



**THE
CORPORATE
SOCIAL
MIND**

RESEARCH REPORT | SEPTEMBER 2020
GERMAN CONSUMER EXPECTATIONS OF COMPANIES TO ADDRESS SOCIAL ISSUES

INTRODUCTION

Germans are in a vigorous debate about the overall purpose of business and its role in society. In September, a petition for a new corporate legal status, a steward-owned company,¹ captured the attention of the German public. In addition, larger companies and investors especially show a growing interest in ESG (environmental, social and corporate governance) reporting frameworks.

Though some companies in Germany began exploring their purpose and role in society before COVID-19, the pandemic pushed them and others into real action. Companies increased donations to public and nonprofit efforts, retooled equipment to produce masks or disinfectants and used logistics systems to distribute food to families and supplies to hospitals. The question now is whether company leaders took these actions primarily for image rather than as authentic societal engagement. Can German companies maintain a holistic perspective on doing business? Do consumers expect them to?

We anticipated much of this in our new book, *The Corporate Social Mind*. Now, this report reveals that US and German consumers, though thousands of miles apart, have similar expectations of and high hopes for companies to influence the social issues that affect our lives and our planet.

DEFINITIONS

Social Mindset: A perspective that approaches decisions and actions with their impact on society in mind (e.g., police reform, hunger, discrimination, immigration).

Corporate Social Mind: A new book, *The Corporate Social Mind: How Companies Lead Social Change From the Inside Out*, delineates eight traits companies must develop to have a corporate social mindset: 1) Decide with society in mind, 2) live the company's values, 3) use resources for society's benefit, 4) listen before acting, 5) have a social voice, 6) lead social collectives, 7) measure social impact and 8) innovate for social good.

Conjoint Analysis: A statistical technique used to determine what combination of attributes most influences a decision.

PURPOSE

This study documents German expectations of business as a pandemic threatens public health, concern about climate change grows and the debate about inequality focuses on race.

We must point out that German companies have a relationship with their government that is distinct from that of American businesses. The social-issue efforts of the private sector and civil society are “rather closely connected” to activities by the German federal government.² Sofidel summed up the social issue atmosphere: “In recent years, numerous cooperation projects have been launched among companies aimed at exchanging experiences of development, implementing and improving [social issue] activities and engagement with stakeholders ... [including] the opportunity to participate in platforms for working together.”³

A quantitative approach was taken with an online survey fielded from 2:30 p.m. CET on September 4 to 3:30 p.m. CET on September 5, 2020, to collect data about attitudes and activities in Germany related to corporate involvement in social issues. The survey had 1,024 respondents from a nationally representative sample (Census projected), producing a 99% confidence interval with a +/- 3% margin of error. Note that categories may not total 100% due to non-answers, multiple-choice questions and rounding. The German survey was conducted in German; the American survey was conducted in English.

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2020 TIMELINE



¹Steward-owned companies are committed to two principles: self-governance and profits service purpose. <https://purpose-economy.org/en/whats-steward-ownership/>

²<https://www.csr-in-deutschland.de/EN/Policies/CSR-national/CSR-Policies-in-Germany/csr-policies-in-germany.html>

³<https://www.sofidel.com/en/sofandgreen/circular-economy-and-industry/country-focus-csr-in-germany/>

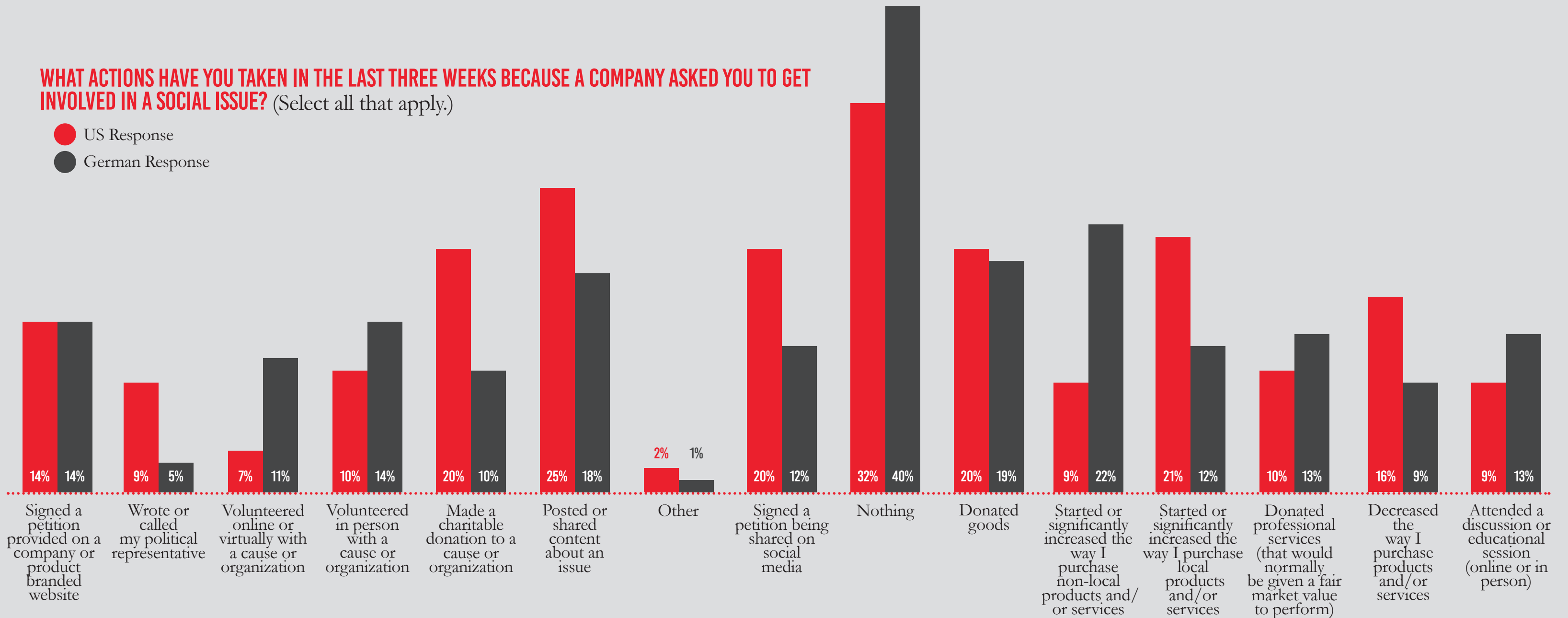
PUBLIC ACTIONS FROM CORPORATE INFLUENCE

The majority of Germans, like Americans, acted to support a social issue when a company requested engagement. Further, respondents from both countries agreed on two of the top social issues for which they acted: animal rights and climate change.

More Germans volunteered (in person or virtually) with a cause or organization than made a charitable donation, while the opposite was true for Americans.

WHAT ACTIONS HAVE YOU TAKEN IN THE LAST THREE WEEKS BECAUSE A COMPANY ASKED YOU TO GET INVOLVED IN A SOCIAL ISSUE? (Select all that apply.)

● US Response
● German Response



For Germans, animal rights (37%), climate change (35%) and the environment and Coronavirus (COVID-19) pandemic (tied at 28%) stood out as the top issues for which they took action in response to a company's request. Among American respondents, the top actions taken because a company asked them to were for Coronavirus (COVID-19) pandemic and civil rights/racial discrimination (tied at 33%) and animals rights (25%).

FOR WHICH OF THE FOLLOWING SOCIAL ISSUES DID YOU TAKE THE ACTION BECAUSE THE COMPANY ASKED YOU TO?

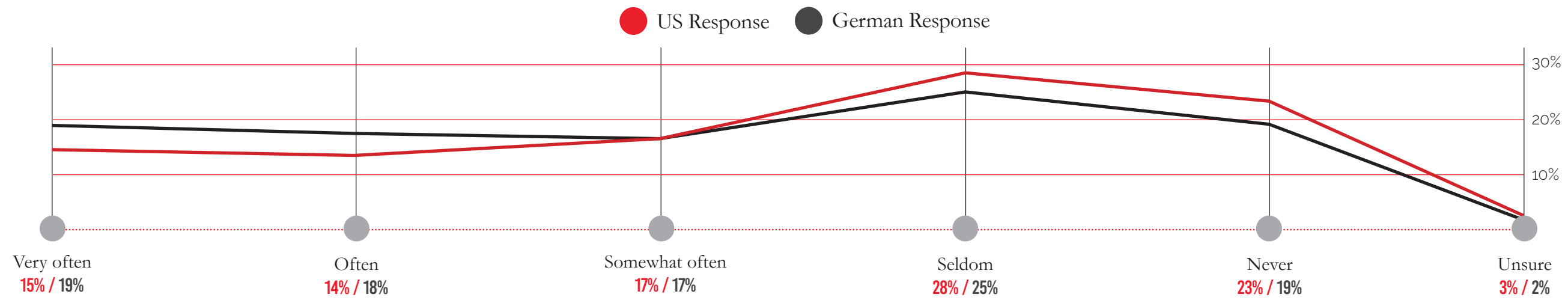
● US Response ● German Response



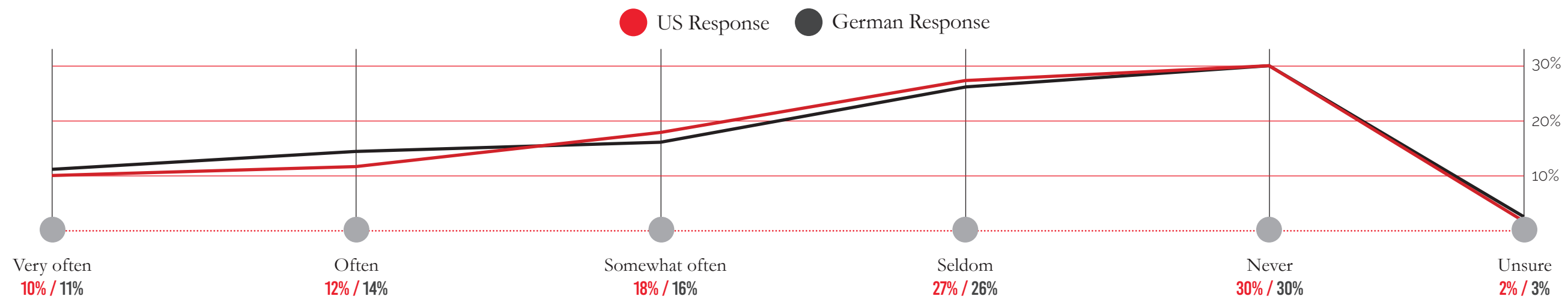
CORPORATE ACTIONS ON SOCIAL ISSUES

Corporate websites are an important source of information about a brand's social issue involvement in Germany. In fact, more than half of Germans said they visited a corporate website or used an online search engine to learn about a company's social issue support very often, often or somewhat often. Respondents in America and Germany had nearly identical responses when it came to the same activity related to racial equity, social justice and/or anti-discrimination.

HOW OFTEN DO YOU VISIT A COMPANY'S WEBSITE OR USE AN ONLINE SEARCH ENGINE (EXAMPLE: GOOGLE) TO LEARN ABOUT A COMPANY'S SUPPORT OF A SOCIAL ISSUE?

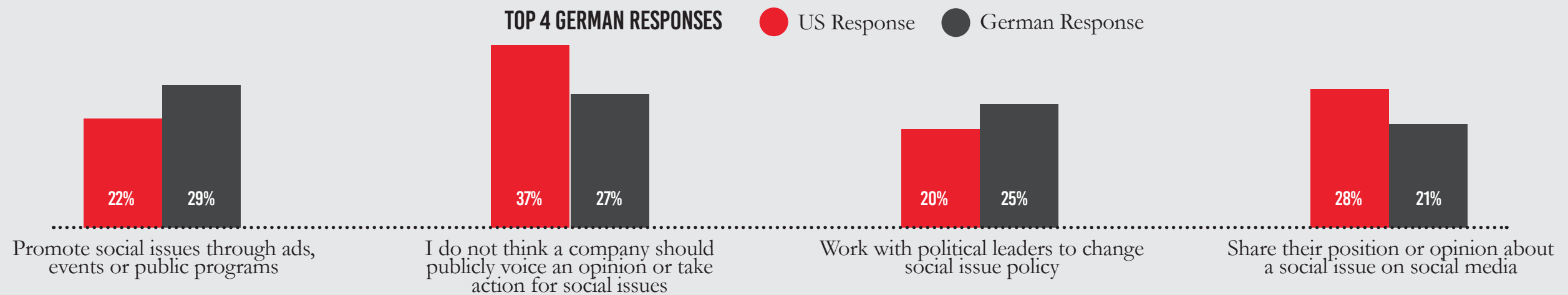
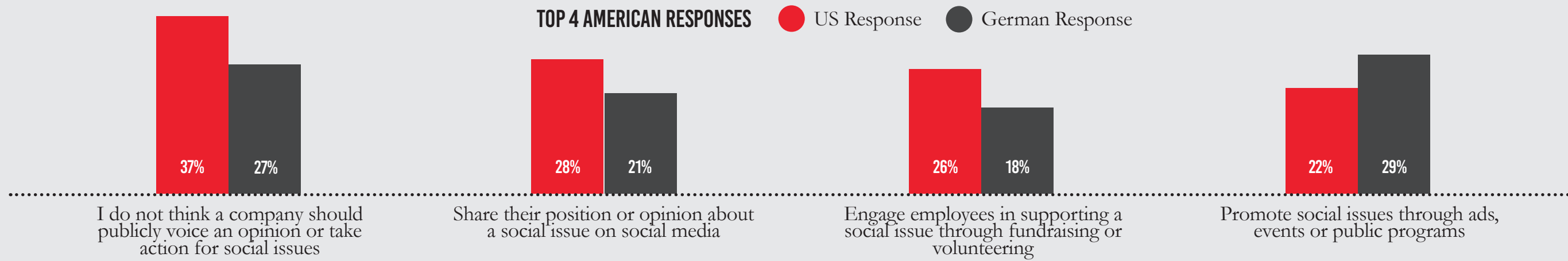


HOW OFTEN DO YOU VISIT A COMPANY'S WEBSITE OR USE AN ONLINE SEARCH ENGINE (EXAMPLE: GOOGLE) TO LEARN ABOUT A COMPANY'S WORK TO SUPPORT RACIAL EQUITY, SOCIAL JUSTICE AND/OR ANTI-DISCRIMINATION?



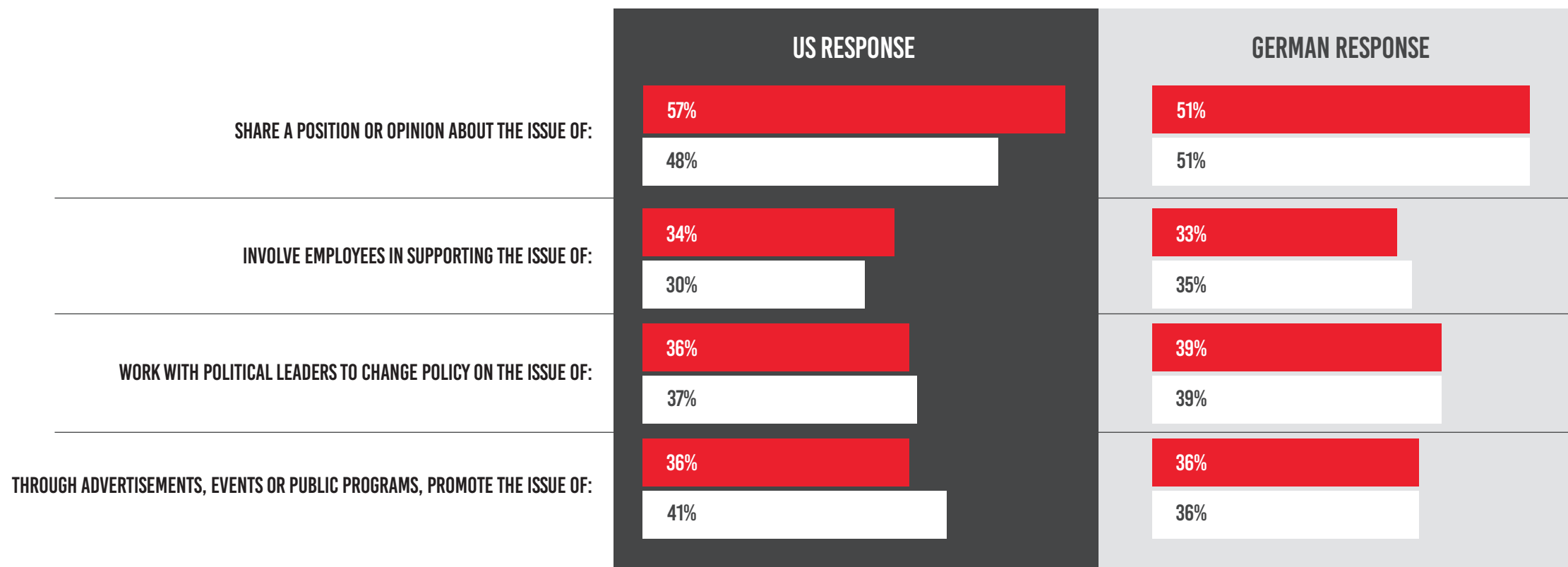
Distinctions emerged in the ways companies should address social issues, most notably where the countries did not agree. In the top four responses of both, the preference for a company to engage employees in supporting a social issue appeared only among US responses. Alternatively, working with political leaders to change social issue policy appeared only among the top German responses.

DO YOU THINK A COMPANY YOU BUY FROM SHOULD DO ANY OF THE FOLLOWING AS THEY RELATE TO ANY SOCIAL ISSUE?



DO YOU THINK A COMPANY YOU BUY FROM SHOULD DO ANY OF THE FOLLOWING AS THEY RELATE TO THE FOLLOWING SOCIAL ISSUES?

● Racial equity, social justice and anti-discrimination ○ Environment/climate change



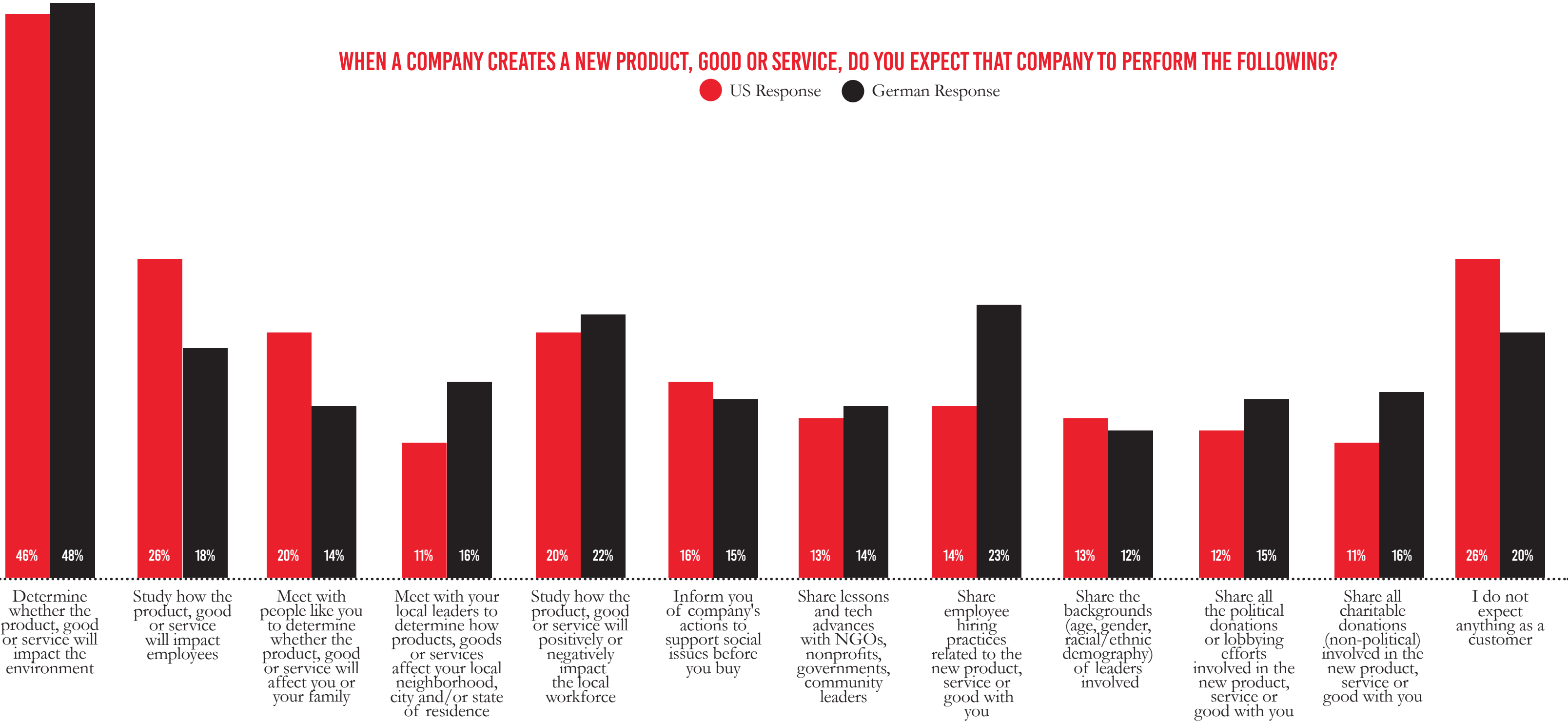
GERMAN AND AMERICAN CONSUMERS NOW EXPECT A CORPORATE SOCIAL MINDSET

Clearly, consumers on both sides of the Atlantic expect companies to know how a new product, good or service will affect the environment and society overall. This comparative study suggests that Germans express this expectation and trust in companies to do so a bit more strongly than US consumers. Does this reflect the German citizen's belief that companies are held accountable by law and regulation enforcement? These findings do underline the encouragement newer German policy initiatives have been greeted with, such as those related to supply-chain transparency and responsibility. What stands out is the stronger concern of German consumers about climate change while Americans are most concerned with racial equity and social justice – nuances, perhaps, of the issues of the day.

Germans and Americans both expect companies to consider the impacts of a new product, good or service, especially on the environment. Future research should explore whether stronger national and EU regulations explain the confidence of German consumers in businesses to act responsibly.

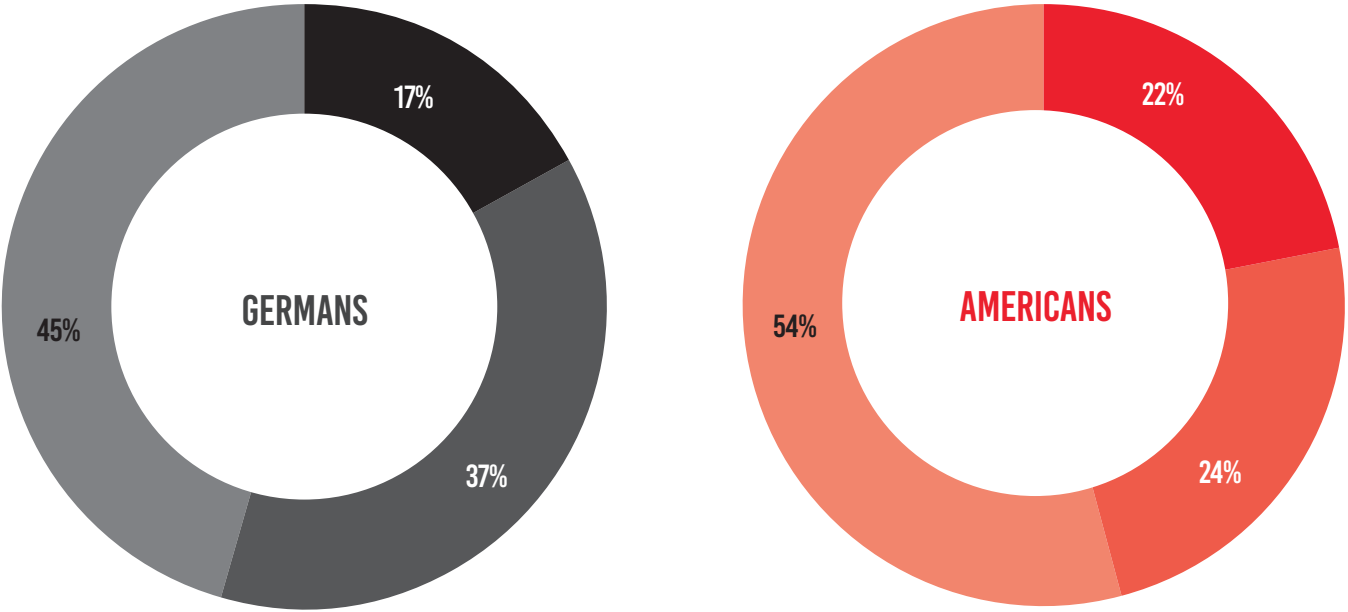
WHEN A COMPANY CREATES A NEW PRODUCT, GOOD OR SERVICE, DO YOU EXPECT THAT COMPANY TO PERFORM THE FOLLOWING?

● US Response ● German Response



German consumers, like their American counterparts, expect companies to support causes and take public stances on social issues. Researchers found that, when presented with the opportunity to pay a little more to learn about a company's position on a social issue, Germans were about evenly split between not wanting this option at all and their willingness to spend a little more (45% vs. 54%, respectively, for a soft drink and 52% vs. 48% for a sweater). Americans, however, more strongly chose the cheaper option. Additional research to see if actions followed intent are needed.

YOU WANT TO PURCHASE A SOFT DRINK. AT THE STORE, YOU FIND THREE DIFFERENT BRANDS OF YOUR FAVORITE SOFT DRINK. WHICH ONE DO YOU CHOOSE?

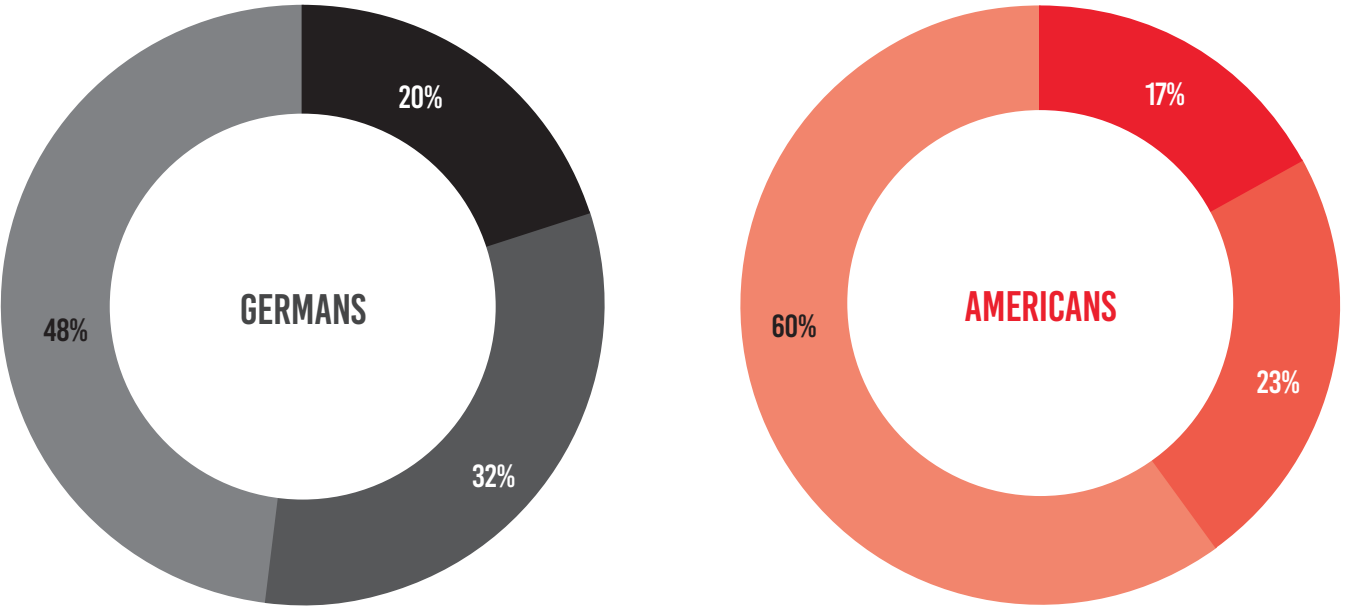


Soft Drink Brand 1: Price \$3
 Label lists percentage of employees that represent diverse populations, percentage of women in management and NGO/nonprofit organization it supports.
I choose this one: 17% (Germans) 22% (Americans)

Soft Drink Brand 2: Price \$2.50
 Label lists NGO/nonprofit organization it supports.
I choose this one: 37% (Germans) 24% (Americans)

Soft Drink Brand 3: Price \$2.25
 Label lists nutritional information only.
I choose this one: 45% (Germans) 54% (Americans)

YOU WANT TO PURCHASE A NEW SWEATER, AND YOU FIND THREE BRANDS OF THE SAME SWEATER YOU WANT TO BUY. WHICH ONE DO YOU CHOOSE?



Sweater Brand 1: Price \$50
 Label lists percentage of employees that represent diverse populations, percentage of women in management and NGO/nonprofit organization it supports.
I choose this one: 20% (Germans) 17% (Americans)

Sweater Brand 2: Price \$42.50
 Label lists NGO/nonprofit organization it supports.
I choose this one: 32% (Germans) 23% (Americans)

Sweater Brand 3: Price \$35
 Label lists manufacturing information only.
I choose this one: 48% (Germans) 60% (Americans)

TRUST IN ADDRESSING SOCIAL ISSUES

Germans have a little more trust in companies to do the right thing when it comes to social issues than Americans do. Like Americans, Germans have the most trust in a company's employees rather than its leaders, but the countries then diverge – Germans trust corporate CEOs, boards and management more than Americans do. Notably, distrust of shareholders is highest for both countries (and strongest among Germans).

HOW MUCH DO YOU TRUST THE FOLLOWING INDIVIDUALS WITHIN THE COMPANY TO DO WHAT IS RIGHT RELATING TO ANY SOCIAL ISSUE?

● US Response ● German Response



HOW MUCH DO YOU TRUST THE FOLLOWING INDIVIDUALS WITHIN THE COMPANY TO DO WHAT IS RIGHT RELATING TO RACIAL EQUITY, SOCIAL JUSTICE AND ANTI-DISCRIMINATION?

● US Response ● German Response



CONCLUSION

This survey shows that differences in the expectations of consumers in Germany and the US are not nearly as wide as the geographic distance between them. Though data reflects nuances among certain issues, the overall tenor is of two quite similar populations. Both believe companies can influence social change. In Germany, this result comes during intense discussion about how to conduct business during the pandemic and into the future.

The data presented here is only a spotlight, but one that should make corporate leaders in Germany and America consider their overall role in a democratic society. Some may call this naïve, pointing to the dichotomy of such a role in a for-profit business. Yet, as we've seen here, consumers already have expectations, and we encourage consumers to continue to reflect on them and businesses to heed them. 🌐