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CC-Survey: Corporate Citizenship in Germany

# OPEN FOR INNOVATION: WHY ENGAGED FIRMS ARE MORE CREATIVE

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# FOREWORD

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**Instead of an anticipation of what can be found in this report on how corporate citizenship boosts business innovation, we wish to directly shine a concrete spotlight on how one cleverly devised corporate engagement initiative supporting inspiringly engaged individuals can result in a social innovation with potential to benefit business innovation and society at large. Miguel Neiva is a fellow of Boehringer Ingelheim's Making More Health (MMH) Initiative. He founded ColourADD, a unique, universal, inclusive and non-discriminative color identification system to help facilitate color identification for colorblind people, bettering their social integration and welfare.**

If someone had asked me, back when I first thought to create a colour identification system, if I had any idea of what the impact would be around the world, my answer would have simply been no, no idea! I knew that it would be a long journey and what I had on my hands was something ambitious. However, I was ready to accept the challenge despite what the outcome may be. After eight years of research and dedication, I was able to develop a creative, simple and effective tool, ColourADD, which would allow for better integration of the colorblind into society.

The support I received from Making More Health, a Boehringer Ingelheim Social Entrepreneurship initiative, gave me the opportunity to dedicate all my time and resources to embrace the challenge, taking my mission further than ever expected. Making More Health encouraged me to think innovatively and provided me with a community whom I could share my journey with. They provided me with opportunities such as joining a Boehringer Ingelheim team in India, where common learning expanded my thinking and allowed me to share my passion.

My motivation for ColourADD is to make this world more colourful for everyone and I am forever grateful for the partnership with Making More Health, as this journey is one that I will not do alone. For me this is the greatest success.

Miguel Neiva



More information about Boehringer Ingelheim's Making More Health Initiative at [www.makingmorehealth.org](http://www.makingmorehealth.org). ColourADD's website is [www.coloradd.net](http://www.coloradd.net).

# SUMMARY

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Active corporate citizens are at higher risk of having good ideas. Based on international literature and representative German Corporate Citizenship (CC)-Survey data, this report discusses how soft knowledge flows from businesses' CC activities - say social projects or corporate volunteering - can enrich the hard business of innovation. Beyond conventional Open Innovation (OI) partnerships with start-ups, suppliers or universities, business-civil society partnerships with local clubs, associations or international NGOs are promising pathways to novelty. Opening up OI to broader civil society is most common among large firms in innovation-driven industries, we find, as with global pharma firms.

Successful innovation impulses (new business, product or service ideas) through CC activity are most frequently reported by the largest as well as among "younger" firms (founded after 2010) in Germany. Better harnessing the potential where OI meets CC comes with challenges but also a bundle of benefits: Aside from innovation rewards and societal benefits, active corporate citizens can reap improved employee motivation and -future skillsets. Much can be learned and discovered from being open for innovation in this way, for purpose and for profit.

# ZUSAMMENFASSUNG

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Aktive Unternehmensbürger laufen erhöhtes Risiko, auf gute Ideen zu kommen. Auf Basis internationaler Literatur und der repräsentativen Corporate Citizenship (CC)-Survey Daten für Deutschland diskutiert dieser Report, wie weiche Wissensflüsse aus den CC-Aktivitäten von Unternehmen - etwa soziale Projekte oder Corporate Volunteering - das harte Geschäft der Innovation bereichern können. Über konventioneller Open Innovation (OI) Kollaboration mit Start-ups, Lieferanten oder Universitäten hinaus sind Unternehmenspartnerschaften mit lokalen Vereinen, Verbänden oder internationalen NGOs weitere Wege zur stetigen Erneuerung. Die Öffnung von OI für die breitere Zivilgesellschaft ist am häufigsten bei Großunternehmen in innovationsgetriebenen Branchen anzutreffen, so unser Befund, etwa bei globalen Pharmaunternehmen.

Erfolgreiche Innovationsimpulse (neue Geschäfts-, Produkt-, Dienstleistungs-ideen) durch CC-Aktivitäten werden am häufigsten von den größten sowie "jüngeren" (nach 2010 gegründeten) Firmen berichtet. Die bessere Nutzung der Verknüpfung von OI und CC ist eine Herausforderung, bündelt aber auch verschiedene Vorteile: neben Innovationsimpulsen und gesellschaftlichem Mehrwert können aktive Unternehmensbürger von verbesserter Mitarbeitermotivation und Zukunftskompetenzen profitieren. Von mehr Offenheit für Innovation ist vieles zu lernen und entdecken, für gute Zwecke und gutes Geschäft.

# INTRODUCTION

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Staying innovative is a formidable challenge for companies. In our era of accelerated innovation cycles, industry-, discipline- and sector-spanning collaboration become imperative for staying on top of societal- and market trends, let alone for solving regional or global challenges. Conventional cooperation with startups, research institutes and universities is a well-worn strategy. Civil society partnerships are also a promising - but much less used - path towards novelty. Corporate citizenship (CC), especially if it involves a company's own personnel, increases the likelihood of discovering new ideas outside the core business. If external expertise is properly harnessed, soft CC knowledge flows enrich the hard business of innovation. Firms' process, service or product range and -market applications, even their very business models can be expanded, improved, reinvented. This report focuses on this nexus where CC meets open innovation (OI).

Based on representative data for Germany, challenges and benefits are outlined, for instance in healthcare. CC encompasses own social or ecological projects but also paid employee leaves of absence, sabbaticals or corporate volunteering, among other activities. Many transcend sectoral boundaries between the private economy and civil society. This can be invaluable from an innovation perspective: in bridging sectoral silos, goal-oriented, well-designed CC represents an often large untapped value added for innovating. Based on our data, we observe this especially as an avantgarde strategy among large companies in Germany, which seem most adept at harnessing this underappreciated virtue of the so-called "business case" for CC. We argue that engaged firms, as corporate citizens, run a higher risk of having innovation-stimulating insights.

This arguably fits Germany's coordinated and social market economy particularly well, where instead of artificially separating business and societal interests into two allegedly conflicting camps, a tradition of businesses' regional and societal engagement persists. Engaged firms potentially profit from a full bundle of benefits, we argue, from smarter reputation building to better employer attractiveness,

employee motivation and -skills all the way to innovation impulses vital for business success. This last point is still often a happy but unintended consequence of CC. CC-Survey data points are explored which, taken together, suggest both small- and medium-sized enterprises and large corporations in Germany are well-advised to genuinely open up their innovation pipelines to “unusual partners”. In particular, they stand to gain from

1. moving from closed-up to genuinely OI processes, partnering up not only with startups and research organizations but with fitting civil society actors as well,
2. discovering how CC activities, notably those involving the workforce, enrich firm ideation, innovativeness and ultimately more purpose-driven business success,
3. tapping into the potential for boosting employees’ motivation and future skills, including problem-solving and collaboration, through their integration in corporate engagement.

In our tumultuous times of digitization, for many companies the motto, or reality, already is “innovate or die”. Focusing on customer needs and societal values is crucial for many German firms to survive and to thrive. It is where the slogan “from product to need” comes in: How can firms successfully tap into the business innovation potential of integrating societal perspectives? Data and literature on the relation of OI and CC is still sparse: first volumes address, for instance, how CSR and innovation management work together for competitive advantage (Altenburger 2013). Rather than clinging to handed-down product or process-oriented principles, can an OI logic even help solving societal challenges? Many German firms find value stability crucial. CC offers a way to innovate responsibly. It helps to link innovation to societal needs - so as not to lose one’s compass, which has carried so many companies through the decades, even centuries.

Recommendations for action include the encouragement for businesses to not only open up existing innovation processes to other industry players and academia, but to more systematically involve expertise, knowledge and takes of civil society experts and NPO contacts as truly “unusual partners”. In a nutshell, the concept of OI is itself opened further here, to encompass CC activities as a key innovation-relevant process. Much can be learned and discovered from this practice - for purpose and for profit.



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## THE CC-SURVEY DATABASE

The CC-Survey is a joint initiative, led by Civil Society in Numbers (ZiviZ) within Stifterverband and the Bertelsmann Stiftung, for reliable, representative data on corporate citizenship (CC) in Germany. CC is defined in the survey instrument as „all activities geared to the common good that go beyond core business activities or legal requirements: from financial or in-kind donations to social or environmental projects companies run or promote. The largest survey of its kind to date, the CC-Survey captures the community engagement of the German economy across size classes, industries and Germany’s regions.

The development of survey indicators was accompanied by competent know-how partners such as the Bundesnetzwerk Bürgerschaftliches Engagement (BBE), Beyond Philanthropy, Centrum für Corporate Citizenship Deutschland (CCCD), Ernst & Young (EY), IBM Germany, PHINEO, the UPJ Network for Corporate Citizenship and CSR, and the network Wirtschaft. Initiative. Engagement (W.I.E.). It benefitted from lively exchange with many other actors: for the survey instrument to

work for as many segments of the economy as possible, representatives of small and medium-sized enterprises, research institutes and scientists were also consulted. A/B testing of cover letters and possible social desirability effects in the run-up to the survey ensured that even companies that were not or hardly engaged participated.

Over 120,000 randomly selected firms based in Germany have been contacted by post. 7,873 completed the online questionnaire (response rate 6.5%). Beyond a first results report (Labigne et al. 2018a), data is specifically analyzed for topic clusters: innovation (topic partner Boehringer Ingelheim), region (topic partner Bertelsmann Stiftung) and integration (topic partner German Federal Ministry of the Interior), next to special analyses as on business cooperation with international NGOs (INGOs) (with Plan International). All publications and information on the CC-Survey, which will be repeated over the coming years to create an ongoing platform for data and discussion, can be found at [www.cc-survey.de](http://www.cc-survey.de).

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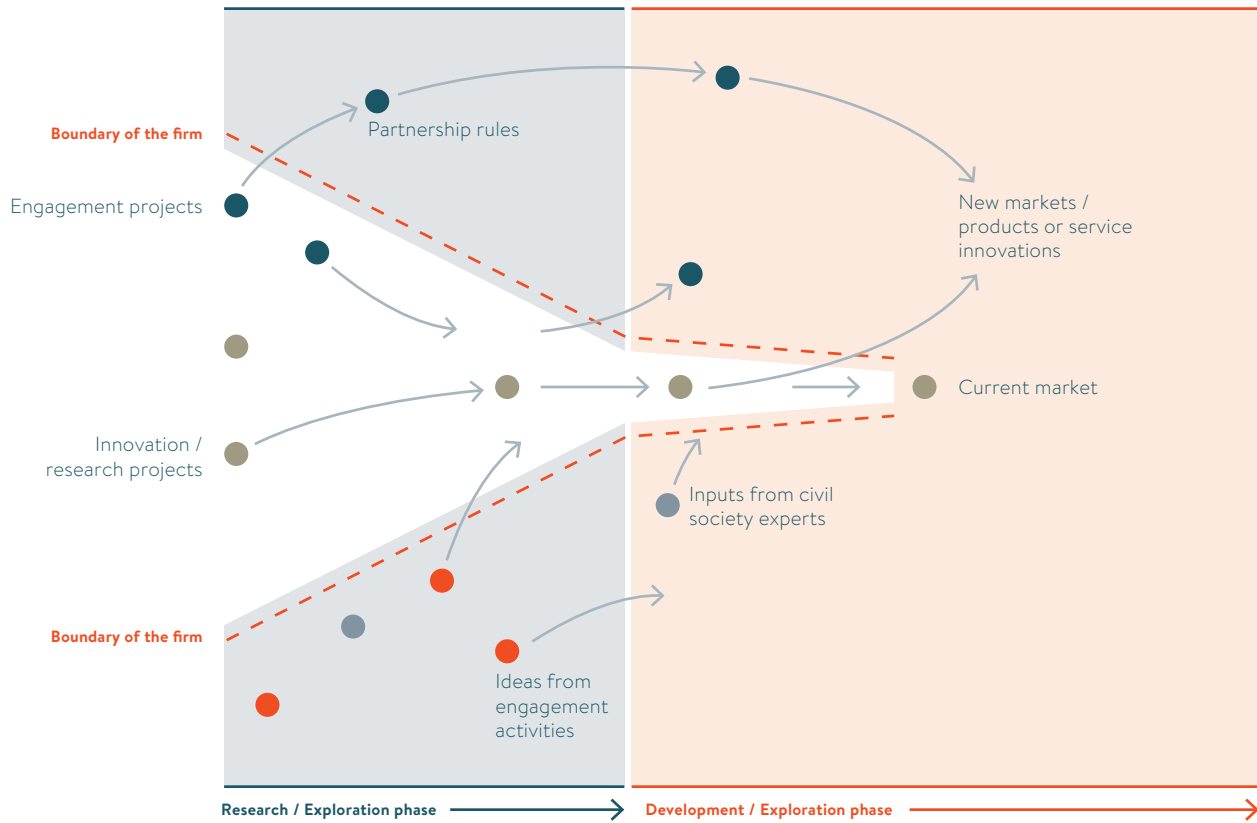
# OPEN INNOVATION: THE THEORY AND THE PRACTICE

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The concept of OI is all about involving external partners in research and development (R&D) projects, for “harnessing external ideas while leveraging in-house R&D outside current operations” (Chesbrough 2003, Huizingh 2011). The focus is mostly on outside-in (or inbound) knowledge flows but inside-out (or outbound) flows are also included in this counter-model to closed innovation (see Figure 1). The “old” (20th century) model finds control is essential. The “new” (21st century) open model abandons myths of self-sufficiency (see Table 1), concentrating on commercializing internal and originally external ideas. Conventional vehicles are strategic alliances with competitors or suppliers, startup companies and licensing agreements.

An increasingly popular umbrella term, OI unites a range of approaches for goal-oriented knowledge flows across organizational boundaries (Chesbrough 2003; West/Bogers 2014). In theory, OI is no one-way street: terms like “co-creation”, “shared value”, “coupled OI” capture bidirectional flows among innovation partners (Gassmann/Enkel 2004; Chesbrough/Brunswick 2013). But OI literature and practice mostly stress how firms capture external ideas of formal innovation partners for subsequent commercialization (see info box). The EU recently prioritized OI in its Horizon Europe framework program (2019). Unlike EU member states like neighboring Austria (Austrian Government 2016), Germany still lacks an official national OI strategy.

FIGURE 1. THE CONCEPT OF OPEN INNOVATION, ADAPTED TO IMPULSES FROM CC ACTIVITIES



Source: adapted and expanded based on Chesbrough 2003a:37



**TABLE 1. STYLIZED COMPARISON OF THE CLASSICAL VS. OPEN INNOVATION MINDSET**

| CLASSICAL (20TH CENTURY) INNOVATION                    | OPEN (21ST CENTURY) INNOVATION                         |
|--|--|
| Stresses planning (rigid structures, grand strategies) | Emphasizes doing (agile teams, experimentation)        |
| In-house R&D, controlling knowledge stocks             | Outside-in knowledge flows, cross-fertilizing R&D      |
| Silo mindset, risk of leakages to the “outside”        | Open mindset, possibility of sectorally “shared value” |
| Long timeframes, stresses technical implementation     | Iterative, often fast-paced knowledge exploitation     |
| If we have smart people working for us we will win     | We win by involving a diversity of external experts    |
| We rely on our specialization for competitive edge     | There are always blind spots, we need lateral thinking |
| Need to control intellectual property, secrecy is key  | Need to be strategically open, tap into others’ ideas  |
| We must discover it, develop it and go to market first | We do not have to originate ideas to profit from them  |

Source: adapted and expanded based on Chesbrough 2003a:38, 2003b, 2006

OI is becoming widespread especially in innovation-driven industries, like pharmaceuticals (Nilsson/Felding 2015, Gassmann/Reepmeyer 2005, Bianchi et al. 2011, Hunter 2014). It is popular as a countermeasure to declining R&D productivity (Carroll 2011, Paul et al. 2010, Hunter/Stephens 2010, Rafols et al. 2014). Boehringer Ingelheim pushes “scientific exchange to find drugs...through free access to knowledge and accepting research proposals” (2019), public-private partnerships, crowdsourcing and a postdoc program. Eli Lilly similarly runs an OI “Drug Discovery Program”, and Bayer a so-called “Grants4Leads” program.

Up until now, however, civil society actors have been largely neglected as promising innovation partners. However, as we argue and CC-Survey data for Germany indicates, “opening up OI” to broader civil society can open additional doors to innovativeness and point companies to market pathways outside their current business models, services or products. In line with the principle to involve a greater diversity of people and experiences from a greater plurality of contexts, there lies large value added potential in CC activities.

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## CONVENTIONAL INNOVATION PARTNERSHIPS

Research conducted for Stifterverband by Leibniz Centre for European Economic Research (ZEW), based on the Mannheim Innovation Panel, shows that as of 2016, only every tenth German company engages in conventional innovation partnerships (formal cooperation agreements with other firms or research organizations). “Unusual partnerships” with NPOs are not captured here (Blümel et al. 2018:5).

There is a positive statistical correlation for Germany between market success with radical innovations (market or product portfolio novelties) and openness to external innovation partners (Krieger/Rammer 2018) - that is, higher profits from actual market novelties beyond incremental innovations like product modifications.

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The most frequent formal innovation partners among innovating German firms are higher education institutions, followed by clients, commercial R&D outlets, suppliers or other firms in the same business (Blümel et al. 2018:32). But industries differ: the computer and electronics industry comes out on top (62% with conventional innovation partnerships), followed by pharma firms (44%). They represent a sort of OI avantgarde. Producing firms often have innovation partnerships than service companies. To illustrate: the nuclear-reactor industry relies mainly on internal ideas, has low labor mobility and venture capital, few weak startups and relatively little university research; Hollywood’s film industry, on the contrary, has for decades innovated through networked partnerships or alliances (Chesbrough 2003).

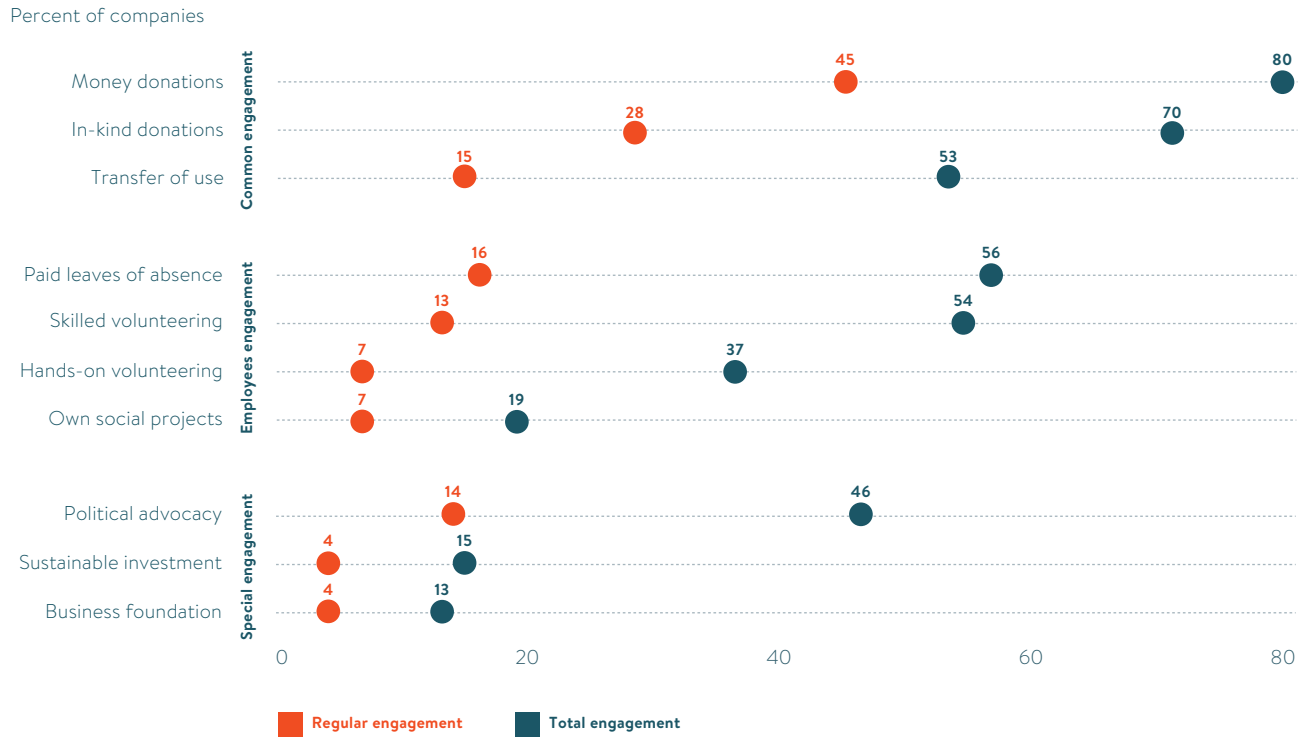
# OPENING UP OPEN INNOVATION: ENGAGE WITH CIVIL SOCIETY

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German firms can expand their innovation partnerships' "degree of unusuality", so to say, by (re-)connecting with civil society - beyond stakeholder dialogues. This can take the form of more systematically involving civil society experts in internal innovation processes, for example. Firms can also better fetch novel inputs arising through civil society partnerships and CC activities, especially those involving employees. As truly unusual partners, civil society actors - be it local citizen initiatives, NPOs, foundations or INGOs - typically "tick" differently. They represent an infrastructure of ideas, diverse networks of expertise. Business-civil society collaboration is a wellspring of productive frictions. It often necessitates frustration tolerance on both sides, at first, but is worth the effort when it serves the public good and nurtures business innovation.

CC takes many forms in Germany. Common activities include businesses' money- and in-kind donations or transfers of use. Special engagement forms are publicly taking cause-related political stances, investing sustainably, setting up a foundation. The likely most innovation-conducive CC activities involve employees: paid leaves of absence, hands-on or skilled corporate volunteering and own social or ecological projects, often in collaboration with civil society. Looking only at regular engagement, the CC-Survey data shows that 63% of German firms are regularly engaged with at least one of ten surveyed CC activities (see Figure 2).

**FIGURE 2. REGULARITY OF CC ACTIVITIES IN GERMANY, BY TYPE OF ENGAGEMENT**



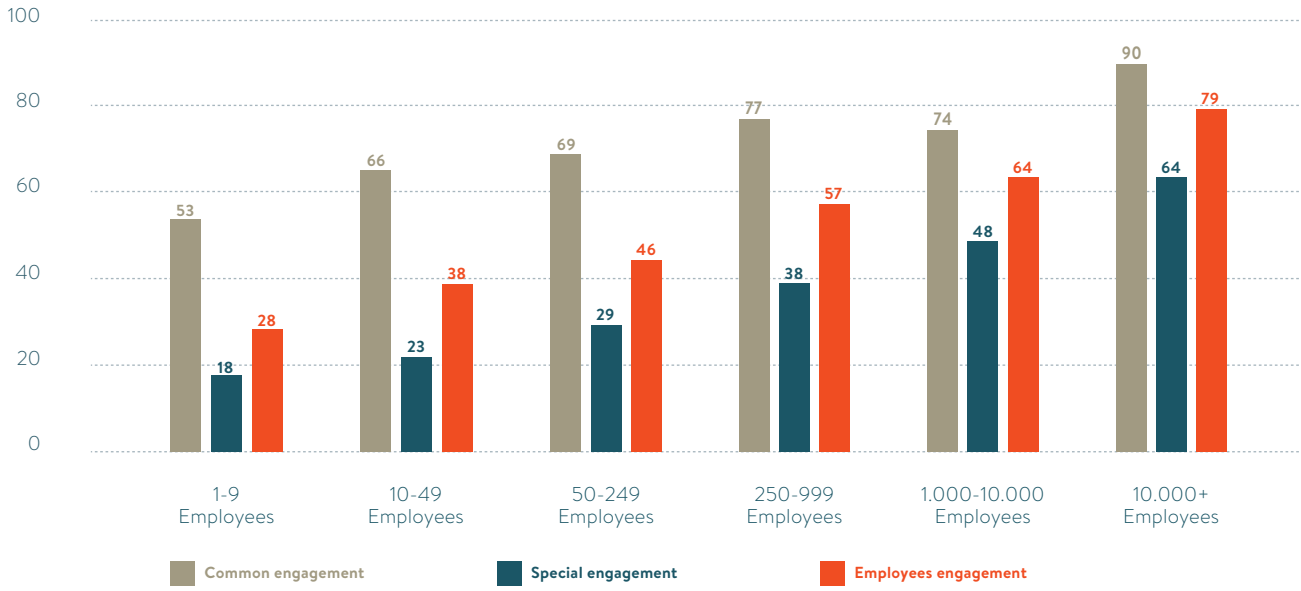
Based on the weighted averages

Source: Stifterverband and Bertelsmann Foundation, CC-Survey 2018

The number of employees makes a big difference for how companies link up with civil society through CC: Donating money is a consistently widespread practice - Germany's economy spent at least 9,5 billion Euros for societal concerns in total as of 2018 (Labigne et al. 2018b). However, the larger the firm, the more often all types of CC activities are pursued (see Figure 3). This also applies to those involving own employees: roughly a third of micro- or small enterprises with 1 to less than 50 employees offer paid leaves of absence, corporate volunteering or own social projects. This jumps to nearly two thirds of firms with a workforce of 1.000 to 10.000, and nearly 8 out of 10 surveyed companies in Germany with over 10.000 employees.

**FIGURE 3. TYPES OF CC ACTIVITIES IN GERMANY, BY FIRM SIZE**

Percent of companies of a given size that were regularly engaged in activities belonging to one of the three groups: Common engagement, Employees engagement or Special engagement



Based on the weighted averages

Source: Stifterverband and Bertelsmann Foundation, CC-Survey 2018





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## CIVIL SOCIETY ACTORS AS UNUSUAL PARTNERS

CC is innovation-conducive when firms bump into or consciously partner up with civil society actors. New insights and productive frictions that can result from trying to collaborate, say within a common social or ecological engagement project, also heighten the risk to have good ideas, it was argued.

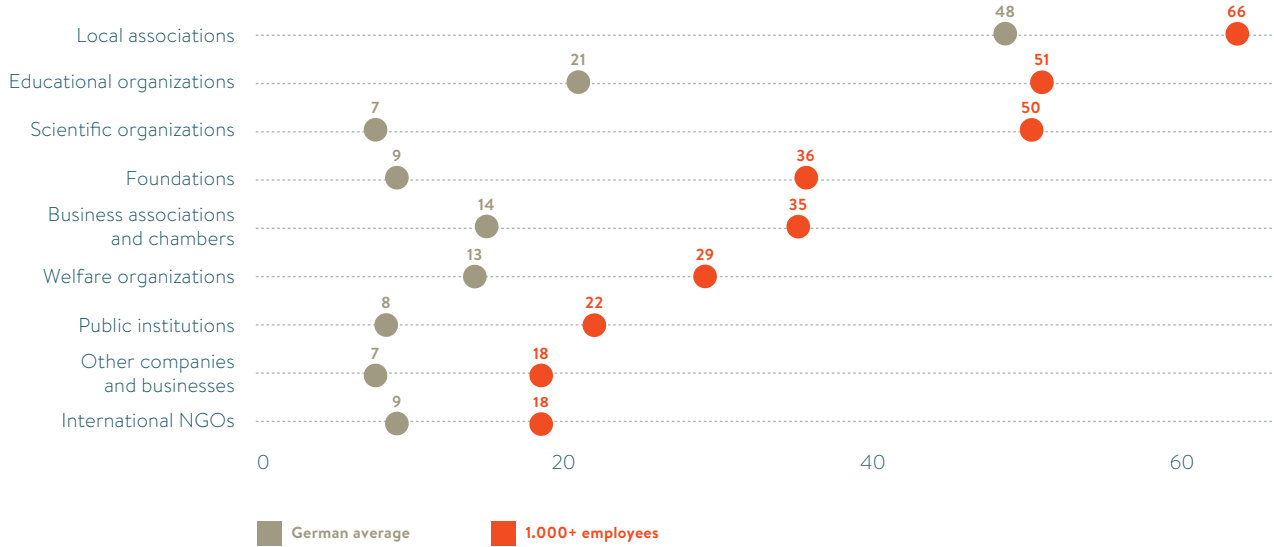
On average, CC-Survey data shows that German firms most frequently work together with local clubs or associations (see Figure 4). They are the most common partners among engaged companies across all firm sizes: Nearly every second firm has supported or partnered with local clubs, often at their location.

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Collaboration with educational- or scientific organizations is much more widespread among larger firms: half of Germany's firms with more than 1.000 employees cooperate with such innovation-relevant outlets. In this firm size category, around a third also cooperate with foundations, business associations and welfare organizations, and less than a fourth with state institutions, other companies or INGOs within their CC activities. By industry, for instance cooperation with INGOs is notably more common among the surveyed chemical or pharmaceutical companies (see Labigne et al. 2018c). Among firms which explicitly say they expect to or have realized innovation through CC, all types of partners are more common.

**FIGURE 4. CORPORATE ENGAGEMENT PARTNERS IN GERMANY, BY FIRM SIZE**

Percent of companies that are regularly engaged with the following organisations



Based on the weighted averages

Source: Stifterverband and Bertelsmann Foundation, CC-Survey 2018

CC is where companies get directly in touch, get a sense - and potentially new ideas - from societal areas. Looking at societal domains of CC activities, we see that larger firms' engagement is more branched out: On average, given the millions of small firms in Germany, areas close to everyday life dominate - sports, education and social or leisurely pursuits. But firms with over 1,000 employees are more regularly engaged in all societal areas, including sciences, arts, health, environment and international concerns (the only area where they fall behind is church and religion). CC "soaking and poking" in these areas of both everyday relevance or societal significance arguably heightens the chances of encountering different ideas, which company leaders or workers discover, grasp and ideally apply back in the office or R&D labs. As innovation paradigms change "from product to need", society itself becomes one big innovation laboratory.

# HOW CORPORATE CITIZENSHIP ADDS VALUE FOR INNOVATION

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How can companies' CC activities cross-fertilize their innovativeness, and ultimately success as a business? CC-Survey data indicates that involving leaders and employees in CC is one key mechanism. It is why CC, CSR and sustainability are becoming hot management topics (Mack et al. 2016), as indeed they should be. CC is a strategic investment not only for building up reputational capital, but to develop fresh ideas and solutions. Depending on how cut-throat a business context or risk of challenger disruption is, it can even be a vital step to not become obsolete with one's established business model and market portfolio. Regarding the reasons why the German economy cooperates with civil society, an interesting picture emerges:

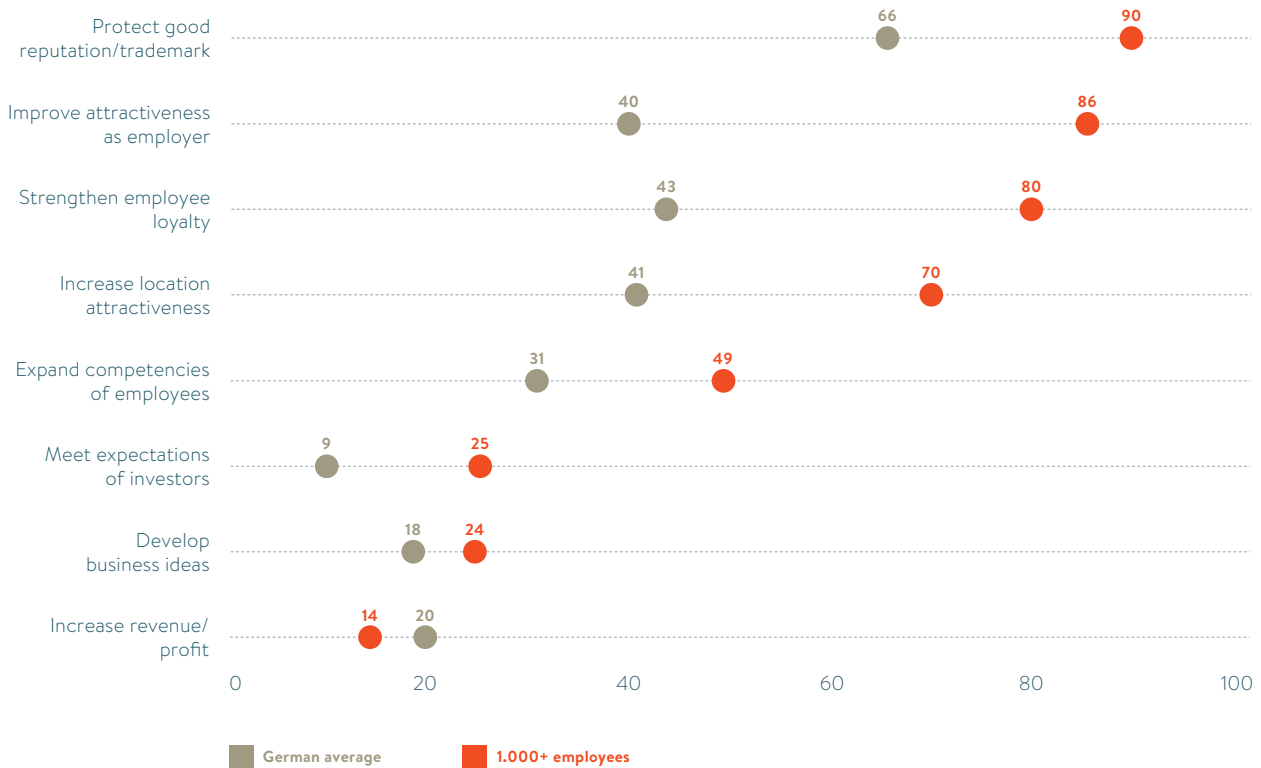
The nature of problems tackled and a concern for the brand are commonly invoked reasons across the board (7 to 8 out of 10 engaged companies in Germany report this). However, there is a noticeable jump in the values among larger firms with more than 1.000 employees when it comes to appreciating target group access, beneficial know-how and innovation rewards of cooperating with NPOs within their CC activities. On average, it turns out, only a minority of firms in Germany's economy (17%) report that "we expect innovations (e.g. new products or processes)" from CC. This widespread "awareness gap" also translates to the perceived added value of corporate engagement for society German firms do - or do not yet - see.

While a stronger brand is a widely seen advantage (see Figure 5), other innovation-relevant advantages are seen differently by firm size: employer attractiveness, employee motivation, and attractiveness of one's region. Moreover, nearly half of companies with more than 1.000 employees find their skillsets strengthened through CC (in line with the fact that larger firms do more corporate volunteering), which is well above the German average. Finally, but relevant here, only a minority of the German economy reports that CC activities have already led to new business ideas, or even in the national average, under a fifth of companies do say so.

Thus, CC as a practice of OI can lead to better employee motivation and skills, key success factors for firm innovativeness. Motivations for CC are based on different interests, goals and path dependencies. Overall, however, it can safely be said that for most German businesses corporate engagement is more than good marketing or pure altruism - even if the added value for innovation is still little recognized. If we focus only on the companies open for innovation - those which expect innovations from or report they were able to develop new business ideas through CC - we find an interesting pattern regarding their founding dates (see Figure 6).

**FIGURE 5. PERCEIVED VALUE ADDED FROM CC ACTIVITIES, BY FIRM SIZE**

Percent of companies that answered 'fully applies or partially applies' to the following statements. Through our CC activities, we have managed to...



Basierend auf gewichteten Durchschnitt

Quelle: Stifterverband und Bertelsmann Stiftung, CC-Survey 2018

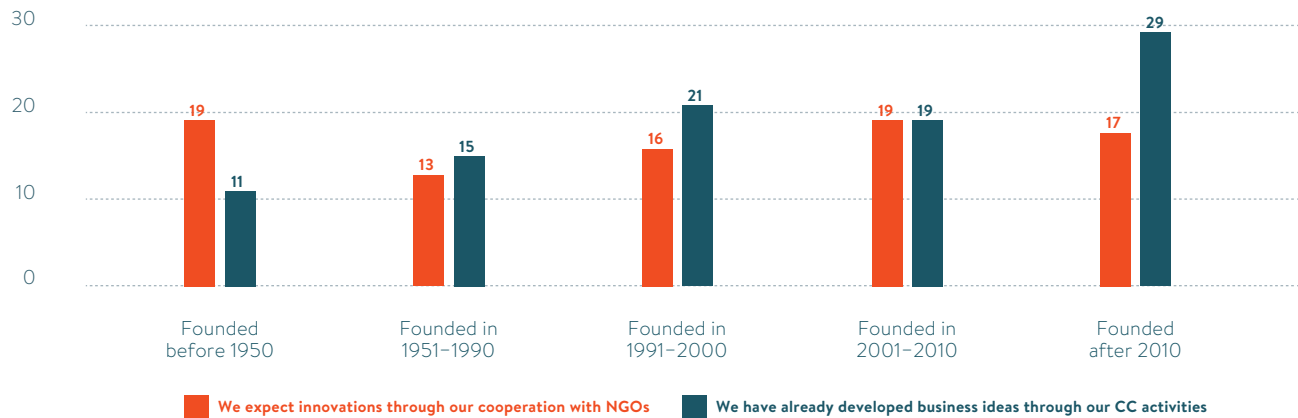


“Old”, established companies existing since before the 1950s expect innovations about as often as “new”, upstart firms founded after 2010. However, their experiences when it comes to actually reaping new business ideas from CC are strikingly different: significantly less “old” guard companies report successful innovation through CC activities whereas almost every third “young” firm founded after 2010 (including but not limited to German startups), says innovation materialized through corporate engagement. The same applies to the group of the largest companies in our sample with over 10.000 employees, a whopping half of which report positive innovation outcomes resulting from their CC. Why is this the case?

We find that firms which both expect and have successfully managed to wrest innovation from CC typically engage more often in their own social or ecological projects, often carried out in collaboration with external civil society partners by design. This is not to say they are less engaged on other fronts: for instance, they donate money or things nearly as often as average firms, too. Firms most open for innovation through CC are around ten percentage points more regularly involved for environmental causes, science and research than the German average. This is in line with these companies’ more frequent CC focus on the big societal challenges, compared to the average: climate change, digitization or demographic change.

**FIGURE 6. INNOVATION EXPECTATIONS AND RESULTS FROM CC ACTIVITIES, BY FOUNDING YEAR**

Percent of companies in every year of establishment category that answered ‘fully applies or partially applies’ to the following statements



Based on the weighted averages

Source: Stifterverband and Bertelsmann Foundation, CC-Survey 2018

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## FUTURE SKILLS: PART OF THE BUNDLE OF BENEFITS

Stifterverband (2019) has launched a national joint initiative of the German economy and civil society to improve the conditions for acquiring both digital and other future skills - including, but not limited to, basic digital skills (digital literacy, collaboration or agile working) and classic skills (problem-solving, creativity, self-initiative, entrepreneurial thinking, adaptability or perseverance, see Kirchherr et al. 2018). Indeed, a last key finding when answering what is different about German companies open to innovation is that they involve their own employees more often in CC activities than average firms: 39% expecting innovation from CC target their own employees, compared to 27% on average. They also more often consider their customer base whilst being engaged for society: over 30% of firms expecting or reporting innovation through CC are also targeting their own customers, compared to a national average of 18%.

Next to benefitting OI, CC develops future skills of employees, especially when it is linked with human resource topics, as in skills-based corporate volunteering (youvo.org 2018). According to Stifterverband numbers, already today 60% of employee training budgets are devoted to future skills measures (Enders et al. 2018). As companies

increase (often costly) up- and reskilling, CC can be a useful complement (or cheap alternative) to train both digital and classic skills. Own social projects are particularly promising, as “the skill for collaborative work is learned in projects, in which new kinds of collaboration are practiced”, professional expertise brought in, and soft skills learned (Enders et al. 2018, Beyond Philanthropy 2018). In this way, CC can boost “employee engagement and retention...measurably enhancing the skills and talents employees bring back to their desks” (youvo.org 2018, McCallum et al. 2013, Letts/Holly 2017).

For interesting examples of corporate volunteering communities, check out IBM’s Corporate Service Corps or SAP’s pro bono Social Sabbaticals.

The company peer platform Wirtschaft. Initiative. Engagement (W.I.E.) by Beiersdorf, Boehringer Ingelheim, BP Deutschland, Coca-Cola Deutschland, IBM Deutschland, Randstadt, Telekom, Voith and ZiviZ within Stifterverband currently explores this soft-skill link of CC in a project:

**[www.ziviz.de/wirtschaft-initiative-engagement](http://www.ziviz.de/wirtschaft-initiative-engagement)**.

For more information on the Stifterverband’s Future Skills initiative, see

**[www.stifterverband.org/future-skills](http://www.stifterverband.org/future-skills)**.

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# CONCLUSION

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Innovation-, management- and sociological research of past decades leaves little doubt: the “bandwidth” of external contacts and intensity of involvement in diverse contexts stimulates modern innovation processes: “Innovation occurs at the boundaries between mindsets, not in the provincial territory of one knowledge or skill base”, in the words of one Harvard Business School professor (Leonard-Batton 1995:62). Conventional OI partnerships are one important innovation amplifier. But beyond contract-based formal partnerships of convenience, this report has tried to further open up the OI concept - by linking it to the CC discussion and practices, focused on Germany. In one sentence: Active corporate citizens are at higher risk of having good ideas. CC is not only a company’s responsibility. It can also be an additional conveyer belt for innovation.

CC activities, particularly those involving a company’s wider workforce, are a promising path to open up OI. The main example is own social ventures with civil society partners - enabling driven people to do projects. Once viable civil society contacts and trust are in place, nothing stops firms from also involving NPO representatives within in-house innovation processes. A mindset of becoming more open for innovation via CC helps companies to more accurately grasp the changing nature of markets and wider society in which they operate. For employees, it is a chance to learn, to contribute, to “leave the comfort zone”. It also entails talking about weaknesses, risks of continuing “business as usual” - rewiring organizational culture.

As with conventional innovation schemes, in practice many firms will have difficulties at first to find suitable civil society experts and NPO partners. Brokers can initiate contacts to local or global civil society (actors in Germany include, among others, ZiviZ within Stifterverband, UPJ, Ashoka or Vostel Volunteering). Another challenge in exploiting insights from CC is “absorptive capacity” - “to recognize the value of new, external information, assimilate it, and apply it to commercial ends” (Cohen/Levinthal 1990:128). After all, companies “must still perform the



*“INNOVATION OCCURS AT THE BOUNDARIES BETWEEN MINDSETS”*

difficult and arduous work necessary to convert promising [ideas] into products and services that satisfy customers' needs" (Chesbrough 2003). And they must ensure that the sensitive topic of cooperation governance - rules of the game for collaborating with civil society - is mutually agreed upon transparently and that possible conflicts are dealt with professionally, so that both sides truly gain.

Society knows best where it is steering. This knowledge is crucial for companies. But, to put it bluntly, it cannot be solely determined in sterile lab settings. Firms need an ear close to the street, so to speak. CC offers one promising, direct way to notice unforeseen trends, problems, solutions. OI processes should not be replaced, but benefit from clever CC activities. Existing CC activities should not be thrown overboard, but probed for their innovation potentials. The goal: to foster rather than fight innovation. "The deep chasm between Old and New...marks a line between process optimization and customer- or consumer centrism", a German startup expert urges, "the established limit themselves to making existing processes more efficient and cost-effective, innovators aim at creating new product experiences from the lens of clients" (Nöll 2018). Beyond OI by the book, CC fulfils a societal "grounding function": it binds back innovation to social realities. In doing so, society benefits. And firms may future-proof their processes, offerings, even business models.

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## IMPULSE BOX: MINDSET FOR BECOMING OPEN FOR INNOVATION

- » Stretch out your feelers investing in wider society also without immediate return on invest
  - » Team up with unusual partners from civil society, honing in on what you want to learn
  - » Explore corporate volunteering formats beyond social days, as in own social projects
  - » Experiment with crowdsourcing ideas, using up-to-date technology for more impact
  - » Involve social entrepreneurs as translators between for- and non-profit professionals
  - » Use CC as a mission driven future skills training ground without creating just another team-event
  - » Discover by all means, but do not forget to diligently exploit novel knowledge flows
-



On a societal level, Germany has a potent and dynamic research- and innovation system. In a number of classical indicators, it still ranks above average (EFI 2010). “Made in Germany” stands for “inventive spirit, quality and functionality for over a hundred years” (Diruf 2016:4, see Global Innovation Index 2018, Dutta et al. 2018). The German economy spent over 60 billion Euros for R&D, as of 2017 (Stifterverband 2018). At the same time, on an organizational level, to stay on top or afloat German businesses must dare new things. They are self-satisfied with incremental innovation at their own peril. Beyond rising R&D inputs, opening up innovation to new actors seems to be a winning strategy. Thus, on an individual level, CEOs, CC-, CSR- or innovation managers should consider how and when to team up with civil society. Aside from innovation rewards, CC activities can help train future skills, and become a part of the puzzle of successful employer branding and employee motivation in today’s economy’s much-touted “war” for talents, and for hearts.

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