey, the public identified product and service development as the top priority for American companies.

Figure 13:

Corporate Citizenship Practices - By Type of Customer

Question asked: “Companies manage corporate citizenship in different ways. To what extent is each of the following true of your company? Please, use a scale of 1 to 5 where 1 means ‘not at all’ and 5 means ‘very true.’”
(results are for categories 5 and 4 combined)

| | Total True | Businesses Primarily | Consumers Primarily | Businesses AND Consumers Equally |
|---|------------|----------------------|---------------------|----------------------------------|
| Our CEO more actively supports corporate citizenship compared to peers | 48% | 50% | 43% | 61% |
| We apply ethical, social, or environmental criteria when developing business relationships | 54% | 53% | 54% | 60% |
| We discuss corporate citizenship inside the company with employees | 36% | 29% | 39% | 56% |
| Corporate citizenship is an integral part of our business planning process | 39% | 32% | 41% | 51% |
| We discuss corporate citizenship outside the company with stakeholders | 29% | 27% | 28% | 42% |
| We pursue a leadership position among peers in protecting the environment | 30% | 27% | 28% | 41% |
| We have received awards and recognition for corporate citizenship performance in the past 3 years | 31% | 28% | 31% | 38% |
| We have policies or written statements about corporate citizenship | 28% | 29% | 25% | 33% |
| We report to the public on corporate citizenship issues | 20% | 13% | 23% | 30% |

Question asked: “Next are some statements about products and services. To what extent is each of the following true of your company? Please, use a scale of 1 to 5 where 1 means ‘not at all’ and 5 means ‘a great deal.’”
(results are for categories 5 and 4 combined)

| | Total True | Businesses Primarily | Consumers Primarily | Businesses AND Consumers Equally |
|---|------------|----------------------|---------------------|----------------------------------|
| We offer products and services designed to meet the needs of disabled people | 41% | 28% | 49% | 46% |
| We advise our consumers on sustainable choices of products or services | 37% | 32% | 38% | 46% |
| Our company products and services meet the needs of lower income people and communities | 39% | 27% | 48% | 44% |
| Our company designs products and services in a way that takes into account their impacts throughout their lifecycle | 35% | 30% | 36% | 43% |
| We track what our competitors are doing regarding sustainable products and services | 28% | 28% | 26% | 37% |
| Our company offers products and services that benefit the environment | 33% | 29% | 34% | 36% |
| We offer products that are certified and labeled as environmentally friendly or sustainable using programs like Energy Star or the Eco-Label, for example | 24% | 23% | 21% | 34% |
| We invest R&D resources into new, more sustainable products and services | 24% | 22% | 23% | 30% |

V. Implications for U.S. Companies

Will American companies be laggards or leaders on corporate citizenship?

The 21st century business environment is posing significant new challenges. As the American social contract frays, the public is looking to business to play a greater role in society. This includes business not simply taking more responsibility for its own economic, environmental, and social impacts, but also business action to help address broader social issues.

After a decade of record profits and economic expansion, most Americans feel that businesses can and should be doing more. While wages have remained flat, executive compensation has soared and stories of corruption, options back-dating, and risky ventures such as sub-prime mortgages fuel the perception that business is not doing its part.

According to the GolinHarris Change survey, a majority of Americans think that business is headed in the wrong direction on corporate citizenship. Eighty-one percent said companies should invest more time, money, and resources in corporate citizenship and 80% say corporate citizenship should be of higher priority for companies, compared to other factors in running a successful, profitable business.

The 2007 State of Corporate Citizenship Survey demonstrates that most business leaders understand the scope and scale of the challenge ahead. Sixty percent of business leaders agree that the social contract in the U.S. is either broken or fundamentally flawed. Almost all executives agree with the public that operating ethically and treating employees well and fairly are key responsibilities for business. Most believe corporations, not

government, should be responsible for ensuring their products and operations do not harm the environment.

On social issues such as protecting human rights and reducing poverty, there is a greater gap between public and business leader perceptions. Business leaders must now learn to manage these growing expectations as the American social contract changes.

GET REAL

The 2007 survey found the greatest challenge for corporate citizenship in the United States is to move beyond aspiration and rhetoric to action.

While executives say corporate citizenship is a key strategic issue for them, far too many companies still equate citizenship with philanthropy and not the way the company conducts its business. With some notable exceptions such as GE, Timberland and Seventh Generation, relatively few have begun to tackle the hard challenge of integrating corporate citizenship principles and practices across the company and adjusting their business model to meet the challenges of the new operating

environment. Others are making strides in one or two key dimensions of corporate citizenship—such as Wal-Mart and their relatively new environmental sustainability strategy—but are falling short of an integrated and comprehensive approach.

BE MORE RELEVANT

Globally when it comes to corporate citizenship, U.S. companies are increasingly at risk of falling behind competitors. Corporate citizenship and social responsibility are more rapidly becoming major components of the competitive context from Europe to Asia and Latin America.

A majority of American businesses are ill-prepared to meet global expectation. For example, according to recent studies, 40% of U.S. companies that manufacture or import to the EU have not started to prepare for the new European REACH environmental regulations. The costs in terms of fines, lost market share, and damaged reputation could be significant.⁹

With many indicators pointing to an economic slowdown in the U.S., corporate America may also find itself at a political disadvantage as distrust of business and globalization fuel political momentum for protectionism and greater regulation.

BE MORE RESPONSIVE

Like the quality movement in the early 1970s, corporate citizenship is rapidly becoming a defining business issue for the 21st century. In a world where large companies can have more than 50% of their brand value tied to reputation, corporate citizenship now eclipses products, innovation, financial performance, workplace practices, governance, and leadership as the leading influencer of public perception, according to the Reputation Institute.

The challenge to American business: get real by closing the gap between aspiration and action; become more relevant by balancing the interests of key stakeholders such as employees, customers, shareholders, and communities; and be responsive to the changing operating environment created by globalization, hyper-communications, and a more aware and demanding public. A business that fails to meet this challenge will likely find itself on the defensive at home and less competitive abroad.

CAN U.S. BUSINESS BRIDGE THE GAP?

The gap between what the 751 senior executives surveyed said and the manner in which their companies operate can be viewed from many perspectives.

Cynics may focus on the distance between the aspirational support and the action of the companies and cite hypocrisy. Activists and stakeholders may use this data to hold executives accountable to integrating corporate citizenship into their core business strategy.

Others, including the Boston College Center for Corporate Citizenship, view this gap differently. Through the Center's work with more than 350 leading companies we know from first-hand experience that there are leading American businesses—small, medium, and large—in every industry sector rising to the challenge of managing corporate citizenship as an integrated part of business strategy. The challenge and opportunity for U.S. businesses, most of whom are still in the early stages of corporate citizenship, is to become more aware of and willing to learn from these leaders.

Other resources from the Boston College Center for Corporate Citizenship:

Beyond Good Company: Next Generation Corporate Citizenship. Googins, Bradley K., Philip H. Mirvis and Steven A. Rochlin (New York: Palgrave, 2007).

Available at www.bcccc.net:

Corporate Citizen Magazine (Chestnut Hill: Boston College Center for Corporate Citizenship, 2007)

Handbook on Responsible Investment Across Asset Classes (Chestnut Hill: Boston College Institute for Responsible Investment, 2007)

Stages of Corporate Citizenship: A Developmental Framework (Chestnut Hill: Boston College Center for Corporate Citizenship, 2005)

State of Corporate Citizenship in the U.S. 2005 (Chestnut Hill: Boston College Center for Corporate Citizenship, 2005)

State of Corporate Citizenship in the U.S. 2003 (Chestnut Hill: Boston College Center for Corporate Citizenship, 2003)

Step Up: A Call for Business Leadership in Society (Chestnut Hill: Boston College Center for Corporate Citizenship, 2006)

What Do Surveys Say About Corporate Citizenship? (Chestnut Hill: Boston College Center for Corporate Citizenship, 2007)

For information about Executive Training:
www.bcccc.net/execed

Endnotes

¹GlobeScan 2007 CSR Monitor, www.globescan.com/

²GreenBiz survey of MBA students, October 26, 2007, www.greenbiz.com

³*The Economist*, “Brussels rules OK”, September 20, 2007, www.economist.com

⁴Reputation Institute, The Global RepTrack™ 2007 Survey, <http://www.reputationinstitute.com/retrakpulse>

⁵*Financial Times*/Harris Interactive survey in July 2007, www.ft.com

⁶Interview with President George W. Bush, *The Wall Street Journal*, October 12, 2007, www.wsj.com

⁷The GolinHarris Change Corporate Citizenship Survey, <http://www.golinharris.com>

⁸Kanter, R. “From Spare Change to Real Change: The Social Sector as a Beta Site for Business Innovation,” *Harvard Business Review*, December 14, 1999

⁹Veleva, V. “REACH—what does it mean for U.S. companies?”, September 2007, www.bc.edu/centers/ccc/newsletter/newsletter_sep07.html

The Boston College Center for Corporate Citizenship is a membership-based research organization associated with the Carroll School of Management. It is committed to helping business leverage its social, economic and human assets to ensure both its success and a more just and sustainable world. As a leading resource on corporate citizenship, the Center works with global corporations to help them define, plan, and operationalize their corporate citizenship. Through the power of research, executive education, and the insights of its 350 corporate members, the Center creates knowledge, value, and demand for corporate citizenship.

The Center offers publications including a newsletter, research reports, and white papers; executive education, including three Certificate programs; events that include an annual conference, round-tables and regional meetings; peer-to-peer learning forums and a corporate membership program. www.bcccc.net

The Hitachi Foundation is an independent nonprofit philanthropic organization established by Hitachi, Ltd. in 1985. The Foundation seeks to address conditions that perpetuate economic isolation in America. The Foundation invests to expand economic opportunities for economically isolated people to work and earn living wages and accumulate savings and assets. The actions and interaction of business and community are fundamental to this goal. The Foundation focuses at the intersection of two sectors where path-breaking business and community practices are underway. By illuminating the business and community roles in this equation, the Foundation hopes to have a profound influence in both sectors as they strive to strengthen corporate citizenship and civil society.
www.hitachifoundation.org



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The State of Corporate Citizenship 2007

Time to Get Real:

Closing the Gap Between Rhetoric and Reality



BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT

Center for Corporate Citizenship

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