



Advancing from the core

Profile of the Practice 2013 – Executive Summary



Introduction

The Profile of the Practice 2013 explores how the environmental, social, and governance (ESG) dimensions of business—corporate citizenship—are managed in today’s business world, and how these practices have evolved since the last report in 2010. In the fall of 2013, a survey of 231 companies was conducted and their corporate citizenship strategies, operational structures, and business practices were analyzed.

Key findings

Increased responsibility at the top

Almost 60% of companies have an executive leading corporate citizenship. This is a 74% increase over what was reported in 2010. Close to one-third of corporate citizenship leaders are within one level of the chief executive.

More money budgeted for corporate citizenship

Almost 100% of companies have a corporate citizenship budget today, while just 81% reported being budgeted in 2010.

Leaders are more engaged

The chief executive is more involved in developing strategy, setting goals, and communicating corporate citizenship than reported in both 2008 and 2010. More than 25% indicate that their chief executive is highly involved in corporate citizenship program evaluation.

Reputation enhancement is an important business goal
More than 70% of companies cited enhanced reputation among the top three business goals they are trying to achieve through their corporate citizenship efforts. The next most frequently cited goals are improving employee retention (45%), improving employee recruitment (41%), attracting new customers (33%), and improving risk management (22%).

Characteristics of above-average industry performers
Above-average industry performers are more likely to have a formal corporate citizenship department, a program led at the executive level, and higher corporate citizenship and charitable giving budgets than average/below-average industry performers.

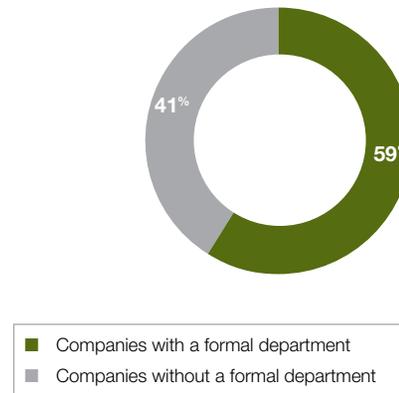


Corporate citizenship department

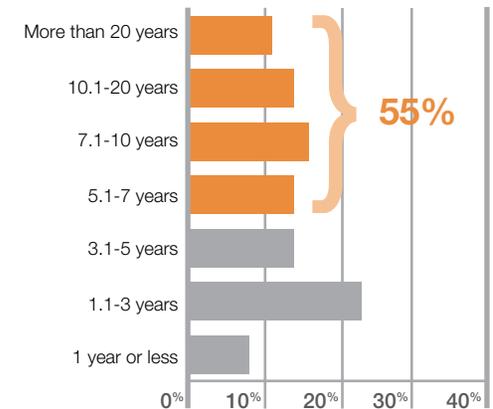
Of the 231 companies surveyed, close to 60% have a formal corporate citizenship department.

In 2013, one-quarter of companies had a formal department for more than 10 years. Fifty-five percent of companies have had a corporate citizenship department for more than five years. In 2010, 51% of companies had a formal corporate citizenship function for more than five years.

Structure of corporate citizenship department



The number of years a formal corporate citizenship department has been in place

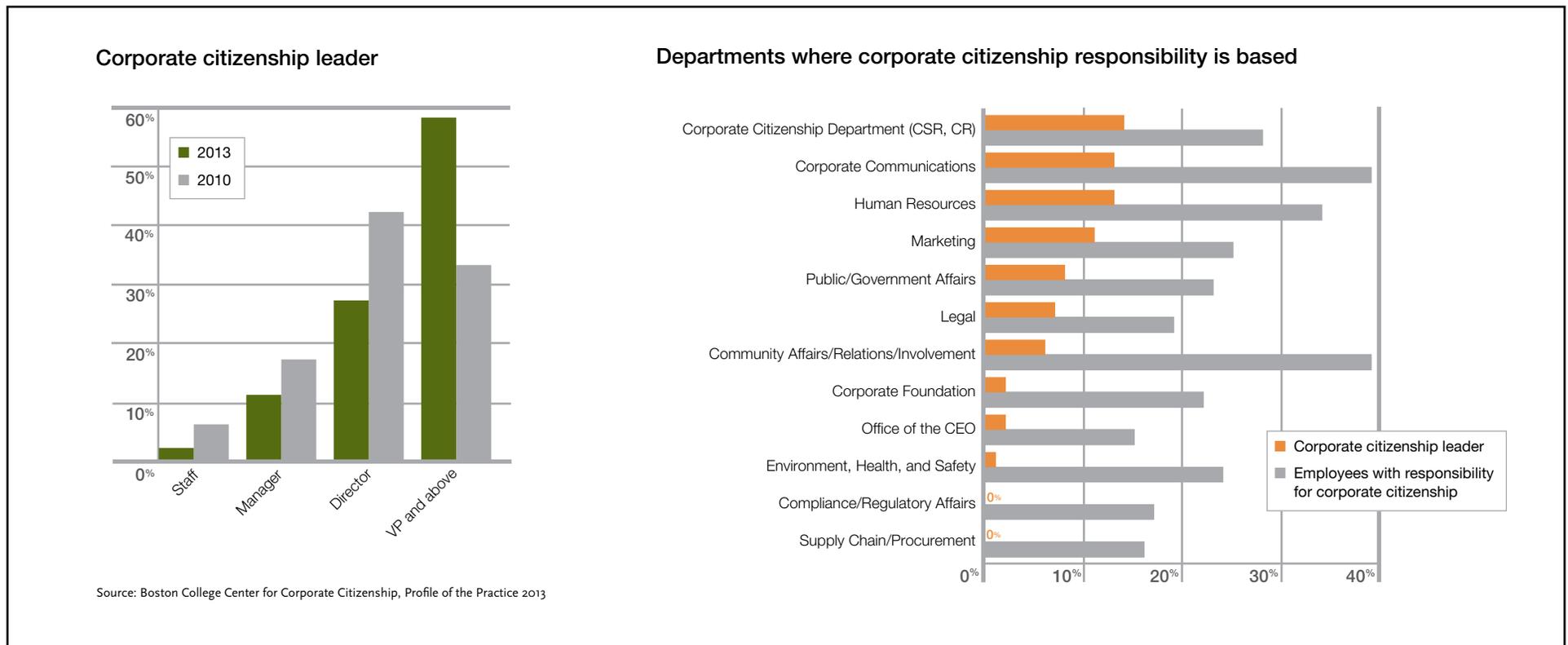


Source: Boston College Center for Corporate Citizenship, Profile of the Practice 2013

Increased responsibility at the top



Corporate citizenship has more senior leadership in 2013 compared with 2010. The number of VPs or higher who lead the corporate citizenship department/function increased 74%—from 33% in 2010 to 58% in 2013. Leaders of corporate citizenship are mostly based in corporate citizenship departments (14%), followed by human resources, and corporate communications. Employees with responsibility for corporate citizenship are assigned in a broad array of departments.

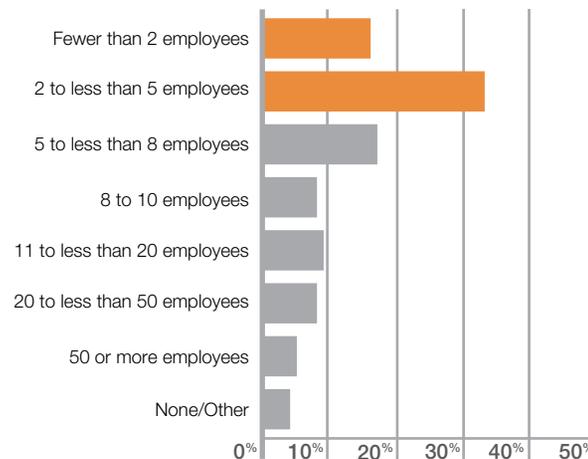


Growing resources

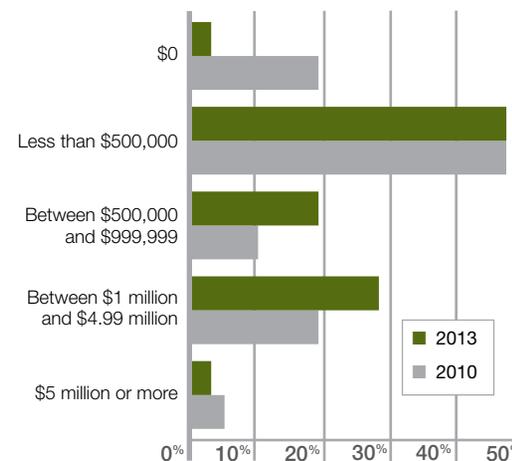


There has been some progress in getting the practice better resourced. Almost one-half of companies reported that they have five or more employees with corporate citizenship responsibility, compared with 30% of companies reporting staffing at that level in 2010. In 2013, 97% of companies reported being allocated a discreet operating budget for corporate citizenship, compared with 81% in 2010. Thirty percent of companies have a budget of at least \$1 million in 2013 compared with 24% in 2010, a 25% increase. These figures are exclusive of philanthropy budgets.

Number of employees with corporate citizenship responsibility 2013



Annual operating budget for corporate citizenship function

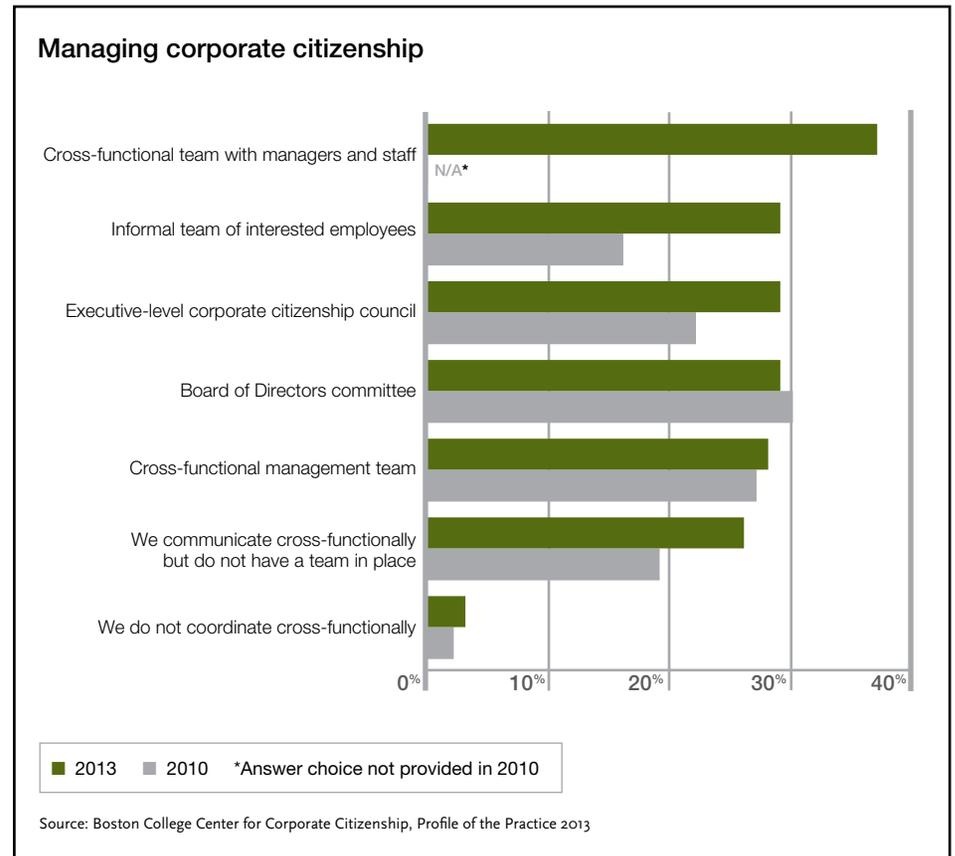


Source: Boston College Center for Corporate Citizenship, Profile of the Practice 2013

Management practice



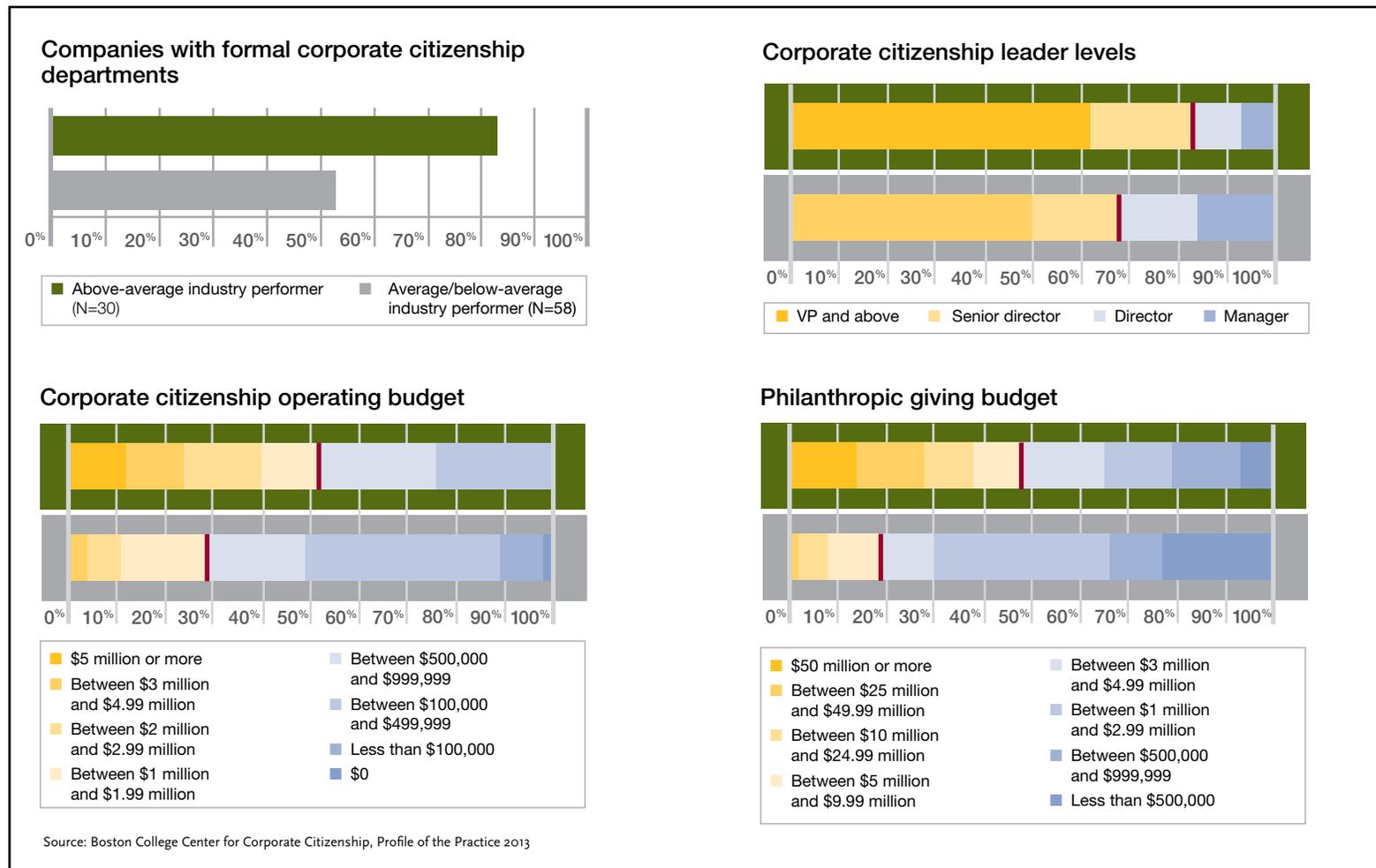
Management practices for corporate citizenship are similar today to what was reported in 2010. Among the notable developments is the increased involvement among employees and executives. There is a 30% increase in the number of companies that have an executive-level corporate citizenship council. Another notable difference is that the percentage of companies with an informal team of interested employees almost doubled in 2013.



Structural characteristics of above-average industry performers



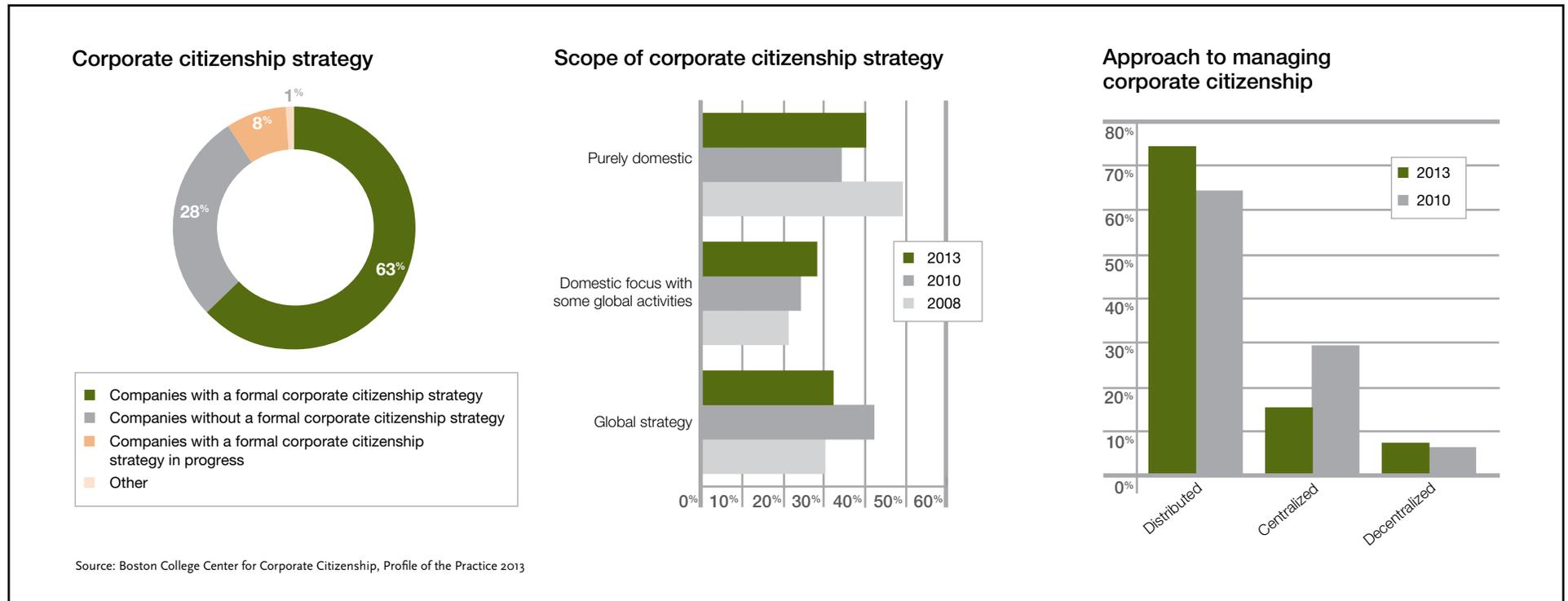
Above-average industry performers are more likely to have formal corporate citizenship departments than average/below-average performers in their industry.* Above-average industry performers are also more likely to have a VP or above that heads the corporate citizenship department/function. These companies generally have larger corporate citizenship and philanthropic giving budgets than average/below-average industry performers.



*Companies were classified based on ratings within the intangible value assessment (IVA) reports created by MSCI. These reports assign letter grades to companies based on their performance in environmental, social, and governance areas, which is performance relative to their industries. We refer to companies with an IVA rating in the A range – A, AA, or AAA – as an above-average industry performer. Companies with an IVA rating in the B range – B, BB, or BBB – are average/below-average industry performers. Companies were classified based on their IVA rating as of October 2013.

Strategy

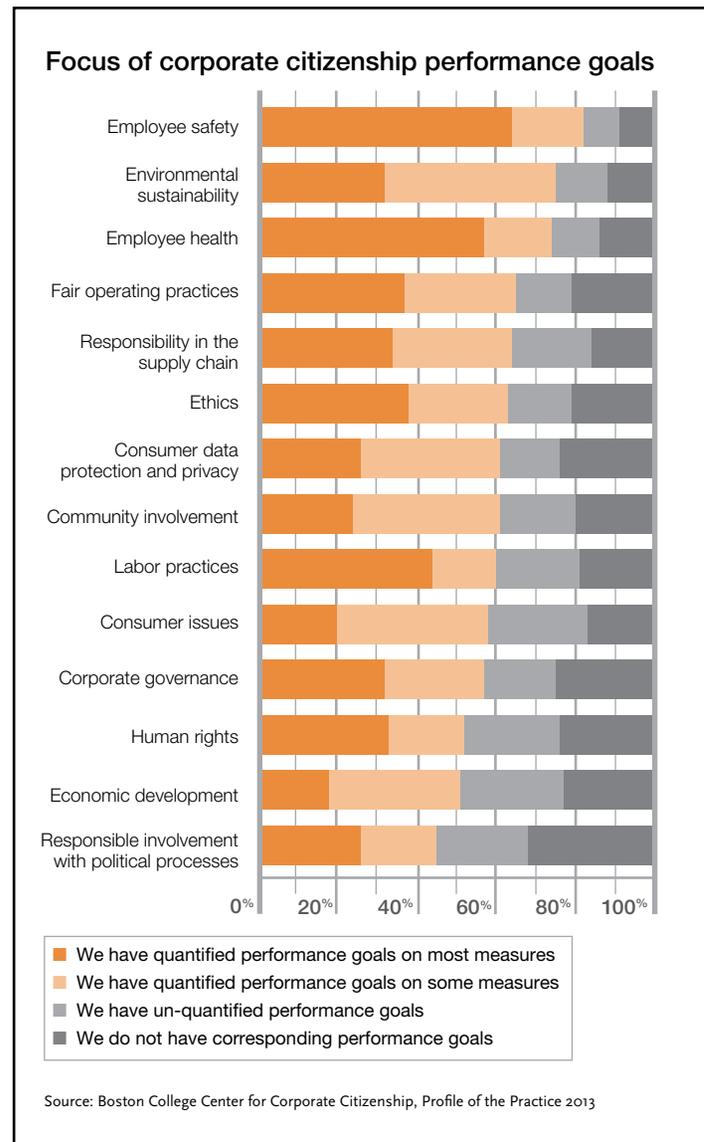
Almost two-thirds of companies report having a formal corporate citizenship strategy. The most common approach to managing corporate citizenship across multiple global regions continues to be to employ general direction from the top, with local execution and adaption. This distributed approach allows companies to adjust to meet the needs of their diverse local communities.



Performance goals



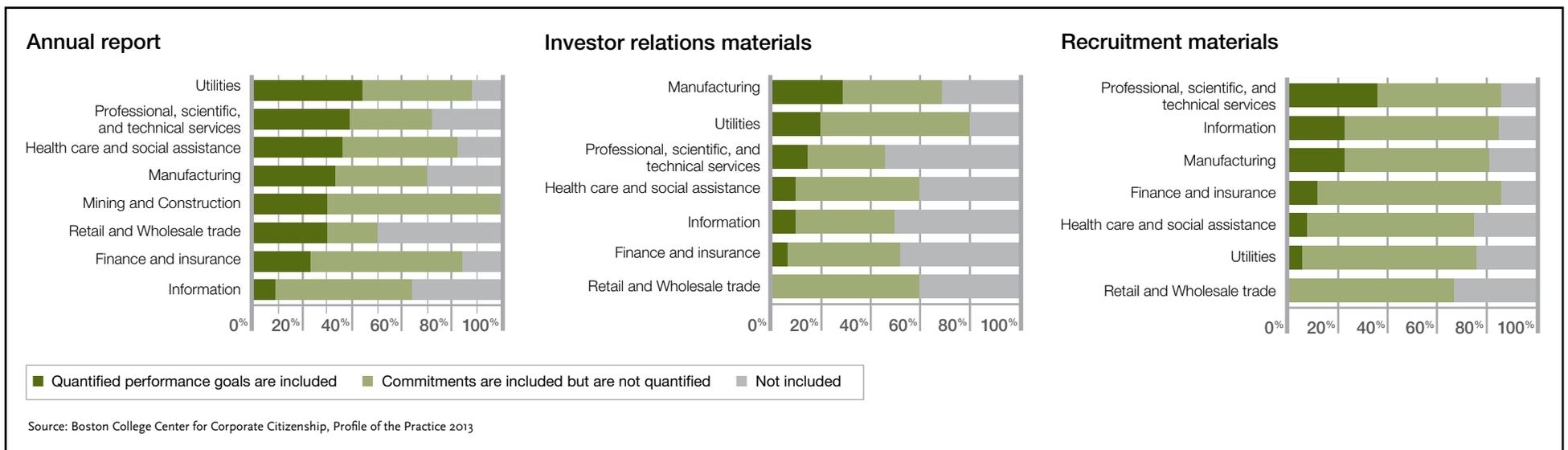
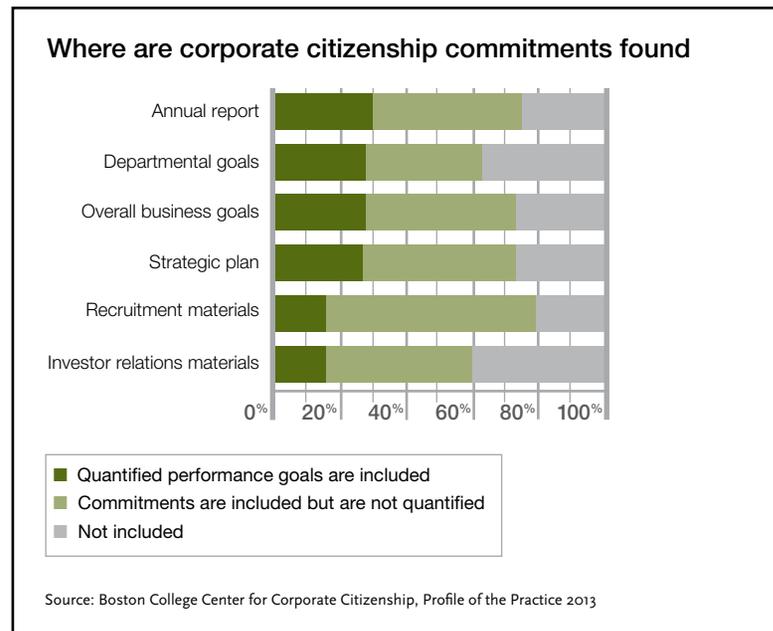
Many companies include quantified performance goals on most measures related to employees, particularly safety (64%), health (57%), and labor practices (44%). At least 50% of companies have some quantified performance goals for every corporate citizenship dimension except responsible involvement with political processes.



Communicating performance goals



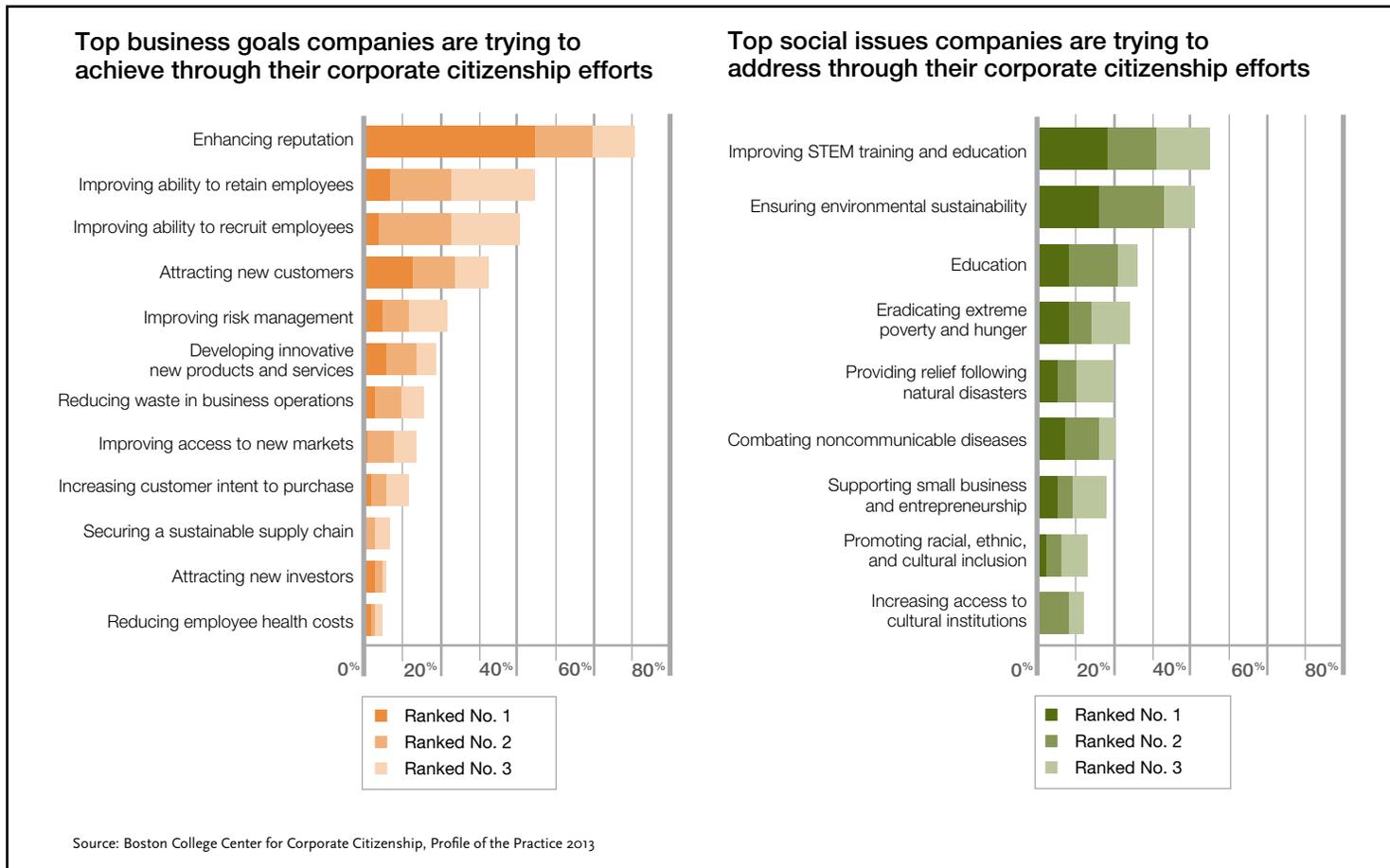
Companies include their corporate citizenship commitments (e.g., protect the environment) in their goals, strategic plan, and communication materials, but most commitments are not quantified. There are differences among industries in how they communicate corporate citizenship.



Business and social goals



When considering business goals to which corporate citizenship efforts can contribute, 71% of companies cite enhancing reputation among their top three. The next most frequently cited goal is improved employee retention—cited by 45% of companies. Forty-one percent of companies cited improved employee recruitment, and one-third included attracting new customers within their top three business goals. Based on the amount of financial expenditures, education and the environment are the areas where companies are making the most significant investments with their corporate citizenship programs.

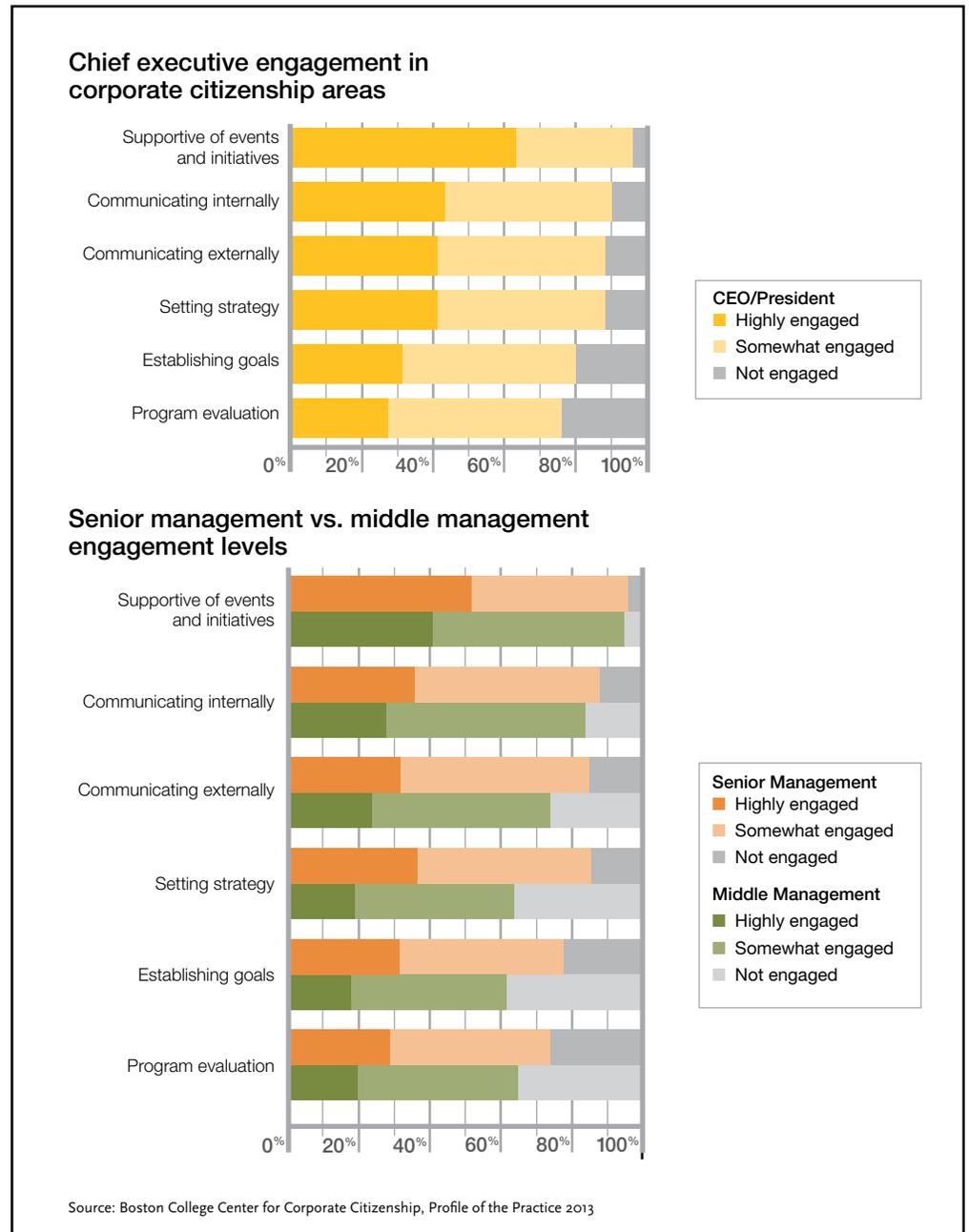
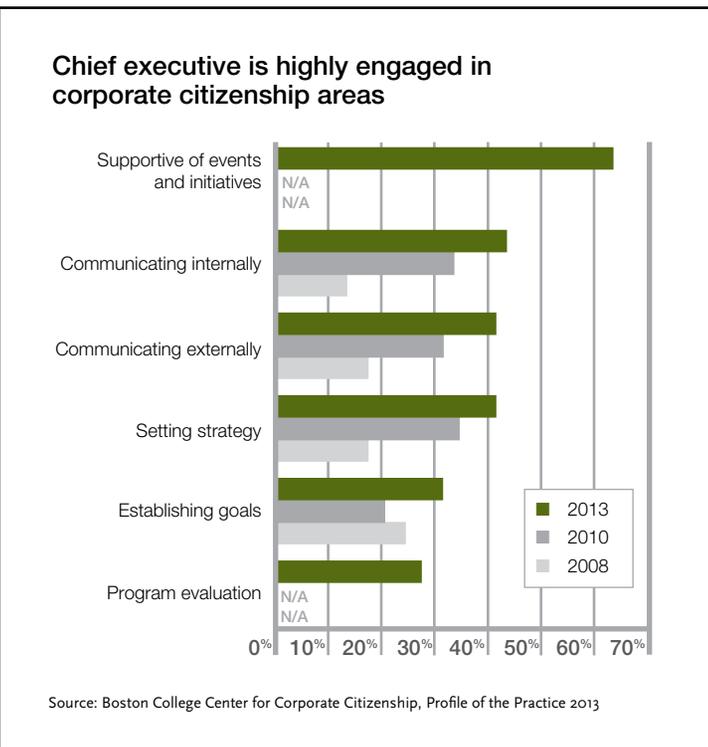


Leadership engagement



CEOs are more engaged than ever, from setting strategies and establishing corporate citizenship goals to communicating their companies' efforts. More than 60% of chief executives are highly engaged with supporting events and initiatives.

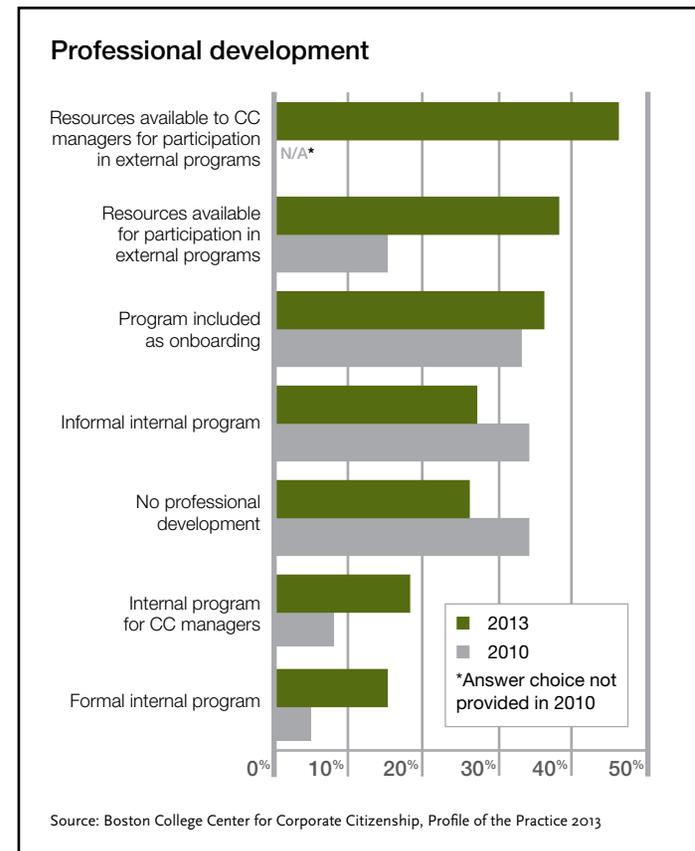
Overall, there is a high level of engagement at all levels of management. CEOs appear engaged at a higher rate than senior and middle management.



Professional development



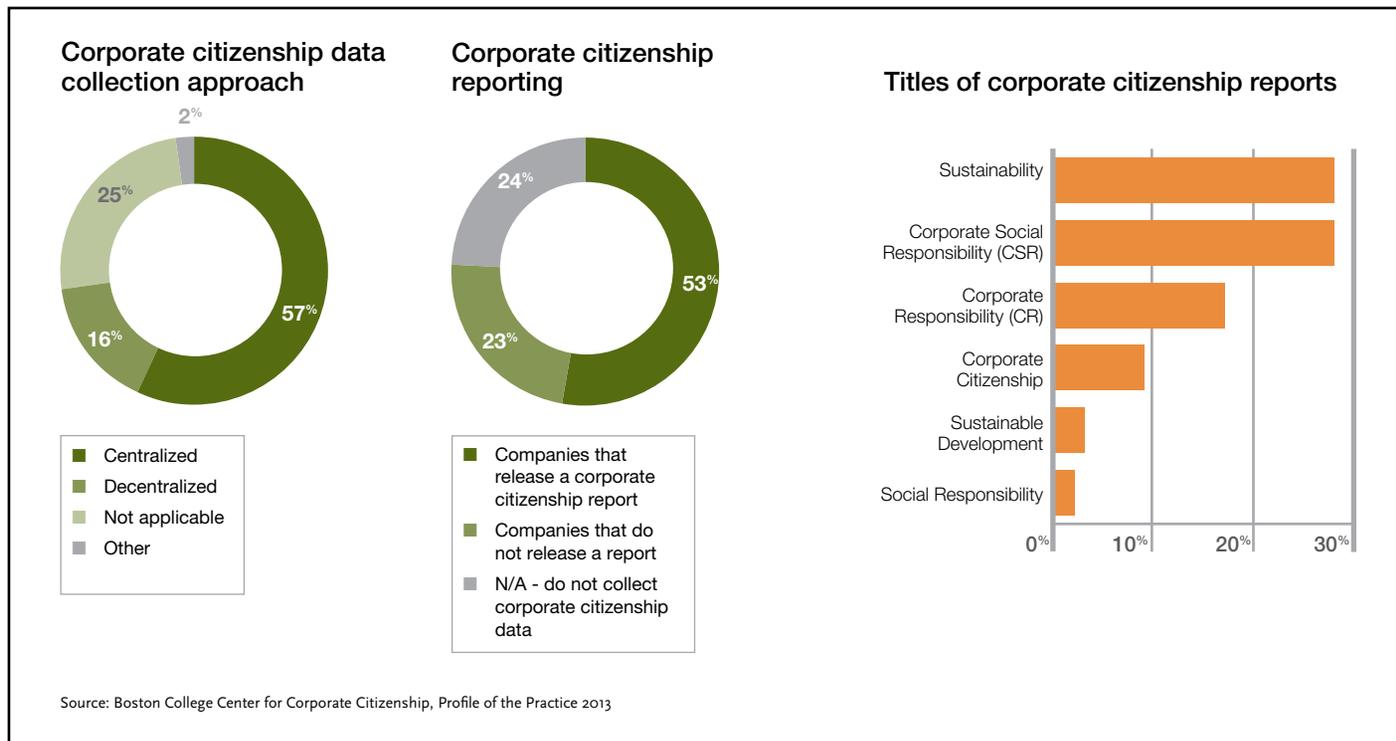
More companies offer corporate citizenship professional development and more have formalized programs. Resources available for participation in external programs increased by 2.5x since 2010. The percentage of companies offering formal internal programs increased by 3x from just 5% in 2010 to 15% in 2013.



Measuring and reporting



More than 70% of companies collect ESG data to manage corporate citizenship performance. Most employ a centralized approach to data collection. More than half of companies publish corporate citizenship reports. The most common titles applied to these reports are sustainability and corporate social responsibility.

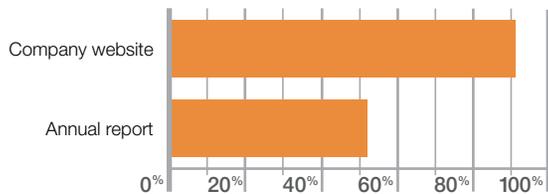


Communicating with stakeholders



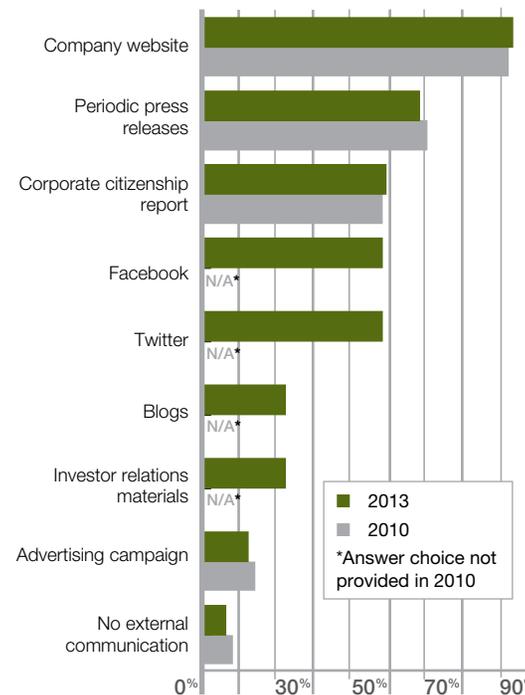
More than 90% of companies include information from their corporate citizenship reports on their websites. More than half of companies also are communicating on ESG performance through their annual reports, another sign that corporate citizenship is becoming integrated into the business. Companies use social media (e.g., Twitter, Facebook) more for external communications.

Communication of corporate citizenship report

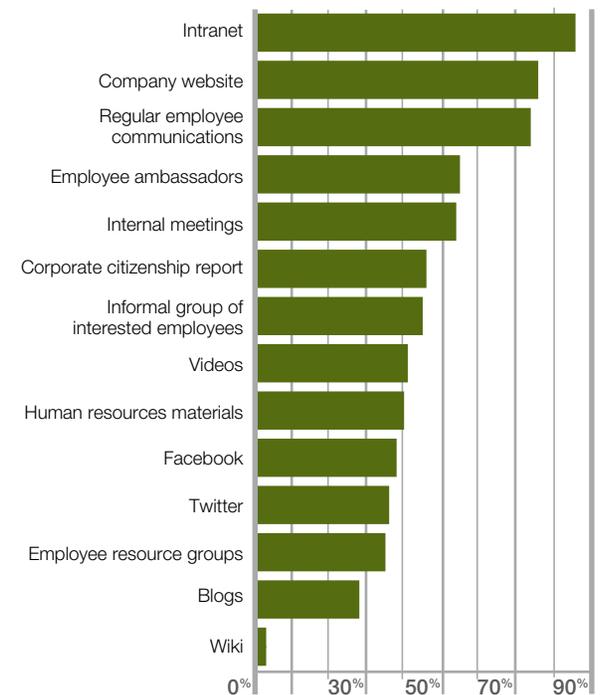


Source: Boston College Center for Corporate Citizenship, Profile of the Practice 2013

External communication methods



Internal communication methods

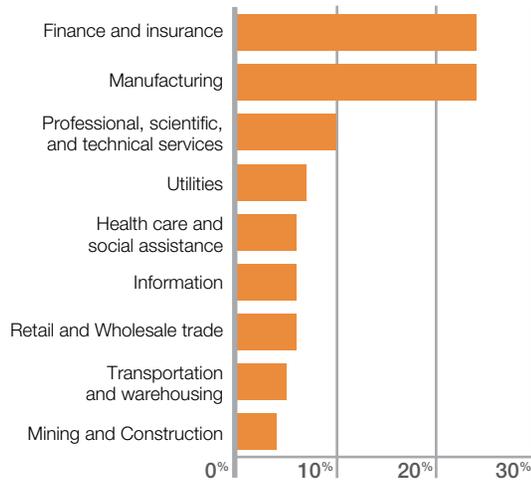


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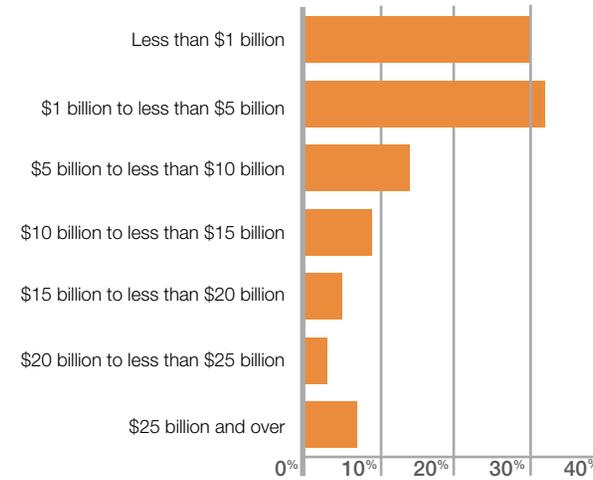
Profile of companies surveyed



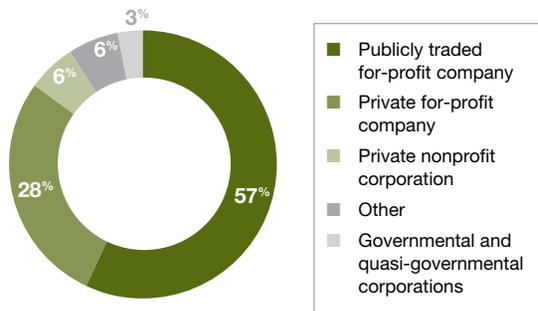
Industry



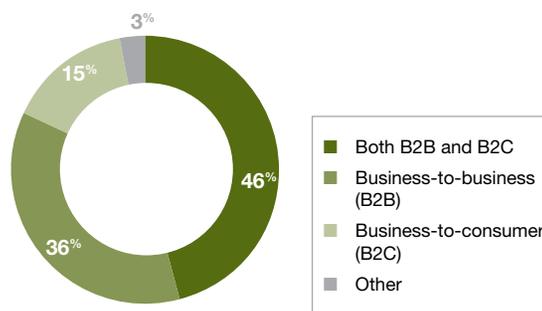
Company revenue for prior fiscal year



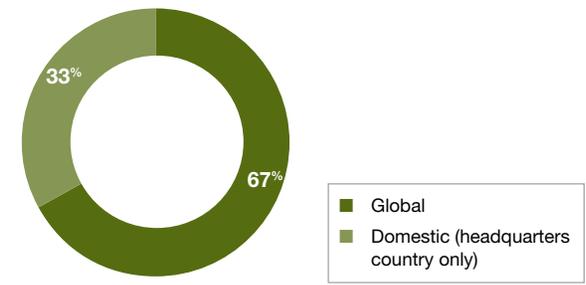
Company type



Business type



Company operations



Source: Boston College Center for Corporate Citizenship, Profile of the Practice 2013

About the Center for Corporate Citizenship at Boston College



The Carroll School of Management Center for Corporate Citizenship at Boston College is a membership-based knowledge center. Founded in 1985, the Center has a history of leadership in corporate citizenship research and education. We engage 400 member companies and more than 10,000 individuals annually to share knowledge and expertise about the practice of corporate citizenship through the Center's executive education programs, online community, regional programs, and our annual conference. For more information, visit the Center's website at BCCorporateCitizenship.org.

The 36-page Profile of the Practice 2013 report features: Adobe, Blue Cross Blue Shield of Michigan, CenterPoint Energy, Citrix, Hypertherm, Inc., JM Family Enterprises, Inc., UNUM, and World Wrestling Entertainment, Inc. To view the entire report please visit the Center for Corporate Citizenship website at <http://www.bcccc.net/ProfileOfThePractice>.

Center for Corporate Citizenship members, please contact Karen Hoff at karen.hoff@bc.edu, for a customized view of the Profile of the Practice information related to your specific industry or other business demographic.