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Comparing the approach per market segment concerning production of electric cars

COEN VERSTEEG   970409884080
THIJMEN VAN DER MATEN   960624547090

WAGENINGEN
UNIVERSITY & RESEARCH

REASON FOR SUBJECT CHOICE.

Electric cars become more and more a topic in daily discussions due to the frequent reporting of the media concerning electric driving, government regulations and the presence of the vehicles in daily life. However, this raises questions about if this introduction of electric cars solves the problem of CO2 emission, how infrastructure should change, and how brand will react to this change. The last question resulted as basis of this thesis. Companies need to change way of production, way of reporting and way of organizing. We were interested in this transition and chose to investigate this by means of writing a thesis. We chose to distinguish brands of the luxury market segment and brands of the middle-class market segment. Could the differences in luxury be maintained by the brand within the luxury segment? Or would the brands in the middle-class segment decide that when they invest heavily in the transition towards electric vehicles, they rather shift their target market by providing for example more luxe products. We expected that the brands in the luxury segments would not be so eager to produce electric vehicles. This because these brands mostly produce for customers who want to have powerful engines. Electric cars mostly have the prejudice to possess no powerful engines and therefore we expected the producers in the luxury market segment to invest heavily in their recourses needed for this transition. We would like to know this to be answered and shall reflect on our thoughts in the discussion.

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ABSTRACT

Are car brands able to move to a new way of driving and meanwhile serve their current target market? Is there a difference between car brands from different market segments in the approach concerning the transition towards producing electric cars. In this paper a closer look is taken at different car brands with the ambition to produce electric cars. Four car manufacturers, from two different market segments, will be investigated; BMW, Mercedes/Daimler, Opel/PSA Group and Volkswagen. Each company will be analysed on the following points: target market, vision and goals with regard to sustainability, ways of reaching the goals and the current position. Those points are measured with different scientific frameworks, like Maon's framework about integrating CSR (2008) and the framework provided by Van Marrewijk and Werre (2003). This research shows that there appears to be a slight difference in approach between the different market segments in the transition to produce electric cars.

PROBLEM DEFINITION:

The car industry is a constantly innovating industry. To stay competitive, companies need to improve their products, processes and ways of working. Over the last years, a new trend occurred. Sustainability and Corporate Social Responsibility became more and more important. Corporate Social Responsibility became even a strategic problem (Moura-Leite & Padgett, 2011). But why did this trend occur? Cars are important producers of carbon dioxide, which means that the car industry had a significant contribution to global warming (Mamalis, Spentzas, & Mamali, 2013). The production of carbon dioxide results in a rise of temperature, which has a potential effect on climate in the 21st century including the creation of drought-prone regions in North America and Central Asia as a part of shifting climate zones, erosion of the West Antarctic ice sheet with a consequent worldwide rise in sea level (Hansen et al., 1981) and this process largely irreversible for 1,000 years after emissions stops (Solomon et al., 2009). The implications of climate change for the environment and society will depend not only on the response of the Earth system to changes in radiative forcings, but also on how humankind responds through changes in technology, economies, lifestyle and policy (Moss et al., 2010).

This resulted in a new challenge for car manufacturers: innovate to become more sustainable as a company and offer the customer a sustainable alternative to diesel or gas driven cars. There are a lot of more sustainable options than driving on diesel or gas. Alternatives are: fuel cells and hydrogen produced with Concentrating Solar Power (CSP), plug-in hybrid cars and liquid biofuels (Ross et al., 2009). Research concluded that the electric car can serve as a suitable instrument towards a much more sustainable future in mobility (Helmers & Marx, 2011). However, this raises the question if electric and hybrid cars are the best option of creating a more sustainable future in the car industry. Fuel cell vehicles using hydrogen from fossil fuels offer no significant energy efficiency advantage over hybrid vehicles operating in an urban drive cycle. Priority should be placed on hybrid vehicles by industry and government (Demirdöven et al., 2004).

''*Car manufacturers have started to develop lower emission alternatives for the internal combustion engine, particularly electric, hybrid, and fuel-cell vehicles*'' (Pinkse, Bohnsack, & Kolk, 2013, p. 43). The market for electric cars is growing and is forecasted to dominate the market within a decade (Orbach et al., 2011). To catch up with this trend and hold or increase the current market share, car-companies need to adjust business processes toward a more sustainable one, preferably, without losing their image to the customer.

Concluding, there are already studies that describe the development of CSR, the emission of the car industry, innovation in the car industry and the challenges that come with those innovations. However, information about *how* companies from different segments deal with those challenges does not exist, to our knowledge. The research can contribute to a better understanding of the transition to electric/hybrid driving and the challenges car manufacturers face when they move from fuel-driven engines to electric batteries or hybrid cars, and thus behave more sustainable.

OBJECTIVE

Research purpose:

The objective of this research is to investigate how European car manufacturers from different segments deal with the challenge of producing electric and hybrid cars, while staying attractive to their customers. This is done by gaining knowledge about how those companies integrate electric/hybrid driving in their business models.

This research aims to produce an exploratory analysis to give an insight in the current developments of electric/hybrid driving for the investigated car brands. Furthermore, this research can have a practical relevance since the outcome could provide tools or procedures that will help European car companies maintaining and possibly extent their market share for their current target group.

Research questions

To what extent do European car brands from different market segments differ in their strategy to make a transition from producing fuel-engine driven cars to producing BEV's or hybrid driven cars?

Sub-questions:

- What are the current target markets of the investigated companies?
- What are the vision and goals regarding producing more sustainable and more sustainable products?
- What level of ambition do the companies show in their vision and goals?
- What interventions are chosen to realize the goals and ambitions the companies have set out?
- What is the current position of the companies' CSR practices?

Market segment definition: A market segment is a group of customers who have similar needs that are different from customer needs in other parts of the market. (Johnson., 2015).

Electric cars definition: '*Battery electric vehicles (BEV) run exclusively on electricity via on-board batteries that are charged by plugging into an outlet or charging station*'. (Goldman, 2014)

Hybrid cars definition: '*Conventional hybrids [...] combine both a gasoline engine with an electric motor'.*(Goldman, 2014)

Plug-in Hybrid Electric Vehicles: '*Plug-in hybrid electric vehicles (PHEVs) are similar to conventional hybrids in that they have both an electric motor and internal combustion engine, except PHEV batteries can be charged by plugging into an outlet'.* (Goldman, 2014)

METHODS

STRUCTURE OF THE RESEARCH

This research will be done at four car companies, divided over two segments. Volkswagen and Opel are allocated to the ''middle class'', and Mercedes and BMW are allocated to the ''luxury class'', based on the car-prices Statista (2015). In this research it will be discussed if there are differences between those segments in integrating electric/hybrid driving. Next to that, it will be investigated what are the differences between the target groups of the two segments and how those target groups are treated by the car brands, because according to Pinkse, Bohnsack, & Kolk, (2013) this is a challenge: being sustainable and meanwhile produce pleasing cars, because Pinkse, Bohnsack, & Kolk (2013) found that innovation is, at the beginning, only attractive to a small part of the market segments, that consist of progressive people.

As stated above, the target group consists of the companies that will be investigated, which are Volkswagen, Opel, Mercedes and BMW. The research will be specified to Europe.
        The research will be a case study. First of all, a literature study will be conducted to investigate what is already known, and to identify suitable theoretical models to analyse the differences in goals and strategies. Literature will be found by using different searching machines, like Google Scholar, Lexis Nexis and ABI Inform. Multiple subtopics will be studied. Furthermore literature study is expected to provide concepts, models and definitions that attribute to answering the research question. Next to that, the literature will provide borders in which the case study will be conducted.

Second, the two researchers will both investigate two cases within their chosen segment. CSR-reports, reports about strategies and websites of the chosen car brands will be studied, but also external reports that cover the topic will be integrated in the research.

The segments are divided in "middle class" and "luxury" containing Volkswagen and Opel for the middle class and Mercedes and BMW for the luxury segment.

Each segment will be assessed against several parameters. Results that follow, will give an understanding about how car manufacturers deal with issues about electric/hybrid driving and results will show if there are possibly differences between the segments.

Third, we need to identify and analyse the vision and goals of the companies, because this gives a clear explanation of how those companies think about the future of electric driving and where they want to be at a specific point in the future. Annual reports will be used in order to identify the companies perspective on the matter. Next to this, external sources will help to give an other perspective. These will be structured like:

-fraction of electric or hybrid cars sold in 2016;

-ambition of future production;

-investment in production of electric or hybrid cars;

-reflection by external sources.

The vision that companies carry out can be identified with respect to sustainability. This is key in order to measure how serious the companies take the transition. In their paper, Van Marrewijk and Werre (2003) carried out "*A sustainability matrix – an essential element of the overall European Corporate Sustainability Framework – is described showing six types of organizations at different developmental stages, with different forms of corporate sustainability, each supported by specific institutional arrangements*"(Van Marrewijk and Werre, 2003). There are four tables used in which one can identify the ambition level of the company. The level of ambition is important because "a differentiated set of definitions and approaches to CS can assist an organization in finding an appropriate path given its context and the dominant values within the organization" (van Marrewijk and Werre, 2003). For each table, the ambition in vision and goals of any single investigated company will be tested against the principles that the table provides. Each principle is divided in six different colours. The level of ambition is categorized in a colour that stands for a specified level where "*Each level includes and transcends the previous ones*" (van Marrewijk and Werre, 2003). The ambition of a company has to fit the principles under a certain colour, to be assigned to that particular colour.

This frameworks will be assessed in a scorecard resulting in a determination of position concerning the level of ambition for each company. In this research Table 1 will indicate which table is discussed.

Table 1: Development of Human and organization value systems	Table 3: Internal principles
Table 4: External drivers to corporate sustainability	Table 5: The aspects of the 3P dimensions for various CS ambitions.

Table 1: Indication of the tables that will be discussed

Fourth, to classify the interventions, undertook by the companies within this research, the framework offered by Cummings and Worley (2001) will be used. This framework identifies which type of interventions a company makes use of and identifies if there are differences between companies or even segments, when a company needs to change. They categorized the interventions as Human Process issues, Strategic issues, Technology/structural issues and Human resource issues. First, each intervention is given a short introduction, where after the companies are classified within a certain category, or possibly multiple categories.

(Hayes, 2014) states, while discussing the framework by Cummings and Worley, that "The Human process interventions focus on people and the processes by which they accomplish organizational goals, such as communication, problem solving, decision-making and leadership" (Hayes, 2014, pp 326). "The techno-structural interventions focus on the three areas of structure, task methods and job design and are intended to affect the content of work, work methods, the way work is divided between organizational members, and employee involvement" (Hayes., 2014, pp 327). "Human resource management interventions focus on personnel practices such as selection, training and development, goal setting, performance appraisal, incentives, internal promotion systems, career development and so on, and how they can be used to integrate people into the organisation" (Hayes., 2014, pp 328). "Strategic interventions link the internal functioning of the organization with the wider environment. They aim to align business strategy with organizational culture and the external environment" (Hayes., 2014, pp 328).
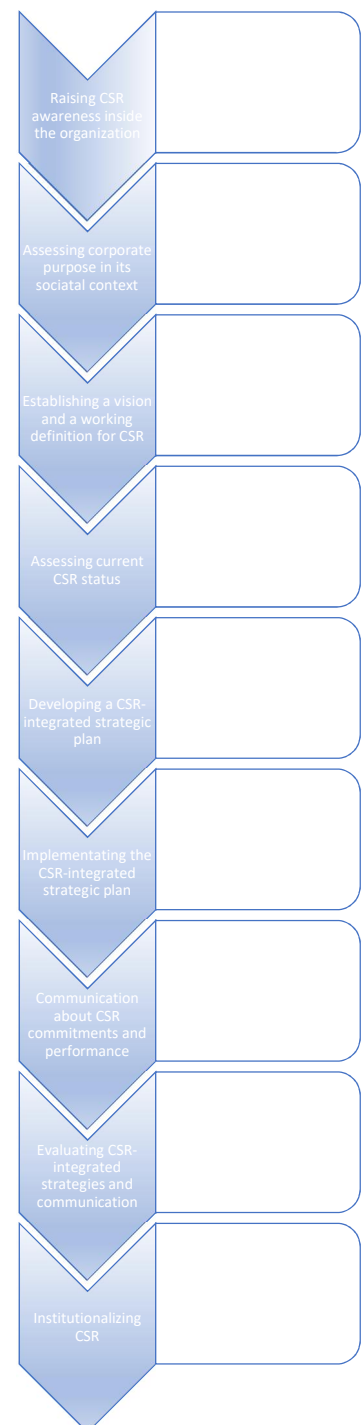
Finally, the current position of the company needs to be identified. Where are the companies in the process of realizing their goals? Maon provided an integrative framework about designing and implementing CSR in a business. Nine steps were identified to see how far the organization is in integrating CSR (Maon, Lindgreen and Swaen, 2008). These steps can be used to measure the implementation of CSR and thereby determine the current position. These steps will be measured in a way of being present or not. The framework will be assessed both top-down (top manager awareness, which influences CSR strategy and implementation) and bottom-up (awareness of employees and workers, who induce their employers to include CSR practices) processes (Maon, Lindgreen and Swaen, 2008). Furthermore, the articles of NGO's concerning societal and environmental matters will be investigated in order to determine the current position of each company. Examples for these NGO's are Amnesty International and Greenpeace. Figure 2 indicates along this paper which stage is discussed.

Tabel 2: indication of stage discussed.

Raising CSR awareness inside the organization

Assessing corporate purpose in its societal context

Establishing a vision and a working definition for CSR

Assessing current CSR status

Developing a CSR-integrated strategic plan

Implementating the CSR-integrated strategic plan

Communication about CSR commitments and performance

Evaluating CSR-integrated strategies and communication

Institutionalizing CSR

CHOICES MADE

The reason to specify this research to Europe is because the brands mostly operate in Europe and therefore Europe will be highly relevant, while other continents are not.

To decrease the possibility to compare different markets with their own characteristics, only cases of German groups/manufacturers will be investigated, so there is no difference concerning country-borders and different policies. The reason to choose Germany is that this country produces multiple cars within different segments. In order to gain as much information as possible about the investigated segments, it is key to use as much case studies as possible, but due to time

constraints it was not possible to investigate more than four cases. The reason to choose for a case study is that a case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases over time, through detailed, in-depth data collection involving multiple sources of information, and reports a case description and case-based themes (Creswell, 2007). Such a study gives a comprehensive view of the cases that will be discussed and is meanwhile profound. This is exactly what is needed for an investigation of strategies, goals and sustainability plans of multiple companies but also gives a market-realistic view on the subject. Due to time-constraint and need for in-depth research to get a clear overview of the problem and the outcome, the research will only cover two case-studies per market segment.

The chosen brands are sometimes a part of a larger company. For example the Daimler group contains multiple brand including the Mercedes-Benz. During analysis of the report, the focus will be mainly on Mercedes-Benz cars, wherever possible. In the reports of Daimler sometimes at the Mercedes-Benz division, statistics of the Smart-division are included.

Vision and goals for Volkswagen, for example, are quoted from the annual report of Volkswagen Group. Since Volkswagen belongs to the Volkswagen Group, it is reasonable to assume that those vision and goals also hold for Volkswagen as a single brand. Target markets need to be identified, because this is an important part of the main question. We have to find out how car manufacturers treat their target market and in order to do that, information about the target markets is required.

Based on Figure 1 from Statista (2015), target markets are identified. This table gives a list of average car prices for different car brands. This list is divided into 3 different classes:

- Low-Budget class: €0-€15.000
- Middle class: €15.001-€30.000
- Luxury class: €30.001- infinity

Average price (including tax) of passenger cars in the EU in 2013 to 2015, by brand (in euros)
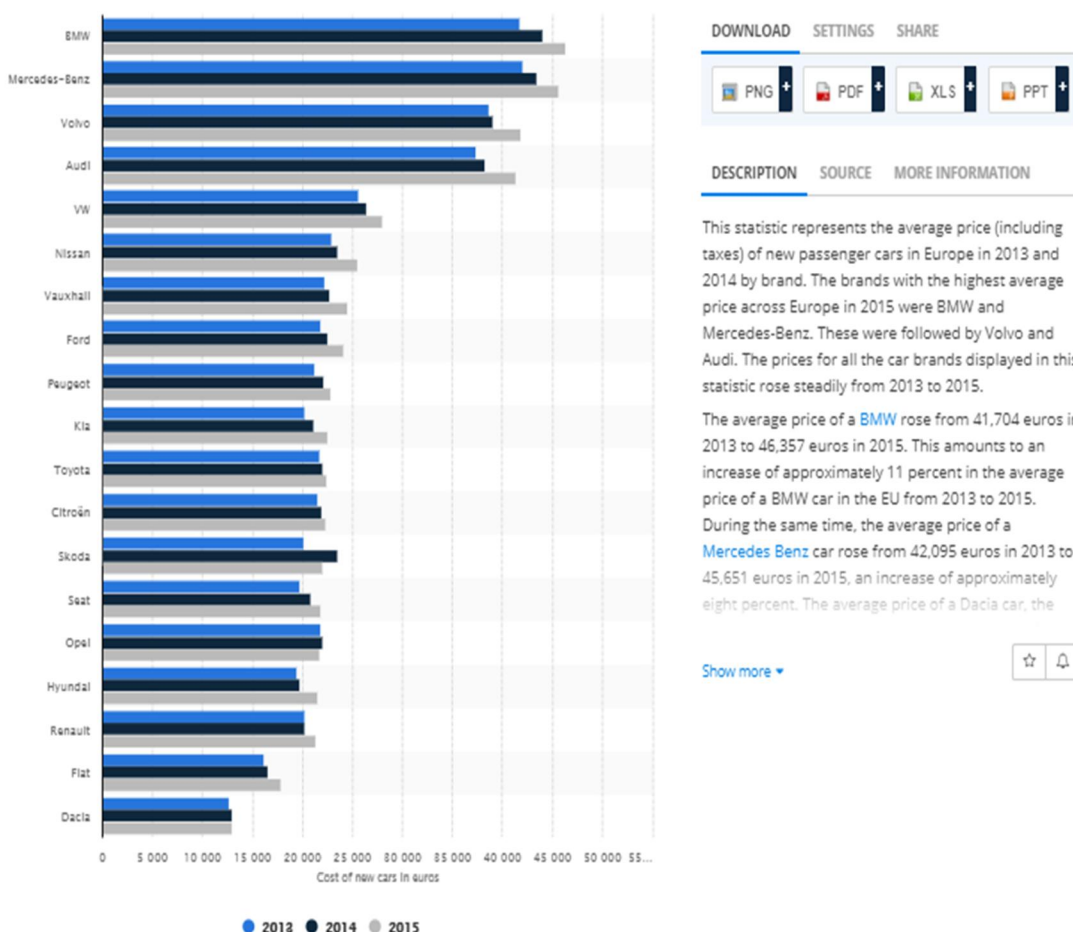
Figure 1 (Statista, 2015)

Van Marrewijk and Werre (2003) suggest that the interpretations of responses by employees concerning laws and regulations within the company can be helpful to determine the state of the company for their second table. However, this research does not cover any interviews and no other information that was sufficient enough to collect any measurable data. Therefore this research will only cover the other four tables.

RESULTS

LUXURY CLASS: DAIMLER AND BMW

Mercedes / Daimler:

The Mercedes-Benz brand is a German car-company and is part of the Daimler Group. The brand founded in 1926 after a fusion of Daimler Motoren Gesellschaft and Benz & Cie. The company has become known as a luxury car producer with a large market share. The company sold about 2,198,000 vehicles of the Mercedes-Benz brand in 2016 (Daimler, 2017). The brand does not only deliver its famous Mercedes-Benz passenger cars, but is also active in the production of trucks and vans. Other passenger cars which are produced under the Mercedes-Benz brand are Maybach and Smart, which are still active nowadays.

Target market:

Mercedes-Benz has a clear target group as they reveal in their annual report: "*The "Mercedes-Benz 2020" growth strategy is designed to ensure that our Mercedes-Benz Cars division will play the leading role in the luxury segment worldwide over the long term*" (Daimler, 2017, pp 76). Next to their general target-market, for Mercedes-Benz the aim will be more focussed on the women in this market. "*The "She's Mercedes" initiative was launched in 2015. This program is designed to help Mercedes-Benz address women in a targeted manner and significantly increase its proportion of female customers over the medium term*" (Daimler, 2017, pp 76)

Vision and Goals:

The goals Daimler has are the following: *"We want to take the lead – with outstanding products and services, new and profitable business models and a corporate culture that can keep pace with the requirements of a digitized world. We aim to achieve profitable growth and increase the value of the company. We plan to achieve our goals by focusing our activities on four strategic areas*" (Daimler, 2017, pp 84)

The company splits the goals in two parts: Objectives and strategic areas. Objectives are categorised in:

- Technology leadership, innovation and digitization, where the goal is to be industry leader in terms of safety, autonomous driving and green technologies;
- Best teams, where business combined with integrity is key for the company and the society as a whole;
- Profitable growth, with a 10% return on sales for Mercedes-Benz cars;
- Delighted customers, where value creation for customers is key.

As to be seen in Figure 2, Daimler's vision with respect to the strategic areas is also splitted in four parts:

Figure 2 (Daimler, 2017, pp.85)

Strengthening the core business of Mercedes-Benz will be done by setting standards for the new products and services "*in the strategic future-oriented fields of connectivity (Connected), autonomous driving (Autonomous), flexible use (Shared & Services) and electric drive systems (Electric)*" (Daimler, 2017, pp 85). Mercedes has already launched a fuel-cell vehicle on the basis of their own Mercedes-Benz GLC. Furthermore, Mercedes-Benz will expand their range of electric vehicles with a target to launch more than ten new electric cars on the market. Investment of 1 billion dollar in battery production operations make the intentions of the company measurable.

For the vision with respect to growing globally, Daimler (2017) states that assessing or expanding new markets globally includes producing globally in these markets. However, only in the Chinese market there will be a focuss on developing and producing electric vehicles.

To be leading in technology, the vision is clear: ""*As things stand now, we believe that by 2025, 15% to 25% of our new vehicles will be all-electric models*" (Daimler, 2017, pp 87).

Also they plan to introduce more than ten new electric vehicles. The company will invest approximately 10 billion euro in R&D concerning the range of electric vehicles. The long-term goal of Mercedes-Benz is to achieve zero-emission mobility, but remarkably the company does not specify any timeframe in which the goal has to be met.

Ambition

Daimler has sold 2,198,000 vehicles of the Mercedes-Benz brand (Daimler, 2017). Sales of electric cars where with about 17,000 sales which is 0.7% of total sales (Demandt, 2018).

Furthermore, Daimler says to increase its current range of electric vehicles (which was four in 2016) in 2017 " with additional plug- in hybrids and three new electric vehicles from the smart brand, and before the end of this year, we will present a completely new fuel-cell vehicle on the basis of the Mercedes-Benz GLC. By 2025, Mercedes-Benz plans to launch more than ten electric cars on the market". (Daimler, 2017, pp 85).

Also the ambition for Daimler is clear as they claim that "At Mercedes-Benz Cars we have significantly expanded our activities in the area of electric mobility. As things stand now, we believe that by 2025,15% to 25% of our new vehicles will be all-electric models" (Daimler, 2017, pp 87).

Investments by Daimler will amount "approximately €10 billion in the expansion of our range of electric vehicles in the coming years" (Daimler, 2017, pp 87). This investment is slightly more than the total expenditures of 2016 by Daimler (which where 9,818 million so about 98%).

Daimler focusses also on autonomous driving, which they hope to combine with the electric driving. These transitions however are mostly focused on their truck department. That not everybody at Daimler is as excited for the transition to electric cars as it looks, becomes clear in an interview with Jurgen Schenk, held by a journalist of the guardian. "One Mercedes-Benz executive said that with €10bn committed to work on electric vehicles it was, if anything, overinvesting in the technology compared with its peers.

"It's something that might be overhyped," said Jürgen Schenck, the company's head of e-drive integration, of the suggestion petrol and diesel cars were finished. "We're intent to go on with diesel … it is a good technology for [cutting] carbon emissions." (Vaughan, 2018)

Tabel 1: Development of Human and organization value systems

Tabel 3: Internal principles

Tabel 4: External drivers to corporate sustainability

Table 5: The aspects of the 3P dimensions for various CS ambitions.

Analysing vision and goals with van Marrewijk and Werre (2003)

Table 1:

In the introduction of their Sustainability Report (SR) of 2016, Daimler describes the environment with an anecdote. "*You might be familiar with the following Chinese saying: When the wind of change blows, some build protective walls, but others build windmills. Today the wind of change is rapidly picking up speed in our industry as well. In response, we are not building any windmills - but we are building vehicles that operate with innovative drive concepts*" (Daimler SR, 2017, pp 2). This fits the "orange or success" category of the table carried out by (Van Marrewijk and Werre, 2003). In this category, a company sees the environment as having: "*many viable alternatives for progress, prosperity and material gain since change is the nature of thing*" (Van Marrewijk and Werre, 2003). Daimler does adapt to the changing environment, not perse because they think the world should be a better place, but purely because this changing environment offers a shift in possibilities where profit can be made. That is the situation Daimler likes to benefit from.

Table 3:

"*For Daimler, acting in line with the principles of sustainability means striving to achieve long term business success on a viable basis. To make this possible, our activities must always be in harmony with society and the environment*" (Daimler SR, 2017, pp 7). This statement fits the "Profit-driven or orange" category, in which "*CS consists of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line*"(van Marrewijk, 2003). Next to this, the internal driver of Daimler is displayed in the sentence: "*One of our key tasks is to offer safe, fuel-efficient and low-emission vehicles. We are convinced that good sustainability management is essential so that we can remain one of the world's foremost automakers in the future*" (Daimler SR, 2017, pp 7). This also perfectly fits in the orange category where "*Awareness of the business case for CS: CS is promoted when it is thought to contribute to personal success and the financial bottom line*"(van Marrewijk, 2003).

Table 4:

Daimler suffers partly from the emission-scandal from the year 2015. "*Daimler shares fell 0.5 percent to 65.15 euros at the close in Frankfurt, partly recovering from a drop of as much as 3 percent. The stock has declined 7.9 percent this year, valuing the automaker at 69.7 billion euros.*" (Matussek and Behrmann, 2018). Due to negative media coverage, Daimler fits in the category "Profit-driven or orange" in which "*pressure from various markets, e.g. reputation issues leading to a decrease in sales or lower stock price*" is a criterion. Next to this, this category includes the proof that CS improves profitability. Again the sentence:"*For Daimler, acting in line with the principles of sustainability means striving to achieve long term business success on a viable basis. To make this possible, our activities must always be in harmony with society and the environment*" (Daimler SR, 2017, pp 7) can be used to address this inclusion of sustainability in the business process results in an continuation or even improvement of profit.

Table 5:

In this table "*the aspects of the 3P dimensions for various CS ambition*" (van Marrewijk, 2003) are determined. The 3 P's are Profit, Planet and People. These serve as 3 categories in which Daimler will be categorized. For the category Profit, Van Marrewijk and Were (2003) distinguish the differences between what prices of products are based on by a company.

However, this is not easy accessible information and it is therefore hard to identify a certain label or category for this matter for Daimler. Shareholder value however is easier to measure. "*The most important stakeholders are our employees, customers, shareholders, and investors, as well as our suppliers. However, civil groups such as NGOs also have legitimate interests that we take into consideration. The same applies to analysts, professional associations, trade unions, media, scientists, and politicians as well as municipalities, residents, and neighbors of our locations*" (Sustainable Value Report (SVR) 2016, 2017). This makes clear that shareholders come at the first place, together with other direct contributors to the company. As Figure 3 makes clear, Daimler depends on various shareholders, of which the private investors only represent a small part of the chart. Therefore there is enough reason to believe that Daimler wants to keep its owners at least satisfied (Daimler, 2018). This results in a classification in the "Compliance-driven" or "Blue" category.

Shareholder Structure by Ownership
in % of registered capital stock (December 31, 2017)

- Institutional Investors
- Private Investors
- Kuwait
- Renault/Nissan*
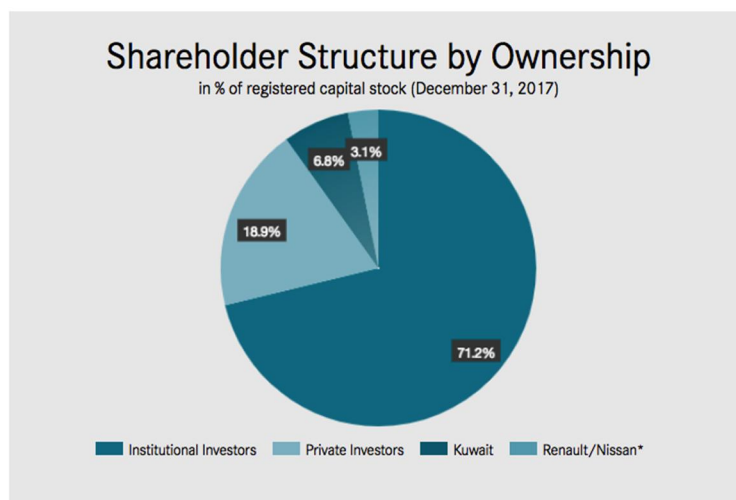
71.2% — 18.9% — 6.8% — 3.1%

Figure 3 (Daimler, 2018)

The second P is Planet. Daimler finds itself in the "Caring CS" or "Green" category where companies try to produce eco-efficient products. Daimler says to "*strive to develop products which are highly responsible to the environment and are energy-efficient in their respective market segments*" […] "*Our measures for environmentally compatible and energy-efficient product design take into account the entire product life cycle — spanning development, production, and product use, as well as disposal and recycling*". (Sustainability Value Report 2016 (SVR), 2017, pp 34). This ambition of producing energy efficient results in this "Green" classification.

The third P that Van Marrewijk and Werre (2003) carried out concerning the CS ambition is for people. The category for People is split into multiple levels in which a company can be categorized differently. Daimler is placed in the "Synergistic" or "Yellow" category when it comes to workplace environment. In this category "*Individual and collective alignment of requirements and facilities, supporting dedication and individual motivation*" (Van Marrewijk and Werre, 2003). Daimler says that their "*activities aim to bring the right people together for overcoming our challenges; to create a work culture that promotes the performance, motivation, and satisfaction of our employees and managers; and to help us access new target groups for our products and services*" (SVR, 2017, pp 79) which is in line with the requirements for this category. Concerning work-ethics, Daimler is placed in the "Caring CS"

or "Green" category where Ethical imperialism: "act abroad as when at home" (Van Marrewijk, 2003) This is displayed in the report of Daimler where they declare "*Fair and trusting relationships with employees are therefore more than just an ethical and legal requirement for us — without them we would not be able to conduct our business successfully*" (SVR, 2017, pp 74). Next to this, Daimler says to implement this even when there is no legal need for: "*Our employees have the right to organize themselves in labor unions. We also ensure this right in countries in which the freedom of association is not protected*"(SVR, 2017, pp 76). Daimler finds itself in the "Synergistic CS" or "Yellow" category where a company in this category should use a "*Proactive policy, linked with people management (HRM) and custom made arrangements for individual employees*" (Van Marrewijk, 2003). Daimler seems to have organised policies to tackle or avoid problems. This is displayed in the following sentences: "*Our Health & Safety unit is responsible for occupational medicine and occupational safety, occupational health promotion, ergonomics, social counseling, and integration management. In addition, our health management and occupational safety measures are integral elements of our risk management systems*"(SVR, 2017, pp 85).

"*This objective is promoted worldwide with the help of campaigns, counseling, and qualification offerings, as well as therapeutic and rehabilitation measures. All of our plants in Germany have health centers on their premises or cooperate with health centers located near the plants*".(SVR, 2017, pp 85).

Daimler seems to go even goes beyond the policies to give help on individual level.

"*Our HR initiative Life Balance helps employees reconcile their professional responsibilities with their private lives, and thus also serves to keep them healthy*" (SVR, 2017, pp 88).

Daimler is classified as being in the "caring CS" or "Green" category where there exist policies to integrate women in management. However, the training they provide for these women does not clarify the women qualify for these jobs per se, in which Daimler misses out to be placed in the Yellow category. "*In 2016, more than 16 percent of our executives in middle and upper management were women. To achieve our objective, we have installed a stringent internal reporting and forecasting system and are promoting women through special programs and seminars*". Furthermore there are policies and guidelines that support integration of diversity in all levels of work.

The "Caring CS" or "Green" category fits Daimler as they find themselves into the "*Discovery of the human being behind the custome*r" (Van Marrewijk, 2003). The transition to electric cars brings a downside into the inclusion of customers into the product development. On the one hand, Daimler acts supply driven as they speak out that: "*The earlier we integrate environmentally responsible product development (Design for Environment, DfE) into the development process, the more efficiently we can minimize the impact on the environment. That is why continuous improvements in environmental compatibility are a major requirement in the creation of the product performance specifications*" (SVR, 2017, pp 32). Also, customer orientation is done at sales level which hints strongly to a supply driven act of producing. "*Processes and behavior patterns are continuously enhanced at all sales stages and hierarchical levels to ensure maximum customer orientation*" (SVR, 2017, pp 56). On the other hand Daimler does include the customer into the process of product development. "*In order to be successful, the company needs to address in detail the specific wishes of its customers in every marke*t" (SVR, 2017, pp 56).

On the front of Supplier contacts Daimler finds itself in the "Caring CS" or "Green" category, where Daimler is using the "*introduction of co-makership and process control is done by internal audits*"(Van Marrewijk, 2003). "*We expect our suppliers to take on responsibility for*

the environment, and we request proof of certified environmental management along the supply chain according to ISO 14001, EMAS or other comparable standards. On a revenue basis, our goal is to require 70 percent of our suppliers of production materials to have such a certificate by 2018" (SVR, 2017, pp 93).

INTERVENTIONS....CLASSIFICATION BY CUMMINGS AND WORLEY (2001)

Daimler mostly focused on reducing emission of their product, not parse the production of these products but more the product on itself. To reach this overall goal, Daimler has sets itself targets. The targets Daimler sets can be used to identify the interventions that should be taken in order to reach their goal.

Examples of goals Daimler wants to reach to achieve a reduction of 44% emission by their products compared to 2007 are:

-The further electrification of the drivetrain;

-The further optimization of car engines and their phased introduction in model series;   -Introduction of the new, enhanced fuel-efficiency 9-speed automatic transmission in additional model series.

Furthermore, Daimler sets targets that contribute to reducing the fuel composition of most products. Next to this, the Daimler group aims to reduce their emission of CO_2 for all of their plants by 40% (SVR, 2017, pp 119). Also for energy and water consumption goals are set to reduce this consumption. No signs of any targets for employee changes concerning environmental issues are found within the targets of Daimler. Concerning the suppliers, the target for Daimler is to increase the share of production material suppliers who have a certified environmental management system to 70% (SVR, 2017).

Daimler has a structured sustainability management and lays no further attention on expanding or changing this structure. Daimler states that their "management and organizational structures support this process by establishing clear lines of responsibility in all business divisions. Our sustainability objectives and their management are key components of our corporate governance system and are also incorporated into the target agreements between employees and managers". (SRV, 2017, pp 8). The strategy that Daimler follows hints towards a strategic intervention. The introduction of multiple cars within the electric segment, accompanied with the question what functions these products have, all are signs of a strategic intervention. Within this strategic intervention, it is case to align business strategy with the organisational culture and the wider environment (Hayes, 2014). Daimler does so by supporting "the implementation of the United Nations' Sustainable Development Goals (SDG)"....."Thanks to our sustainable corporate strategy and sustainability targets, we are making positive contributions to solving the global challenges of our time" (SVR, 2017, pp 125). Furthermore, transorganizational development is focussed on development of partnerships to perform tasks or solve problems (Hayes, 2014). The cooperation with the Chinese battery and vehicle manufacturer BYD, intended to develop a battery-electric automobile, is an example of this transorganizational development which is again a sign Daimler focuses mostly on a strategic intervention. There is also an intervention done that hints towards a technostructural intervention, where employees of Daimler where

asked to propose a new management culture at Daimler (Daimler SV, 2017). Overall however, Daimler uses the strategic issues intervention.

CURRENT POSITION WITH (MAON, LINDGREEN AND SWAEN, 2008)

Daimlers current position is not easy to determine without help of any frameworks. The company concludes that in recent years their strategy was implemented well and especially on autonomous driving Daimler booked progression in being innovative. Concerning electric driving, Daimler teamed up with a Chinese battery and vehicle manufacturer BYD, for purpose of developing a battery-electric automobile. This developed car can drive for about 400 kilometers on one tank. With respect to the zero emission target, the current position in stated in this sentence: "We were able to maintain the average of 123 g/km in 2016 despite the fact that our sales structure changed towards upper-mid and large vehicles" (Daimler, 2017, pp 9).

1. Raising CSR awareness inside the organization

There are four key drivers that determine the CSR awareness for an organization: economic, social, political, and individual. The first three are market based whereas individual drivers appear to be value based and highlight the CEO's role in orienting the ethical norms of the organization (Agle, Mitchell, & Sonnenfeld, 1999; Waldman & Siegel, 2005) and the presence of employees' values in the workplace (Robertson, 1991 & Maon, Lindgreen and Swaen, 2008).

Daimler invests heavily in the production of electric cars, for example in their   plant in Kamenz where they invested around 500 million euros. What drives Daimler to invest these amounts is mostly market based (with economic, social and political driver) as no individual drivers have been found. There is clearly an economic driver: "Sustainability is a basic principle of our corporate strategy and a benchmark for our business success" (Daimler SR, 2017, pp 8).

Also socially Daimler faces pressure and tries to at least control or incorporate this into their business practices. They state that "civil groups such as NGOs also have legitimate interests that we take into consideration. The same applies to analysts, professional associations, trade unions, media, scientists, and politicians as well as municipalities, residents, and neighbors of our locations" (Daimler SR, 2017, pp 13). As they state, politics are not secure processes, therefore Daimler tries to get grip on movements made in politics by attending and organizing political meetings. "Our discussions with political decision-makers are designed to make our planning more secure and enable us to contribute our ideas to the process of social change" (Daimler SR, 2017, pp 17). Furthermore Political pressure is also done via legislation as for example in Germany, where cities where car companies like Daimler are based, could face penalties for their production nitrogen dioxide in excess of European Union limits. Logically the local governments transfer these responsibilities to the car producers (Wearden, 2018). But also legislation can influence car companies like Daimler positively. Germany for example subsidizes car companies which produce electric

cars. Daimler already signed up to this opportunity where the cost of production are equally shared (the Guardian, 01122018).

2.   Assessing corporate purpose in its societal context

To improve organizational fit, a CSR program must align with the values, norms, and mission of the organization (Maignan, Ferrell, & Ferrell, 2005), which demands awareness and understanding of the organization's vision and values and their relationships to the organization's core business practices (Maon, Lindgreen and Swaen, 2008).

The dilemma managers face thus involves not only the choice of stakeholders but also the great diversity in stakeholder groups and their various (intrinsic) and often conflicting values, objectives, expectations, and demands, all of which have to be satisfied at a minimum (Maon, Lindgreen and Swaen, 2008).

Daimler states that in order to continue production, sustainability practices need to be incorporate since this is the only way long-term success can be achieved. "For us, sustainability means conducting business responsibly. To ensure long-term success in harmony with the environment and society" (Daimler, 2017, pp 84). As the company moves toward more sustainable practices, also within the company the matter of sustainability is being incorporated: "We are moving toward our goals by making sustainability an integral part of our operations in the organization and by requiring and promoting a strong sense of responsibility for sustainable operations among all of our managers and employees throughout the Group" (Daimler, 2017). A diverse and a broad choice of stakeholders is included in the dialogues Daimler has. "One criterion for the identification and weighting of a stakeholder is the extent to which a person or group is affected by our company's decisions or can, in turn, affect these decisions" (SR, 2017, pp 13).

3.   Establishing a vision and a working definition for CSR

A vision must be formulated by the top management and then formalized and communicated through official documents such as annual reports.
The vision also should be designed carefully by top management in accordance with identified corporate values and formulated to fit with the current personal values of employees (Werre, 2003; Maon, Lindgreen and Swaen, 2008). According to Maignan et al. (2005), a working definition of CSR or CSR commitments should shed light on two key elements: (1) the motivation supporting the commitment to CSR and (2) the stakeholders and issues identified as most important to the organization. The working definition for CSR also must establish a constructive, socially responsible vision (Maon, Lindgreen and Swaen, 2008).

Daimler has carried out a table in which multiple issues are addressed in order to define their interpretation on sustainability. The working definition sheds light on the motivation supporting the commitment: "We are achieving our targets by making sustainability a central benchmark of our operations" (SR, 2017, pp 8). Stakeholders, however, are not identified as most important as required for a good vision and working definition of CSR but are named as a group that has a certain influence: "We maintain a

continual dialogue with our stakeholders in order to take their points of view into account (SR, 2017, pp 8). The implementation of this working definition is also done on management level as Daimler says that "Our management structures, processes and systems are designed in accordance with this concept of sustainability" (Daimler, 2017).

4.   Assessing current CSR status

Consultation with key managers who represent key business functions inside the organization and with CSR and industry experts can offer further insight.

Working with a consulting firm that can scrutinize the organization's current policies and practices might be an appropriate approach to offer this insight (O'Connell, 2004; Maon, Lindgreen and Swaen, 2008).

Benchmarking CSR practices allows the organization to continue to highlight what it should keep to support its competitive advantage, as well as identify inappropriate activities. To benchmark an organization needs to identify the own best performers on each CSR-related issues and other companies that are top regarding CSR practices. Norms and standards need to be identified by competitors and own performance needs to be compared to the competitors.

Daimler works with a third party that investigates the work and achievements of Daimler. This company is the PricewaterhouseCoopers AG. This company declares that it is their "responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that the sustainability key performance indicators and information and the Report of the Company for the business year 2016 has not been prepared, in all material respects, in accordance with the GRI-Criteria" (SR, 2017, pp 130). Again, it is hard to find any benchmarking activities. It is however not to expect to find any of these data since this is mostly classified information which is not made public.

5. Developing a CSR-integrated strategic plan

The first step involves translating values, visions, or policy statements into commitments, expectations, and guiding principles (Maon, Lindgreen and Swaen, 2008). This is possible via for example goal setting and including CSR responsibilities into job descriptions and recruitment procedures.

Daimler says that in order to have a business future, the sustainability matters need to be incorporated in their strategy. "*This strategy is embedded in our corporate strategy, which is based on our four core values: passion, discipline, respect and integrity. We can only ensure sustained profitability and society's acceptance of our business activities if we take into account the impact all of our business processes have on the environment and society, and if we align our business targets with environmental and social requirements*" (Daimler, 2017, pp 88). Daimler has made a target program in which they have strict goals and strict time periods in which they want to achieve those goals. Examples of these targets are:

- Internationalization of the stakeholder dialogue

- Reduction of specific water consumption of the Mercedes-Benz Cars plants

- Reduction of the CO2 emissions of our fleet of new cars in Europe:

- Reduction of specific energy consumption of the Mercedes-Benz Cars plants

(SR, 2017, pp 106-124).

Daimler also puts effort in adjusting jobs towards a more sustainable focus within these jobs. "*We regularly organize awareness and training programs for our employees and managers with a focus on the practical applications of operations-related environmental protection and energy management*" (SR, 2017, pp 61).

6. Implementing the CSR-integrated strategic plan.

Although top management determines the CSR direction and strategy, middle management and employees must implement it in reality (Maon, Lindgreen and Swaen, 2008).

By involving employees in discussions of CSR implementation, the organization ensures that these stakeholders develop a sense of ownership of and pride in their organization's CSR activities (Maon, Lindgreen and Swaen, 2008).

Other factors that determine the implementation of CSR-integrated strategic plan is employee training, employee rewarding and mechanisms that give space to detection and resolving activities that counteract the CSR program.

Daimler includes employees in its implementation of CSR. "For this program, we selected 144 employees from 24 countries and all levels of management and asked them to develop proposals for a new management culture at Daimler" (Daimler SR, 2017, pp 76). Again, Daimler shows to include training in order to reach the goals they as a company set: "We regularly organize awareness and training programs for our employees and managers with a focus on the practical applications of operations-related environmental protection and energy management" (SR, 2017, pp 61).

7. Communication about CSR commitments and performance

The internal communication plan should identify the communication means, such as newsletters, annual reports, meetings, and training. Communication consists of reporting on changes and reassuring employees by informing them about the program's progress, as well as clarifying any misconceptions. During the refreezing stage, communication needs center more on publicizing and demonstrating the success of the CSR program, as well as anchoring the CSR vision in the day-to-day activities of the organization (Klein,1996; Maon, Lindgreen and Swaen, 2008).

The clear identification of key stakeholders and their expectations, as well as continuous CSR dialogue, remain cornerstones of the CSR communication strategy.

The ongoing dialogue as discussed in (Maon, Lindgreen and Swaen, 2008), is deeply embedded in Daimlers practices: "Our Target Program also defines the areas in which we plan to take action in the coming years. For example, we aim to further reduce pollutants and emissions, further enhance the safety of our vehicles, further advance our culture of integrity, and further expand and more systematically structure our efforts to protect human rights, in line with the "UN Guiding Principles on Human Rights." We also seek to improve our dialogue with our suppliers and dealers and to further strengthen our social commitment" (Daimler, 2017). Anchoring sustainability into the day-to-day activities, is done by Daimler by following external guidelines "*Our business activities are also strongly guided by the ten principles of the UN Global Compact, to which we are warmly committed as a founding member. We are also a member of the Global Compact LEAD Group. Our internal principles and guidelines are based on this international reference framework as well as on other international principles*" (Daimler, 2017, pp 11). Daimler presents its success in their sustainability report where they talk about their targets and goals and how far they have progressed concerning these issues.

8.   Evaluating CSR-integrated strategies and communication

Regular formal reviews of CSR activities enable stakeholders recognize progress and activities and make activities both visible and transparent. Stakeholders should be invited to verify the organization's CSR performance (Maon, Lindgreen and Swaen, 2008).

By publishing yearly reports, Daimler gives whatever stakeholder the opportunity to being up-to-date. "The dialogue we hold with our stakeholders enables us to recognize future social requirements early on" (Daimler SR, 2017, pp 15). "The main element of the dialog is the sharing of ideas in a variety of themed workshops. The Daimler representatives listen to the feedback from the external participants and work together with the stakeholders to achieve the agreed-upon targets during the following year" (Daimler SR, 2017, pp 14). These sentences show that for Daimler stakeholders are also important to take into account in decision making, however, the organized meetings show no signs of room for stakeholders to verify the booked results. External stakeholders do publish from time to time the current position of Daimler. As Amnesty International discovered five car companies at risk. Based on news sources and/or company press releases, South Korea supplies BMW (i3 EV and i8 PHEV) and Fiat-Chrysler (500E EV), the two car manufacturers acknowledged in letters to Amnesty (Amnesty International, 2016).

In its January 2016 report, Amnesty International revealed that there was a risk that other car companies, including Daimler, VW and the Chinese electric vehicle giant BYD, were using cobalt that had come from mines in the Democratic Republic of Congo where children and adults work in unsafe conditions." (Amnesty International, 2016).

9.   Institutionalizing CSR.

Continuous, constructive dialogue during the refreezing phase helps fix any weaknesses and correct any deficiencies, which promotes the institutionalization of the CSR vision and processes and increases the credibility of published results (Maon, Lindgreen and Swaen, 2008).

Daimler holds continuous dialogues where there is a two-way manner of communication.

They state to notify the employees about far-reaching changes early on. In addition, the employee representative bodies at the Group and company levels (the Group Joint Management-Employee Economic Committee and the WEC) are also informed about the economic situation and important changes within the Group and at the Group companies (Daimler SR, 2017, pp 76). Not only within the company this happens, but also for external stakeholders: "In addition to performing institutionalized dialogue management, for example in Investor Relations, Procurement and Corporate Communications, the Sustainability Board and the Sustainability Office coordinate the dialog with civil society" (Daimler SR, 2017, pp 13). Daimler holds continuous dialogues and incorporated these in their implementation of CSR as figure ?? shows:
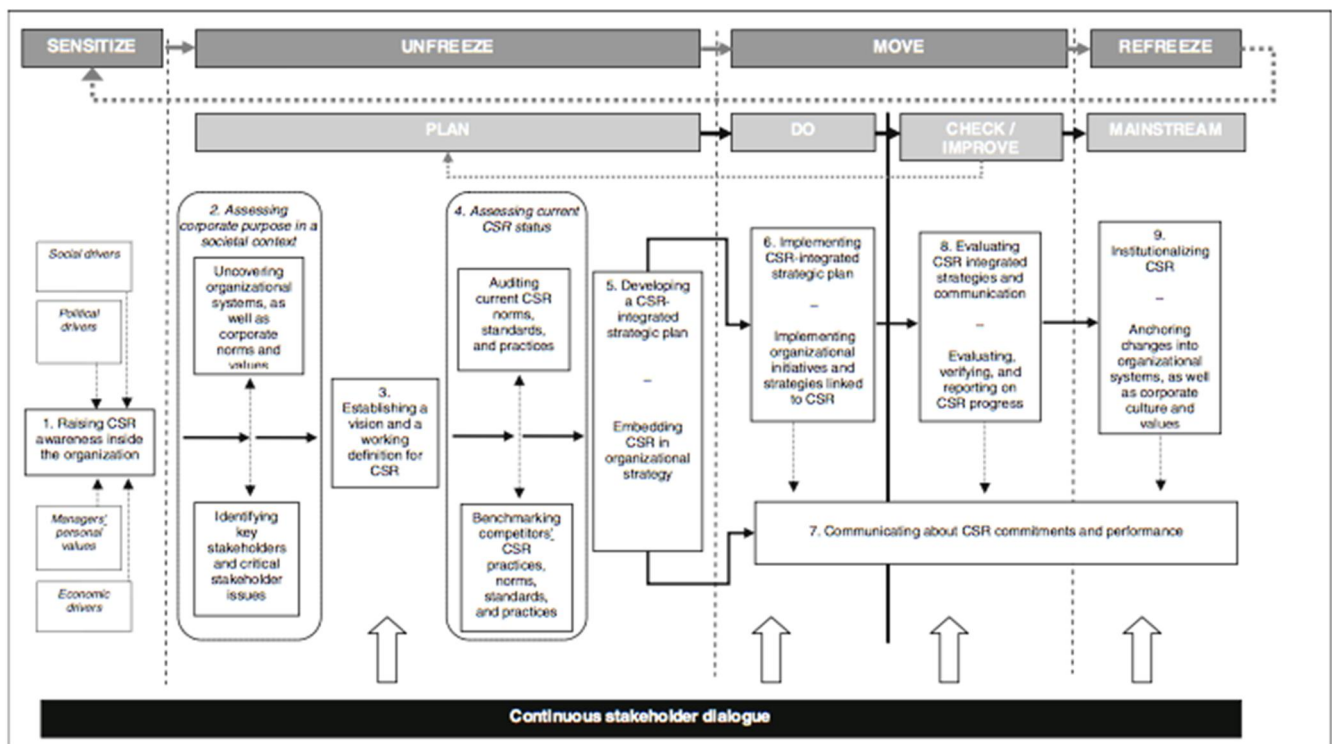

Figure 4 (Daimler, 2017) Incorporation of continuous stakeholder dialogue.

BMW:

Bayerische motoren werke (BMW) is a German car-company founded in 1913 which also produced aircraft engines until 1945. The BMW Group produces its famous BMW-series, next to the brand Rolls-Royce and Mini. The BMW-models had a sales level of 2,003,359 million vehicles in the year 2016 (BMW annual report 2016, 2017, pp 4). BMW is known for its production of luxury cars and has a growing number of sales for the last ten years. The ownership of the BMW-Group belongs partly to the Quant family and partly to the public float.

TARGET MARKET OF BMW:

The target market, or the segment that the BMW-Group aims at are people with high income, whose job is mostly as executive of a professional who belong to the middle or upper class. The car is ment for urban use for people within age of work, so between 20-65 years old. The BMW-Group targets different regarding gender (Dudovskiy, 2018).

AMBITION:

The BMW-group produced a total of 2,003,359 million vehicles in the year 2016 (BMW annual report 2016, 2017, pp 4). This is solely the regular BMW cars, so without the sales volumes of Rolls-Royce and Mini. The BMW-group claims that "Between the launch of the BMW i3 in 2013 and 2016, we sold more than 100,000 BMW i models and BMW plug-in hybrid models. In 2017, we intend to go one better: this year alone, we aim to deliver a further 100,000 electrified vehicles. Our customers can choose between seven different models"

(SVR, 2017, pp 18). And to verify this, the BMW-group has reached its goal for 2017 in mid of December (Mitchell, 2018). Supposing the sales volume can be compared with the year 2016 (which is reasonable since total sales in november 2017 where about two million (Press.bmwgroup.com, 01032018)), the 100,000 electric cars that are produced are about 5% of total production. The BMW-Group intents to expand their range of products concerning electric cars, as they now have seven models. "To familiarise customers as well as possible with electromobility, we have been expanding our product range step by step since 2015, adding new plug-in hybrid models and offering the BMW i3 as part of our DriveNow car-sharing programme" (SVR, 2017, pp 33). Furthermore, Plans are to deliver 25 electrified models by 2025 with at least twelve full-electric cars (Etherington, 2018).

It is, however, not clear how much the BMW-Group is planning to invest in the production of electric cars, but there are multiple sources who report about investments in BMW-plants that regard to the production of electric cars, but no clear total of these investments.

The BMW-Group seems keen on secure the continuation of production of electric cars as marketing leader of BMW Uwe Dreher said to guardian: "So we had to create a new platform. We got the power from the board and they told us to come to them if we were having problems, if people in the business wanted to kill it. It has been sitting aside as a separate structure in the company to protect it."(Confino, 2018). This indicates that the BMW-Group continues production and goes beyond the possible threat that people in the business 'want to kill it'.

In their paper, Van Marrewijk and were (2003) carried out "A sustainability matrix – an essential element of the overall European Corporate Sustainability Framework – is described showing six types of organizations at different developmental stages, with different forms of corporate sustainability, each supported by specific institutional arrangements"(Van Marrewijk and Werre, 2003). There are five tables used in which one can identify the ambition level of the company. The level of ambition is important because "a differentiated set of definitions and approaches to CS can assist an organization in finding an appropriate path given its context and the dominant values within the organization" (Van Marrewijk and Werre, 2003). The level of ambition is categorized in a colour that stands for a specified level with "Each level includes and transcends the previous ones" (Van Marrewijk and Werre, 2003).

Tabel 1:

The BMW-Group states in its vision that they "see global sustainability challenges as an opportunity to develop innovative products and services. In this way, sustainability makes a long-term contribution to the business success of the BMW Group"(SVR, 2017, pp 9). Furthermore, they "are convinced that the lasting economic success of any enterprise in today's world is based increasingly on acting responsibly and ensuring social acceptance". (SVR, 2017, pp 9). To identify their key values "we regularly carry out a materiality analysis in order to identify relevant issues. "To do this, we analyse the importance of current sustainability topics, both from the perspective of different stakeholder groups as well as that of the company" (SVR, 2017, pp 10). All these sentences fit the best with the "orange" or "success" company that Van Marrewijk and Werre (2003 proposed. In this category a company sees the environment as having "many viable alternatives for progress, prosperity and material gain since change is the nature of thing". (Van Marrewijk and Werre, 2003). Core values of companies in these categories are: "Results, reward, image, quality, innovation, productivity, creativity, career advancement, enterprising, control" (Van Marrewijk and Werre, 2003).

Table 3:

In this table "the ambition levels, the internal drivers (motivation behind CS) and the criteria for decision-making" (Van Marrewijk and Werre, 2003) are determined. The BMW-Group is "convinced that the lasting economic success of any enterprise in today's world is based increasingly on acting responsibly and ensuring social acceptance"(SVR, 2017, pp 9). Also the BMW-Group focuses mostly on a future in which they acknowledge that sustainability becomes more and more a must as stated by the market. "In order to identify in good time which topics may bring opportunities and risks to our business today or in the future, and to

focus our activities accordingly, we use an "environmental radar" to scan external trends on an ongoing basis. In doing so, we observe both the public discourse and the political agenda, for example the World Climate Conference and the Sustainable Development Goals" (SVR, 2017, pp 10). With these phrases the BMW-Group tend to be categorized in the "blue" or "Compliance Driven CS" category where "CS of this level consists of providing welfare to society, within the limits of regulations from the rightful authorities. In addition, organizations might respond to charity and stewardship considerations"(Van Marrewijk and Werre, 2003). The part where the BMW-Groups talks about ensuring social acceptance, tend to fit the next statement that belongs to this "blue" category of van Marrewijk and Werre: "A sense of moral duty (e.g. regarding charity or stewardship): CS is perceived as a duty or correct behaviour" (Van Marrewijk and Werre, 2003).

Table 4:

This table "shows the external drivers behind specific CS-ambition levels and the ways in which governments can support corporate sustainability." (Van Marrewijk and Werre, 2003). The BMW-Group says that "sustainability makes a long-term contribution to the business success of the BMW Group" (SVR, 2017, pp 9) which is in line with the "profit driven CS or orange" category where "Proof that CS improves profitability"(Van Marrewijk and Werre, 2003) is displayed. However, the "Green or Caring CS", category has a better fit, since the BMW-Group seems to focus a lot on their stakeholders. In this category the "Dialogue between the organization and stakeholders/ society" (Van Marrewijk and Werre, 2003) is of great importance. The BMW-Group shows this in its vision in which she claims to "analyse the importance of current sustainability topics, both from the perspective of different stakeholder groups as well as that of the company" (SVR, 2017, pp 10). In this green category the role of the government is seen as "supporting international governance structures and national policies on poverty, environments, equity, ethical codes, etc."(van Marrewijk, 2003) which is in line with the statement of the BMW-group where they "observe both the public discourse and the political agenda, for example the World Climate Conference and the Sustainable Development Goals" (SVR, 2017, pp 10). Also the group states that "Ideally, non-financial incentives such as parking privileges can also accelerate adoption"(SVR, 2017, pp 33).

Table 5:

 In this table " the aspects of the 3P dimensions for various CS ambition"(Van Marrewijk and Werre, 2003) are determined. The 3 P's are Profit, Planet and People. These serve as 3 categories in which the BMW-Group will be categorized. For the category Profit, Van Marrewijk and Were (2003) distinguish the differences between where prices of products are based on by a company. However, this is not easy accessible information and it is therefore hard to identify a certain label or category for this matter for the BMW-Group. Shareholder

value under the category Profit is easier to determine. This makes sense, since "as of 2016, the Owners of the BMW are Stefan Quandt who owns 29% of the shares, Susanne Klatten, who owns 21% and the other 50% are publicly owned" (Successstory.com, 02012018) which makes clear that the shareholders play a large role within the BMW-Group. Therefore BMW finds itself in the "Profit-driven CS" or "orange" category where the mindset hints towards "maximising shareholder value is key" and "Managing perceptions of potential shareholders to increase stock price"(Van Marrewijk and Werre, 2003). The last part of profit is the investor relations. The "yellow or Synergistic CS" category includes "full info on Corporate Sustainable Performance"(Van Marrewijk and Were , 2003) in which the BMW-Group does with its Sustainable value report.

The next P is the Planet where the "orange or Profit-driven" category includes "Environmental measures must directly improve profitability [e.g. waste reduction, reducing energy use] or indirectly [e.g. high visibility projects boosting reputation"(van Marrewijk, 2003). The BMW-Group "views sustainability – not just in our vehicles, but throughout the entire value chain – as a basic requirement for tomorrow's individual mobility and ensuring its social acceptability (SVR, 2017). The economic side of sustainability is also mentioned as the BMW-Group claims that "Sustainability has not just become a success factor for business" (SVR, 2017, pp 3) and "Our production focuses on the efficient use of resources, which helps the environment and lowers costs. Our wide variety of different community, social and cultural projects around the world also make an important contribution to securing the company's long-term reputation" (SVR, 2017, pp 4).

The last P is People, where BMW clearly fits the category of the "Green or Caring CS". With respect to workplace environment, the BMW-group says that "Satisfied and motivated employees are a key success factor for the BMW Group. Job security is therefore a high priority for us"(SVR, 2017). This is in line with the criterium of van Marrewijk and Were (2003) where "cost-effective actions to improve employee motivation in order to increase productivity and decrease employee turnover" which is from the "Orange" or "Profit-driven" category. However, the major part the BMW-group act like they belong to the green category, as the BMW-Group has the required "*Management system on safety and health, including socio- psychological dimension*" (van Marrewijk, 2003) with their Health Management 2020 program which contains following their report: "*a holistic, internationally focused approach to fostering the long-term health and performance of our employees throughout their working life*" (SVR, 2017, pp 85). This criterium belongs to the "Green or Caring CS", just as the criterium stating that there should be "policies for emancipation of women, coloured and disabled person" is required for the Green category. The BMW-group says "*With a ratio of 30 % women on the Supervisory Board, we are complying with the recommendation of the German Corporate Governance Code*" (SVR, 2017, pp 97) which hints to a policy to include woman into the managerial positions. The required "ethical imperialism: act abroad as when at home" is met with the statement of the BMW-Group that "*Each and every one of our employees, in all their diversity, is accorded equal levels of appreciation, respect and opportunity*" (SVR, 2017, pp 97). The "discovery of the human being behind the customer" is met with the statement that the BMW-Group "is convinced that a diverse workforce increases our innovative strength and further enhances our competitiveness, for example by helping us to better understand customers' needs" (SVR, 2017, pp 97). Lastly, the required "Process control and internal audits" is met where the BMW-Group claims that "Each potential new supplier must take into consideration the BMW Group sustainability requirements when submitting a proposal" (SVR, 2017, pp 72). So with one time being identified as belonging to the orange category, and further being classified as being Green, the overall outcome is that the BMW-Group belongs to the Green category concerning People.

The strategy of the BMW-Group shows signs of a strategic intervention. The BMW-group states that "achieving longer range, shorter charging periods as well as simplification of access to charging points and billing is essential in order to increase demand for electric vehicles" (SVR, 2017, pp 33). This increase in demand is needed in order to make sure the production of electric cars is fruitful. Transorganizational development is an intervention which lays the focus on cooperation between multiple organizations, that cannot solve a problem alone and is a part of the strategic intervention carried out by Hayes (2014). "The BMW Group is involved, for example, in the Nationale Plattform Elektromobilität (NPE) in Germany, in the Foreign Expert Panel of a high-level advisory committee for the Chinese central government as well as in the PlugIn Electric Vehicle Collaborative in California, which addresses issues around market access and of which BMW was a founding member" (SVR, 2017, pp 37). Next to this, the BMW-group claims they "would like to see all markets take similarly effective measures to promote electromobility, such as those already in place in Japan, China and California" (SVR, 2017, pp 37). This hints toward a preferred attitude by any government to stimulate the transition to electric driving. The BMW-Group does not solely sit and wait for the government to take steps, but chairman of the supervisory board Norbert Reithofer revealed that "the Board of Management briefed us on the BMW Group's collaboration with Mobileye and Intel aimed at developing technologies for highly and fully automated driving. It also provided information on the planned joint venture with other automobile manufacturers to establish a charging infrastructure for electric vehicles that is compatible with every brand" (Daimler, 2017, pp 9). In line with the strategic intervention, the BMW-Group uses strategic mapping in the form of their so called: "materiality analysis". This strategy mapping is useful "to aid strategy development, communicate the strategy to those who will be involved in its implementation, and monitor its implementation" (Hayes., 2014, pp 326). The materiality analysis was done by the BMW-Group in the form a survey (at least in 2015) "among internal experts, and telephone interviews were held with 13 representative stakeholders as part of the review process to get an update on how the topics   are seen from an external perspective" (SVR, 2017, pp 11).

1. Raising CSR awareness inside the organization

There are four key drivers that determine the CSR awareness for an organization: economic, social, political, and individual. The first three are market based whereas individual drivers appear to be value based and highlight the CEO's role in orienting the ethical norms of the organization (Agle, Mitchell, & Sonnenfeld, 1999; Waldman & Siegel, 2005) and the presence of employees' values in the workplace (Robertson, 1991; Maon, Lindgreen and Swaen, 2008).

Analyzing the sustainable value report of BMW, the political driver is determined in the following sentence: "The BMW Group engages in an ongoing dialogue with policymakers on the theme of recycling and life cycle management. We were represented, for example, at the

G7 conference held by the United States Environmental Protection Agency (EPA)" (SVR, 2017, pp 123). Political pressure is also done via legislation as for example in Germany, where cities where car factories of companies like BMW are based, could face penalties for producing nitrogen dioxide in excess of European Union limits. Logically the local governments transfer these responsibilities to the car producers (Wearden, 2018).

But also legislation can influence car companies like BMW positively. Germany for example subsidizes car companies which produce electric cars. BMW already signed up to this opportunity where the cost of production are equally shared (the Guardian, 01072018).

Economic motivation is displayed in the following sentence: "Sustainability has not just become a success factor for business" (SVR, 2017, pp 3). Social influence is mostly displayed in the form of Non Governmental Organizations. "In order to identify in good time which topics may bring opportunities and risks to our business today or in the future, and to focus our activities accordingly, we use an "environmental radar" to scan external trends on an ongoing basis. In doing so, we observe both the public discourse and the political agenda, for example the World Climate Conference and the Sustainable Development Goals" (SVR, 2017, pp 10). The social issues that can occur when having a globally active company, are highlighted with the introduction of an award, created by BMW Group itself. "We have been bestowing the Intercultural Innovation Award since 2011, in collaboration with the United Nations Alliance of Civilizations (UNAOC). The award recognizes innovative projects that set an example with their approaches to solving intercultural tensions and conflict" (SVR, 2017, pp 102).

Individual drivers are being supported, with help of a different award:

"The BMW Group has been recognizing the volunteer efforts of its employees every year since 2011 with a "Social Responsibility Award", under the auspices of Board of Management member Milagros Caiña Carreiro-Andree. The jury selects three projects that have created exceptional added value for society. An additional special prize awarded by the Doppelfeld Foundation recognizes the efforts of younger employees." (SVR, 2017, pp 102).

Concluding, the four key-drivers that (Maon, Lindgreen and Swaen, 2008) proposed are all identified as being present at the BMW Group.

2.   Assessing corporate purpose in its societal context

To improve organizational fit, a CSR program must align with the values, norms, and mission of the organization (Maignan, Ferrell, & Ferrell, 2005), which demands awareness and understanding of the organization's vision and values and their relationships to the organization's core business practices (Maon, Lindgreen and Swaen, 2008).

The dilemma managers face thus involve not only the choice of stakeholders but also the great diversity in stakeholder groups and their various (intrinsic) and often conflicting values, objectives, expectations, and demands, all of which have to be satisfied at a minimum (Maon, Lindgreen and Swaen, 2008).

The BMW-Group has already devoted a report to policy concerning the approach to stakeholders, the Stakeholder Engagement Policy of the BMW Group. This report includes procedures of how to engage, but also helps to identify and value stakeholders.

The diversity of stakeholders becomes clear as BMW formulates a value-chain wide and environmental-societal approach concerning sustainability. "Our vision of being the most

successful and sustainable premium provider of individual mobility sets out the framework for our goals and measures: the BMW Group integrates sustainability along the entire value chain and into all basic processes – thus creating added value for the company, the environment and society" (SVR, 2017, pp 14).

3. Establishing a vision and a working definition for CSR

A vision must be formulated by the top management and then formalized and communicated through official documents such as annual reports.
The vision also should be designed carefully by top management in accordance with identified corporate values and formulated to fit with the current personal values of employees (Van Marrewijk and Werre, 2003; Maon, Lindgreen and Swaen, 2008). According to Maignan et al. (2005), a working definition of CSR or CSR commitments should shed light on two key elements: (1) the motivation supporting the commitment to CSR and (2) the stakeholders and issues identified as most important to the organization. The working definition for CSR also must establish a constructive, socially responsible vision (Maon, Lindgreen and Swaen, 2008).

The BMW-Group does not state that stakeholders and issues are identified as most important to the organization. The company states that stakeholders and issues are one of the values they pay attention to.

"One of our values is taking responsibility – for ourselves, for others, for the company and for society" (SVR, 2017, pp 15).

However, the constructive, socially responsible vision is present as stated in the next sentence: "We view sustainability – not just in our vehicles, but throughout the entire value chain – as a basic requirement for tomorrow's individual mobility and ensuring its social acceptability" (SVR, 2017, pp 3).

Motivation for being more sustainable is given within the working definition of CSR.

"Favourable economic conditions have proven conducive to the successful introduction of new technologies. In the dialogue with the political stakeholders in the main markets, the following issues are of central importance to the BMW Group:

– Promoting electromobility;

– Not distorting competition according to market segment;

– Supporting new efficiency technologies – A realistic connection between targets and measuring methods;

– Consistency of supply-side and demand-side policies".

(SVR, 2017, pp 124).

Concluding, the vision is present, the working definition of CSR is partly completed following the steps of (Maon, Lindgreen and Swaen, 2008).

4. Assessing current CSR status

Consultation with key managers who represent key business functions inside the organization and with CSR and industry experts can offer further insight.

Working with a consulting firm that can scrutinize the organization's current policies and practices might be an appropriate approach to offer this insight (O'Connell, 2004; Maon, Lindgreen and Swaen, 2008).

"Benchmarking CSR practices allows the organization to continue to highlight what it should keep to support its competitive advantage, as well as identify inappropriate activities. To benchmark an organization needs to identify the own best performers on each CSR-related issues and other companies that are top regarding CSR practices. Norms and standards need to be identified by competitors and own performance needs to be compared to the competitors" (Maon, Lindgreen and Swaen, 2008, pp 18).

The BMW-Group does have consultants who are industry experts and investigate the sustainability report of BMW.

"The Corporate Reporting, Corporate Communications and Policy as well as Corporate Planning and Product Strategy departments select the external auditors for the Sustainable Value Report. Ms Ursula Mathar, Head of Sustainability and Environmental Protection and Dr Thomas Becker, Vice President of Governmental and External Affairs are responsible for expert approval of the SVR. Overall responsibility lies with the Board of the BMW-Group. Third-party auditing enables us to document for the public the reliability and trustworthiness of the information provided. In addition, we regularly receive impetus for improvement and innovation in the reporting process." (SVR, 2017, pp 185).

Benchmarking is generally not public information. However, BMW does act according to principles of the UNGC, which is benchmarking to identify inappropriate activities. We remain committed to the principles of the United Nations Global Compact and have systematically implemented its Ten Principles at all locations worldwide since 2001. "Our sustainability strategy also supports the Sustainable Development Goals adopted by the United Nations in autumn 2015" (SVR, 2017, pp 3).

Investment in environmental protection[1]
→ T 3.14

in € million

¹ Calculation of integrated environmental investments of BMW Group producton locations according to VDA standard.

Total investment by the BMW Group in environmental protection increased considerably compared to 2015 (2015: €109 million), amounting to €154 million in the reporting period. This is mainly due to investment in new paintshops. In addition, our implementation of environmental management measures meant that there were no significant environmental incidences in the reporting period. In particular, no penalties had to be paid.

Figure 5 (SVR, 2017, pp 134) Investment in environmental protection by BMW

5.   Developing a CSR-integrated strategic plan

The first step involves translating values, visions, or policy statements into commitments, expectations, and guiding principles (Maon, Lindgreen and Swaen, 2008). This is possible via for example goal setting and including CSR responsibilities into job descriptions and recruitment procedures.

The BMW-Group has carried out Figure 6, which states which goals concerning sustainability are made.

"To date, we have already sold more than 100,000 electric vehicles and plug in hybrids. We now aim to achieve this same figure in 2017 alone. In this way, we are helping to reduce greenhouse gas emissions and improve air quality" (SVR, 2017, pp 4).

Figure 6 (SVR, 2017, pp 13) BMW's sustainability goals

BMW-Group does acknowledge the fact that these goals include a creation of new value chains and jobs:

"By implementing innovations, the BMW Group opens up new business fields and thus fosters the creation of new value chains and jobs" (SVR, 2017, pp 119).

Concluding, a CSR-integrated plan is made in the form of goal setting, with taking in account the change in jobs and value chains.

6.   Implementing the CSR-integrated strategic plan.

Although top management determines the CSR direction and strategy, middle management and employees must implement it in reality (Maon, Lindgreen and Swaen, 2008).

By involving employees in discussions of CSR implementation, the organization ensures that these stakeholders develop a sense of ownership of and pride in their organization's CSR activities (Maon, Lindgreen and Swaen, 2008).

Other factors that determine the implementation of CSR-integrated strategic plan is employee training, employee rewarding and mechanisms that give space to detection and resolving activities that counteract the CSR program.

In the report of the BMW-Group there is spoken about a "Dialogue with employees and managers, employee survey, idea management, internal media" (SVR, 2017, pp 121).

However, there is no clear insight in what kind of dialogue or what kind of results there are booked from these dialogues. A possible measurement could be the investment in further education and training at the BMW Group. However, this investment is not necessarily solely for the training concerning CSR-practices.

Concluding, clear signs of the implementation of the CSR-integrated strategic plan in internal level are not present from the report or any other source found.

Investment in further education and training at the BMW Group[1]
→ T 4.26

in € million

	2012	2013	2014	2015	2016
	282	288	335	352	352

[1] BMW Group investments are dependent on current further education and training requirements, which may lead to year-on-year fluctuations.

The BMW Group sees targeted employee training as an investment in the future. For this reason, investment in eduction and further training remained at the same level as in the previous year. Building up and maintaining skills expertise within the Group's workforce are key aspects of strategic corporate governance.

Figure 7 (SVR, 2017, pp 145) Investment in education and development by BMW

7.   Communication about CSR commitments and performance

The internal communication plan should identify the communication means, such as newsletters, annual reports, meetings, and training. Communication consists of reporting on changes and reassuring employees by informing them about the program's progress, as well as clarifying any misconceptions. During the refreezing stage, communication needs center more on publicizing and demonstrating the success

of the CSR program, as well as anchoring the CSR vision in the day-to-day activities of the organization (Klein, 1996; Maon, Lindgreen and Swaen, 2008).

The clear identification of key stakeholders and their expectations, as well as continuous CSR dialogue, remain cornerstones of the CSR communication strategy.

An example of the reporting of the BMW-Group in their yearly report is:

"The fleet-wide deployment of Efficient Dynamics technologies – including drivetrain electrification – contributes to the efficient reduction of carbon dioxide emissions. CO_2 emissions produced by the vehicle fleet sold in Europe (EU-28) decreased slightly to 124 grams CO_2 / km (2015: 127 grams CO_2 / km; – 2.4 %) in the year under report.

As foreseen in the outlook for the full year 2016, fleet carbon emissions fell slightly and were therefore in line with forecast" (BMW annual report 2016, 2017, pp 39).

Furthermore, figure 8 gives insight of the results booked in 5 years, so it is even easier to understand the numbers in perspective.

KEY SUSTAINABILITY INDICATORS

Five-year overview of key sustainability indicators

	2012	2013	2014	2015	2016	Change to previous year in %
BUSINESS ACTIVITIES						
Revenues (in € million)	76,848	76,059	80,401	92,175	94,163	2.2
Profit before tax (in € million)	7,803	7,893	8,707	9,224	9,665	4.8
Sales volume automobiles (in thousand units)	1,845.2	1,963.8	2,118.0	2,247.5	2,367.6	5.3
PRODUCTS AND SERVICES						
CO_2 emissions of BMW Group Automobiles (EU-28) (in g/km)	138	133	130	127	124	–2.4
Sales of electric and electrified vehicles (number)[1]	—	311	18,000	32,000	62,000	93.8
DriveNow and ReachNow users (number)[2]	75,000	214,000	395,000	579,000	853,000	47.3
PRODUCTION AND VALUE CREATION						
Energy consumption per vehicle produced (in MWh/vehicle)	2.41	2.36	2.25	2.19	2.21	0.9
Water consumption per vehicle produced (in m³/vehicle)	2.22	2.18	2.18	2.24	2.25	0.4
Process waste water per vehicle produced (in m³/vehicle)	0.51	0.47	0.47	0.45	0.42	–6.7
CO_2 emissions per vehicle produced (in t/vehicle)	0.72	0.68	0.66	0.57	0.54	–5.3
Waste for disposal per vehicle produced (in kg/vehicle)	6.47	5.73	4.93	4.00	3.51	–12.3
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	1.78	1.59	1.29	1.22	1.14	–6.6
Share of renewable energy purchased from third parties (in %)[3]	36	48	51	58	63	8.6
Share of production-relevant purchasing volume in the CDP Supply Chain Programme (in %)	—	—	45	53	69	30.2
EMPLOYEES AND SOCIETY						
BMW Group employees at end of year (number)	105,876	110,351	116,324	122,244	124,729	2.0
Attrition rate at BMW AG (as a percentage of workforce)	3.87	3.47	1.41	2.08	2.70	29.8
Share of women in the entire workforce of the BMW Group (in %)	16.8	17.4	17.8	18.1	18.70	3.3
Share of women in management positions at BMW Group (in %)	12.7	13.8	14.2	14.5	15.30	5.5
Average days of further training per BMW Group employee (days per employee)	3.7	3.5	3.9	4.1	3.80	–7.3
Accident frequency at BMW Group (per one million hours worked)	5.8	4.8	5.1	4.4	4.00	–9.1
Expenditure on donations by the BMW Group (in € thousand)	9,638	8,485	10,199	17,066	70,356	312.3
Expenditure on corporate citizenship (in € thousand)	31,979	28,944	34,524	39,109	87,837	124.6

[1] Plug-in hybrid and battery-driven electric vehicles. From 2014 onwards rounded up/down to the nearest thousand.
[2] Rounded up/down to the nearest thousand.
[3] Calculated based on volumes of green energy purchased as well as the conservative calculation of country-specific energy shares from renewables purchased from third parties. (Modification in calculation method for Germany and Austria since 2012 and for the UK since 2016 due to use of transparency data in supplier invoices.) Figures from 2015 onwards not directly comparable to figures for 2012–2014. Figures from 2015 onwards include all BMW Group production locations as well as corporate functions, development and administration in Munich/DE.

Figure 8 (BMW annual report 2016, 2017, pp.7) Key sustainability indicators

The continuous dialogue and the results of these meetings are displayed in figure 9.
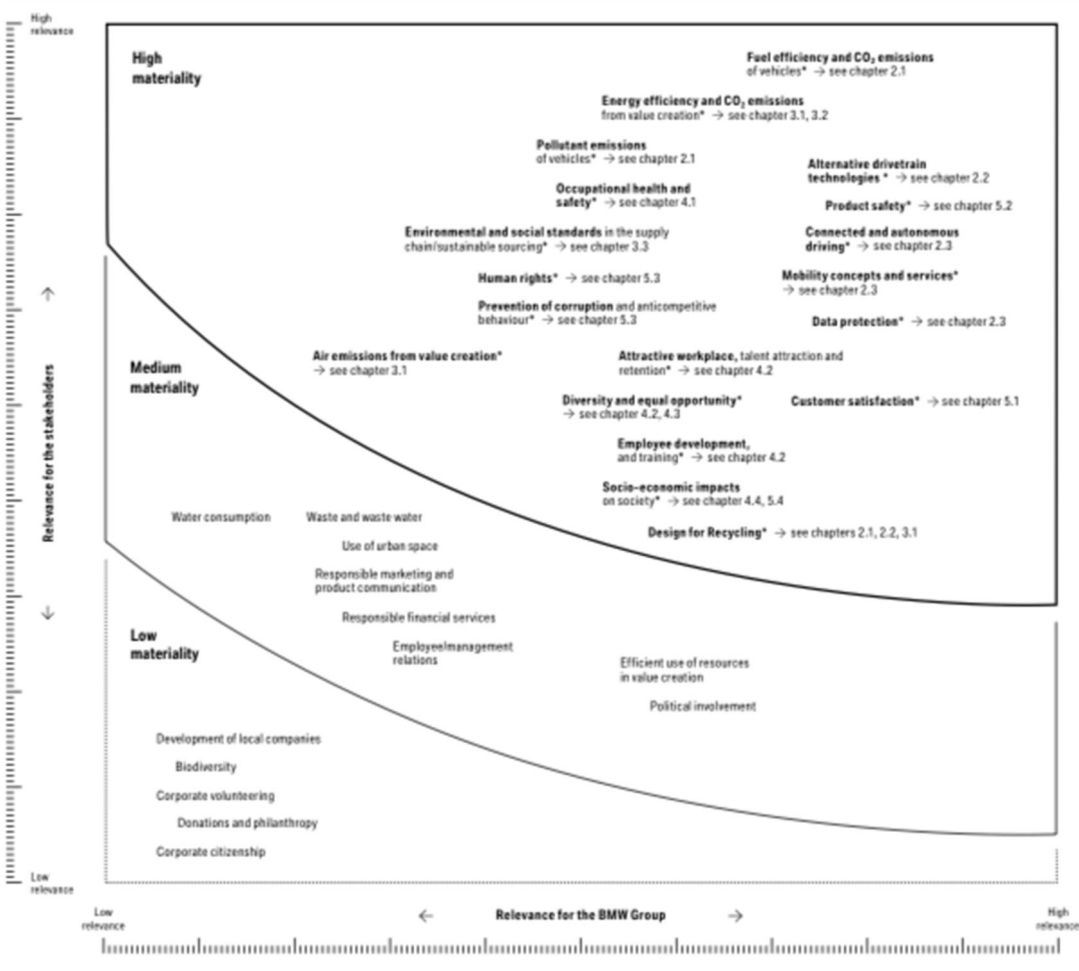
Key stakeholder perceptions and recommendations
→ F 5.02

STAKEHOLDER PERCEPTIONS		STAKEHOLDER RECOMMENDATIONS	
Greater policy support possible for BMW e-mobility and car-sharing programmes through the integration of connectivity and automation, e.g.: — delivering real time data on parking, infrastructure and traffic conditions, — new services for physically challenged groups, — supporting a stable energy infrastructure and integration of electric vehicles into existing networks.	Zeitgeist is focused on breakthrough innovation rather than gradual change. Thus, systemic approaches to energy transition are attractive (battery, charging, energy generation and storage).	Increase availability of car-sharing through reward schemes, e.g.: — gamification and loyalty programmes. — flexible pricing to incentivise ride-sharing and sharing of private parking spaces, for example.	Strengthen car as private space e.g. through: — tailored interior design, — advanced entertainment solutions, — assuring confidentiality of private communication, — developing more ideas for stationary use.
The BMW Group's approach to car-sharing is not fully understood: — advocating for less cars while selling cars? — premium is still associated with exclusivity of ownership. — Brand is perceived to be less relevant in sharing schemes.	Some competitors don't have "legacy automotive business", which allows them to focus resources within R&D and manufacturing as well as to execute a stronger marketing strategy.	Foster vehicle-to-grid integration to promote decentralised energy systems that support — disaster resilience, — and energy transition through storage and bi-directional charging, — also provides further options to reduce TCO (Total Cost of Ownership) of electric vehicles.	Increase digital availability of cars and services in cutting-edge digital market platforms (own, partner, external).
Connected and autonomous cars might challenge The BMW Group's brand DNA and core competencies — What are the new business models for the BMW Group? — How is the organisational change being managed?			Use car-sharing as an introductory platform for premium/advanced technology, e.g. regarding electrification and connectivity. Premium data privacy i.e. trust in responsible handling of data, full control of privacy settings and reward schemes for sharing of data could be essential USP for BMW.

→ GRI G4-27

Figure 9 (BMW annual report 2016, 2017, pp 122) Key stakeholder perceptions and recommendations

High
materiality

Fuel efficiency and CO$_2$ emissions
of vehicles* → see chapter 2.1

Energy efficiency and CO$_2$ emissions
from value creation* → see chapter 3.1, 3.2

Pollutant emissions
of vehicles* → see chapter 2.1

Alternative drivetrain
technologies * → see chapter 2.2

Occupational health and
safety* → see chapter 4.1

Product safety* → see chapter 5.2

Environmental and social standards in the supply
chain/sustainable sourcing* → see chapter 3.3

Connected and autonomous
driving* → see chapter 2.3

Human rights* → see chapter 5.3

Mobility concepts and services*
→ see chapter 2.3

Prevention of corruption and anticompetitive
behaviour* → see chapter 5.3

Data protection* → see chapter 2.3

Medium
materiality

Air emissions from value creation*
→ see chapter 3.1

Attractive workplace, talent attraction and
retention* → see chapter 4.2

Diversity and equal opportunity*
→ see chapter 4.2, 4.3

Customer satisfaction* → see chapter 5.1

Employee development,
and training* → see chapter 4.2

Socio-economic impacts
on society* → see chapter 4.4, 5.4

Water consumption   Waste and waste water

Design for Recycling* → see chapters 2.1, 2.2, 3.1

Use of urban space

Responsible marketing and
product communication

Responsible financial services

Low
materiality

Employee/management
relations

Efficient use of resources
in value creation

Political involvement

Development of local companies

Biodiversity

Corporate volunteering

Donations and philanthropy

Corporate citizenship

Relevance for the stakeholders

Relevance for the BMW Group

* These areas were rated highly material, as they were among the three topics the respondent stakeholder groups considered most important.
Further information: → **Identified material aspects and boundaries**

Figure 10 (SVR, 2017, pp 12) Materiality matrix with relevance for stakeholders and for company

With the materiality matrix it becomes clear what differences in relevance are present comparing the BMW-Group with the relevant stakeholders.

The publication of the annual reports, plus the newsletters, form a basis of solid communication of CSR process and commitments. However, it is not clear whether employees get any notice of the process via reports. This could also be included in training and education, but there is no research available to make this assumption.

Concluding, the BMW-Group has a reporting system, which reports most relevant CSR-matters for public information. However it is not clear whether employees do notice any of these processes.

8.   Evaluating CSR-integrated strategies and communication

Regular formal reviews of CSR activities enable stakeholders to recognize progress and activities and make activities both visible and transparent. Stakeholders should be invited to verify the organization's CSR performance (Maon, Lindgreen and Swaen, 2008).

The BMW-Group organizes events where stakeholders come to gather and engage in discussion about specific topics. "Our basic goal is to host at least one multi-stakeholder dialogue per year in our primary sales regions in Europe, Asia and North America respectively. In addition to these events, we also have direct contact with individual stakeholders on occasions when special topics arise (for example, in 2016 there were many requests for information on environmental protection and the observance of human rights in the supply chain). To respond to our stakeholders' interest in these issues, the BMW Group held

two dialogue events in Berlin (in July and December 2016) at which we presented the general sustainability standards in the BMW Group supply chain and discussed in greater depth projects and measures being undertaken with regard to the raw materials kenaf and cobalt" (SVR, 2017, pp 120-121).

There is the possibility that on these events, the stakeholders are asked to verify the processes concerning CSR-practices, however there is not data confirming this thought, so this is not assumed.

Concluding, there is no data showing whether the stakeholders verified any of the achieved goals.

9.   Institutionalizing CSR.

Continuous, constructive dialogue during the refreezing phase helps fix any weaknesses and correct any deficiencies, which promotes the institutionalization of the CSR vision and processes and increases the credibility of published results (Maon, Lindgreen and Swaen, 2008).

The BMW-Group covers this institutionalization of CSR in the following sentence: "One of the cornerstones of this dialogue is our ongoing and systematic identification and prioritisation of stakeholders and their topics of interest. To this end, we regularly map out stakeholder groups that are involved in strategically important topics at all relevant locations" (SVR, 2017, pp 120).

Concluding, this institutionalizing of the CSR practices is covered in the report of the BMW-Group.

MIDDLE SEGMENT: VOLKSWAGEN AND OPEL

VOLKSWAGEN:

The first model of Volkswagen was developed when Adolf Hitler wanted Ferdinand Porsche to produce a vehicle for the nation, for the normal people. This car got the shape of the later Volkswagen Kever. This was in the years just before WW11. The Germans build factories in, what is nowadays known as Wolfsburg. In 1947, Volkswagen closed their first export contract and three years later the hundred thousandth Kever was produced. With the oil crisis in 1973, problems appeared for Volkswagen. Volkswagen had to produce new models and the 'Golf' was a decent successor. In the following years Volkswagen produced a lot of new models, like the 'Polo', the 'Jetta', the 'Vento', etc. Volkswagen faced enormous growth and despite the 'diesel scandal' in Septembre 2015, that could have undermined trust in the company, Volkswagen sold more vehicles in 2016 compared to 2015 (Nu.nl, 2017).

Target Market:

Based on Figure 1 Statista (2015), Volkswagen belongs to the Middle class. The figure gives an indication about the average car prices. The average car price of Volkswagen is between €15.001 and €30.000 in the years 2013-2015. In each year, Volkswagen was the most expensive in the Middle class.

Volkswagen itself does not say anything about specific markets. Volkswagen AG wants to be there for everyone: ''*Twelve brands with an individual identity and a common goal: mobility. For everyone, all over the world''. (Volkswagen AG, Annual Report, 2016.)*

Vision and Goals:

The vision of Volkswagen Group is a vision that holds for any car brand within the Volkswagen Group and is stated in one single sentence: '*'We are a globally leading provider of sustainable mobility''.* (Volkswagen AG, Annual Report, Goals and Strategies, 2016)

Some missions follow from this vision:

- We offer tailor-made mobility solutions to our customers;
- We serve our customers' diverse needs with a portfolio of strong brands;
- We assume responsibility regarding the environment, safety and social issues;
- We act with integrity and build on reliability, quality and passion as the foundation for our work
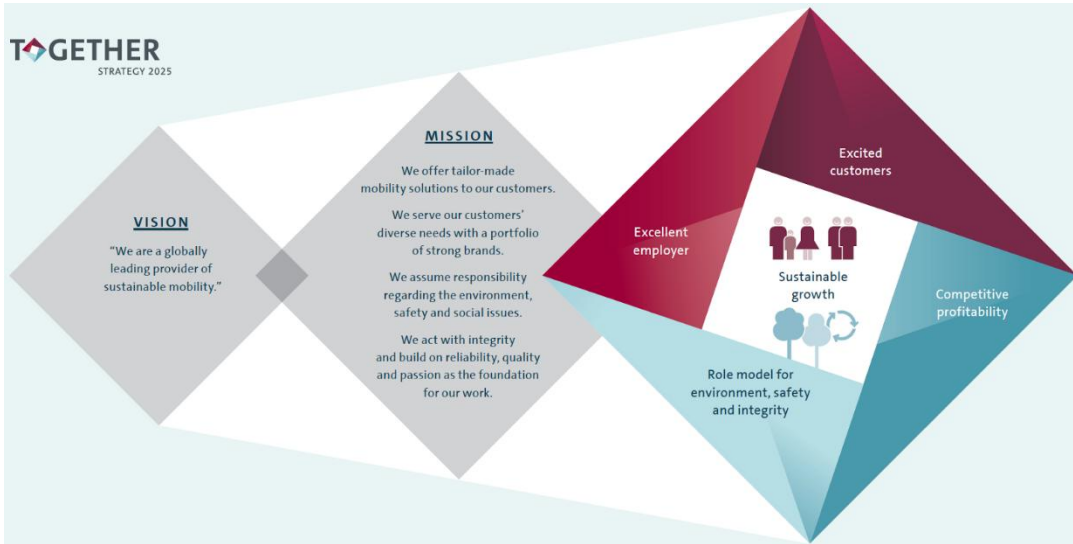
Figure 11 (Volkswagen AG, Annual Report, Goals and Strategies, 2016)

(Volkswagen AG, Annual Report, Goals and Strategies, 2016) shared the following goals:

Excited customers:

- *We aspire to exceed our customers' expectations, generating maximum benefit for them.*
- *We want to excite our existing customers, win over new ones and retain their loyalty in the long term.*

Excellent employer:

- *We wish to promote their satisfaction and motivation by means of equal opportunities, a modern and attractive working environment, and a forward-looking work organization.*

Role for the environment, safety and integrity:

- *Every day, we at the Volkswagen Group assume and exercise responsibility in relation to the environment, safety and society.*
- *We pay particular attention to the use of resources and the emissions of our product portfolio as well as those of our locations and plants, with the goal of continuously reducing our carbon footprint and lowering pollutant emissions.*
- *We want to regain and strengthen the trust of our customers and restore the Group's positive public image.*

Competitive profitability:

- *The goals we have set ourselves are operational excellence in all business processes and to become the benchmark for the entire industry.*

Now the vision and goals of Volkswagen are clear, it is necessary to analyse how serious this ambition is. Therefore a closer look at the expenditures in electric driving and the current production of electric cars is needed.

Total number of cars sold by volkswagen is about 10.3 million (Statista, n.d.).

Volkswagen sold about 34,000 electric cars (Carsalesbase.com, 2017), which is about 0.3% of total sales.

In 2017, Volkswagen announced that it will invest in electric vehicles. CEO Matthias Muller wants Volkswagen to be the one to make the market for electric vehicles (EV's) from a niche to a mainstream market. In order to achieve this, Volkswagen planned to invest 10billion dollar for the next five years (Electrek, 2017). This is 37.% of the total expenditure in 2016.   Later in 2017, Volkswagen expanded its plans and they announced that they will invest 84 billion in order to produce and sell 300 new electric vehicle models, (Electrek, 2017) which must be fulfilled in 2030 (Bloomberg Pursuits, 2017). The greatest part of this investment is for battery production to support the electric car ambitions for the coming ten years.

CEO Matthias Muller: *"It is a strong self-commitment which, from today, becomes the yardstick by which we measure our performance."* (Express, 2017).

But the emissions fraud, and new Chinese quotas for electric cars, prompted a strategic shift to zero-emission and self-driving technology, and Volkswagen now has one of the most ambitious targets in the industry (Cremer & Schwartz, n.d.).

Tabel 1: Development of Human and organization value systems	Tabel 3: Internal principles
Tabel 4: External drivers to corporate sustainability	Table 5: The aspects of the 3P dimensions for various CS ambitions.

ANALYSING VISION AND GOALS WITH VAN MARREWIJK AND WERE

Table 1:

Volkswagen's vision and goals provide terms like <u>equal opportunities, attractive working environment, integrity, forward looking</u>. This brings us to two themes, Community (Green) and Synergy (Yellow). In community's case, equal opportunities and a nice workplace are important elements. In synergy's case, integrity and long-term are key values. Since Volkswagens vision and goals fit either the themes Community and Synergy,Volkswagen thus can be assigned to both of them.

Tabel 1: Development of Human and organization value systems	Tabel 3: Internal principles
Tabel 4: External drivers to corporate sustainability	Table 5: The aspects of the 3P dimensions for various CS ambitions.

Table 3:

Volkswagen's name of the strategy already tells which principle we can assign it to; Together 2025 (Volkswagen AG, Annual Report, 2016). Together with all customers, employees and the society Volkswagen want to build sustainable mobility. Lowering emissions and responsibility for the environment are important elements for this ambition. However, Volkswagen does not go that far, that they believe that sustainability is the only alternative, therefore Volkswagen cannot be categorized under Holistic CS. At least, they don't name that specifically. This puts Volkswagen in the Yellow category.

Tabel 1: Development of Human and organization value systems	Tabel 3: Internal principles
Tabel 4: External drivers to corporate sustainability	Table 5: The aspects of the 3P dimensions for various CS ambitions.

Table 4:

The vision and goals of Volkswagen do not provide clear answers about the external drivers and the role of the government. However, the relationship between organization and society and stakeholders is discussed. Volkswagen tries to react as good as possible to the expectations of customers: ''*We want to regain and strengthen the trust of our customers and restore the Group's positive public image*'', ''*We aspire to exceed our customers' expectations, generating maximum benefit for them*'', ''*We want to excite our existing customers, win over new ones and retain their loyalty in the long term*''(Volkswagen AG, Annual Report, Goals and Strategies, 2016). This shows that Volkswagen integrates stakeholders' opinions in their core business. That is in line with principle of Synergistic CS (Yellow). On basis of the relationship between Volkswagen and stakeholders, Volkswagen will be assigned to the Yellow category.

Tabel 1: Development of Human and organization value systems	Tabel 3: Internal principles
Tabel 4: External drivers to corporate sustainability	Table 5: The aspects of the 3P dimensions for various CS ambitions.

Table 5:

Table 5 exists of the three P's: People, Planet, Profit

People

People management at Volkswagens involves equal opportunities, attractive working place and a forward looking organization. This is most in line with Synergistic CS, where motivation and interactive are keywords. It is not completely clear how Volkswagen manages the safety, health and diversity, but in their missions Volkswagen tries to exercise safety and integrity on a day-to-day basis, which shows that they are really doing their best. (Volkswagen AG, Annual Report, Goals and Strategies, 2016) Ethics are not mentioned, but about the position of customers there is enough information. Volkswagens business is truly oriented to the customer, which is in line with the Synergistic CS. Suppliers are not discussed in the vision and goals.

Planet

Volkswagen's attitude towards the planet is clear:

'*We are a globally leading provider of sustainable mobility*''.

- *''Every day, we at the Volkswagen Group assume and exercise responsibility in relation to the environment, safety and society''.*
- *''We pay particular attention to the use of resources and the emissions of our product portfolio as well as those of our locations and plants, with the goal of continuously reducing our carbon footprint and lowering pollutant emissions''.*

  (Volkswagen AG, Annual Report, Goals and strategies, 2016)

Reducing emissions, responsibility for the environment are aspects that are in line with the Synergistic CS (Yellow). Next to that, the name of the strategy, Together, is an important aspect of the Synergistic CS. The name thus also contributes to the categorization of Volkswagen under Yellow.

Profit

The importance of profit is based on price driver, shareholder value and investor relations. Volkswagen does not provide information about this in its vision and goals. Therefore, it is difficult to assign this part.

Concluding, for table Five, Volkswagen is assigned to Yellow twice. Therefore, Volkswagen can be categorized under Yellow.

Taking into account all the tables, we count four times Yellow and one time Green. This means that Volkswagen has to be assigned to Yellow.

To reach the goal of excellent employer, Volkswagen Group thinks exemplary leadership and corporate culture are the foundation for this, enabling them to retain our core workforce and attract new talent (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

To reach the goal for environment, safety and integrity, Volkswagen Group offers maximum product safety through their innovations and outstanding quality. To reach their goal of regaining trust, they make use of some principles. The most important include compliance with laws and regulations, the establishment of secure processes, and dealing openly with mistakes so that they can be avoided or rectified in the future. In terms of integrity, Volkswagen aims to become a role model for a modern, transparent and successful enterprise (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

To reach the goal of competitive profitability, Volkswagen Group makes investments with a view to achieving profitable growth and strengthening our competitiveness, thus keeping the Volkswagen Group on a firm footing and ensuring it remains an attractive investment option (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

Volkswagen describes the transformation they want to make in their annual report 2016. They name it as the *'biggest change process in its history, laying the foundations for lasting success in tomorrow's world of mobility and for its evolution into a globally leading provider of sustainable mobility'* (Volkswagen AG, Annual Report, Goals and Strategies, 2016) . Because the automotive world is currently in a process of *transformation, and autonomous driving, e-mobility and connected vehicle concepts are the dominant trends* (Volkswagen AG, Annual Report, Goals and Strategies, 2016), Volkswagen decided to change. Their future direction contains more focussing, more efficiency, more innovative, more customer-oriented and sustainable and more systemically geared to generating profitable growth.

Volkswagen wanted to change so drastic, that they even transformed their core business (Volkswagen AG, Annual Report, Goals and Strategies, 2016). The change exists of several parts: a strategic intervention and a technological/structural intervention.

First the strategic intervention: Volkswagen goes electric. With regard to producing cars, focussing on e-mobility is a crucial part. Volkswagen aims to launch more than 30 different types of purely BEV's (Battery-powered Electric Vehicles). Sales of those cartypes have to be between two and three million, what is equal to 20-25% of total sales. Developing batteries will be the new core competency. Also focussing on autonomous driving and artificial intelligence have to become new core competencies for Volkswagen. With this transition Volkswagen shows that they want to link their strategy to the environment. It tries to deliver quality and meanwhile improve quality for customers: ''*To reach the goal of excited customers, Volkswagen Group not only wishes to give their customers the best products, the most efficient solutions and the best service, but also flawless quality and an outstanding image''*, ''*To reach the goal for environment, safety and integrity, Volkswagen Group offers maximum product safety through their innovations and outstanding quality''*. This ambition forces employees to perform as good as possible: ''*To reach the goal of excellent employer, Volkswagen Group thinks exemplary leadership and corporate culture are the foundation for this, enabling them to retain our core workforce and attract new talent''* (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

This fits the strategic intervention according to Hayes' (2014) model, where aligning organizational strategy with the environment and gaining competitive advantage are key elements.

Second the technological/structural intervention: Volkswagen not only tries to produce sustainable, but they also try to generate profit. As part of Volkswagen's policy to realize this, they want to reduce complexity and improve efficiency; ''*The goals we have set ourselves are operational excellence in all business processes and to become the benchmark for the entire industry''*. This needs an entrepreneurial approach and fits the idea of the structural intervention, which aims to identify and move towards more effective ways of structuring activities (Cummings and Worley, 2001). The entrepreneurial approach is also part of the structural intervention and is about designing the 'work'.

1. Raising CSR awareness inside the organization

There are four key drivers that determine the CSR awareness for an organization: economic, social, political, and individual. The first three are market based whereas individual drivers appear to be value based and highlight the CEO's role in orienting the ethical norms of the organization (Agle, Mitchell, & Sonnenfeld, 1999; Waldman & Siegel, 2005) and the presence of employees' values in the workplace (Robertson, 1991; Maon, Lindgreen and Swaen, 2008).

In the case of Volkswagen, it is especially the social and political drivers that raised awareness within Volkswagen. The diesel scandal in 2015 was an important issue in Volkswagen's history that caused a turning point (Volkswagen AG, Annual Report, Goals and Strategies, 2016). This is a social issue, since Volkswagen abused their responsibility towards their stakeholders. This is also a political issue, in the sense of that Volkswagen disobeyed the laws regarding emissions (Volkswagen AG, Annual Report, Goals and Strategies, 2016). Volkswagen stated that they are aware of the long way they have to go yet; ''*Size is certainly not the only thing that counts in tomorrow's world of mobility: a world shaped by new technologies, competitors and business models. What also matters is a new, holistic approach to mobility. This is about the capability and the courage to change. A company that "only" builds fascinating cars will not be able to compete for long*'' (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

2. Assessing corporate purpose in its societal context

To improve organizational fit, a CSR program must align with the values, norms, and mission of the organization (Maignan, Ferrell, & Ferrell, 2005), which demands awareness and understanding of the organization's vision and values and their relationships to the organization's core business practices (Maon, Lindgreen and Swaen, 2008).

The dilemma managers face thus involves not only the choice of stakeholders but also the great diversity in stakeholder groups and their various (intrinsic) and often conflicting values, objectives, expectations, and demands, all of which have to be satisfied at a minimum (Maon, Lindgreen and Swaen, 2008).

Step 2 exists of 2 main parts, namely: '*Uncovering corporate norms and values*' and '*Identifying key stakeholders and critical stakeholders' issues*' (Volkswagen AG, Annual Report, Goals and Strategies, 2016)

Uncovering corporate norms and values

According to (Maon, Lindgreen and Swaen, 2008), organizations design their norms and values to improve behaviour within companies, but also in societies outside the firm. Looking at Volkswagen, this condition is met. Volkswagens values are:

- Open and honest;

- Uncomplicated;

- Without prejudice;

- On an equal footing;

- For one another;

(Volkswagen AG, Annual Report, Goals and Strategies, 2016). Volkswagen says that those values show how cooperation within the Group and between individuals in their day-to-day work takes place. It thus shows responsibility for behaviour within the company and carries this out to the communities outside the firm.

Identifying key stakeholders and critical stakeholders' issues

In order to deal with stakeholders and their issues, it is quite important to identify who your stakeholders are and what their influence is to your company. (Maon, Lindgreen and Swaen, 2008) provide 3 elements for identifying stakeholder categories:

- Stakeholders' power to influence the firm;

- Legitimacy of the stakeholders' relationship;

- Urgency of the stakeholders' claim on the firm.

Volkswagen however, provides a model (Figure 12and 13) for stakeholder categories and their issues, but this model doesn't take into account the power of stakeholders:
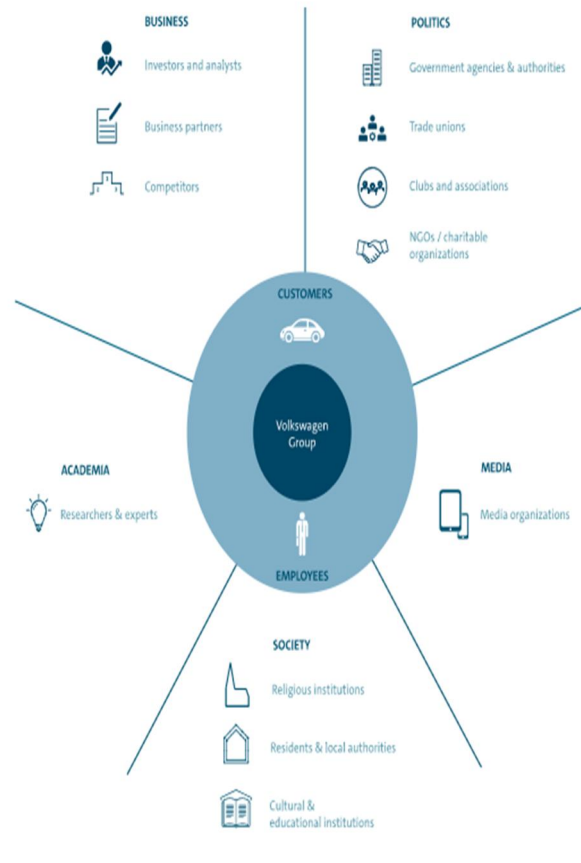
Figure 12 (Volkswagen AG, 2016) Key stakeholders of Volkswagen AG

Sustainability management	Integrate sustainability strategy and corporate strategy	TOGETHER – Strategy 2025 - Vision: Sustainable mobility - Mission for sustainable growth: We offer tailor-made mobility solutions to our customers and serve their diverse needs with a portfolio of strong brands. We assume responsibility regarding the environment, safety and social issues. We act with integrity and build on reliability, quality and passion as the foundation for our work.
Integrity and compliance	Place integrity and technological competence on equal footing	- Creation of the position of Board Member for Integrity and Legal Affairs - TOGETHER – Strategy 2025: Model for integrity - Multilingual integrity program
Greenhouse-gas and pollutant emissions	Close the gap between emissions in the lab and on the street	- TOGETHER – Strategy 2025: Carbon footprint KPI - Electrification - Volkswagen welcomes the introduction of RDE and WLTP, as both testing methods will help close the gap between emissions measured in the laboratory and those generated under real-world driving conditions.
Sustainability communication	Identify and communicate conflicting objectives	- Shift sustainability magazine provides critical self-scrutiny and dialog - Decision-making processes are informed by regular stakeholder surveys and dialog events
Corporate strategy	KPIs for transformation into mobility services provider	- Development of new KPIs in conjunction with TOGETHER – Strategy 2025

Figure 13 (Volkswagen AG, 2016) Main issues of Volkswagen AG's stakeholders

Concluding, despite the fact that Volkswagen didn't take into account the power of stakeholders in the models, it seems that Volkswagen takes their stakeholders very serious. On its website, Volkswagen shows a description of how they will deal with their stakeholders and stakeholders' issues. To meet their values, norms and missions, is recognized as very important.

3. Establishing a vision and a working definition for CSR

A vision must be formulated by the top management and then formalized and communicated through official documents such as annual reports. The vision also should be designed carefully by top management in accordance with identified corporate values and formulated to fit with the current personal values of employees (Werre, 2003; Maon, Lindgreen and Swaen, 2008). According to Maignan et al. (2005), a working definition of CSR or CSR commitments should shed light on two key elements: (1) the motivation supporting the commitment to CSR and (2) the stakeholders and issues identified as most important to the organization. The working definition for CSR also must establish a constructive, socially responsible vision (Maon, Lindgreen and Swaen, 2008).

After Volkswagen clarified its norms and values regarding CSR, (Volkswagen AG, Annual Report, Goals and Strategies, 2016) established the following vision:

''We are a globally leading provider of sustainable mobility''.

Next to that, Volkswagen established the following missions, which can be seen as working definitions (Volkswagen AG, Annual Report, Goals and Strategies, 2016):

- We offer tailor-made mobility solutions to our customers;

- We serve our customers' diverse needs with a portfolio of strong brands;

- We assume responsibility regarding the environment, safety and social issues;

- We act with integrity and build on reliability, quality and passion as the foundation for our work.

According to (Maon, Lindgreen and Swaen, 2008), these missions and working definitions have to be in line with stakeholders' expectations and with the company's long-term strategies. And this is exactly the case for Volkswagen: ''*Experts from all parts of the Company worked on developing TOGETHER – Strategy 2025, which builds on the successful Strategy 2018. The strategy arose at the core of the Company and unites the knowledge, experience and vision of the Company and its employees.*'' (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

''*According to Maignan et al. (2005), a working definition of CSR or CSR commitments should shed light on two key elements: (1) the motivation supporting the commitment to CSR and (2) the stakeholders and issues identified as most important to the organization*''(in: Maon, Lindgreen and Swaen, 2008).

Looking at Volkswagen's vision, both key elements, mentioned above, cannot really be found in this vision. However, when we look at Volkswagens missions, element 2 (the stakeholders and issues identified as most important to the organization) becomes visible in the mission statement. Customers, society, environment, safety and integrity are very important issues for Volkswagen's stakeholders and therefore also for Volkswagen itself.

Still, element 1 (the motivation supporting the commitment to CSR) cannot really be found in the mission statement.

4. Assessing current CSR status

Consultation with key managers who represent key business functions inside the organization and with CSR and industry experts can offer further insight.

Working with a consulting firm that can scrutinize the organization's current policies and practices might be an appropriate approach to offer this insight (O'Connell, 2004; Maon, Lindgreen and Swaen, 2008).

Benchmarking CSR practices allows the organization to continue to highlight what it should keep to support its competitive advantage, as well as identify inappropriate activities. To benchmark an organization needs to identify the own best performers on each CSR-related issues and other companies that are top regarding CSR practices. Norms and standards need to be identified by competitors and own performance needs to be compared to the competitors (Maon, Lindgreen and Swaen, 2008).

Auditing current CSR practices

According to (Maon, Lindgreen and Swaen, 2008), the objective of auditing current CSR status of a company is to identify organizational characteristics related to five CSR aspects:

- The social;
- The environmental dimensions and impacts of organizational activities;
- Corporate governance issues;
- Corporate commitment to sustainability;
- The societal dialogue process.

Volkswagen's goals actually contain organizational characteristics regarding all the five CSR aspects:

Goals:

Role for the environment, safety and integrity (Volkswagen AG, Annual Report, Goals and Strategies, 2016):

- "Every day, we at the Volkswagen Group assume and exercise responsibility in relation to the environment, safety and society.
- We pay particular attention to the use of resources and the emissions of our product portfolio as well as those of our locations and plants, with the goal of continuously reducing our carbon footprint and lowering pollutant emissions.
- We want to regain and strengthen the trust of our customers and restore the Group's positive public image."

What does Volkswagen do to meet these goals?

To reach the goal for environment, safety and integrity, Volkswagen Group offers maximum product safety through their innovations and outstanding quality. To reach their goal of regaining trust, they make use of some principles. The most important include compliance with laws and regulations, the establishment of secure processes, and dealing openly with mistakes so that they can be avoided or rectified in the future. In terms of integrity, Volkswagen aims to become a role model for a modern, transparent and successful enterprise (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

The words 'lowering emissions', 'transparent' and 'trust' actually summarize Volkswagens characteristics regarding CSR. These words are relevant aspects that describe Volkswagens CSR strategy.

Benchmarking competitors' practices and CSR norms and standards

An organization has to identify who are the best performers at specific CSR activities, first. Second, the organization has to identify competitors' norms and standards regarding CSR.

Third, the organization has to compare its performance with that of the best performers.

Volkswagen does not say anything about their competitors in their Annual reports. What stands, is that Volkswagen especially focuses on their own activities, their own strategies, to rebuild the trust of customers. They don't identify competitor's norms and standards, regarding CSR, to improve their own strategy. At least, they do not say anything about it.

5. Developing a CSR-integrated strategic plan

The first step involves translating values, visions, or policy statements into commitments, expectations, and guiding principles (Maon, Lindgreen and Swaen, 2008). This is possible via for example goal setting and including CSR responsibilities into job descriptions and recruitment procedures.

Often when companies want to integrate a CSR strategic plan, they forget to implement the three P's (Planet, People and Profit) in their strategies (Cramer, 2005, in: Maon, Lindgreen and Swaen, 2008).

In Volkswagens case, it is not completely clear if they implemented the three P's. In their strategic plan, TOGETHER- Strategy 2025 (Volkswagen AG, Annual Report, Goals and Strategies, 2016), there is no mention of the three P's, however the three single topics are discussed separate from each other and in other words. This becomes visible in the Key Performance Indicators of the Volkswagen Group, where we can identify some dimensions:

- Target dimension: excited customers   (People)
- Target dimension: excellent employer   (People)
- Target dimension: role for the environment, safety and integrity   (Planet)
- Target dimension: competitive profitability   (Profit)

Based on the aspects discussed above, it is reasonable to assume that Volkswagen takes into account the three P's.

Transforming key values and missions into commitments and guiding principles is another step that has to be taken. (Volkswagen AG, Annual Report, Corporate Governance Report, 2016) describes this in their Code of conduct and guidelines:

''Voluntary commitments and principles that apply throughout the Group form the backbone of our strategic sustainability goals. Such principles include the seven Volkswagen Group values, namely customer focus, top performance, value creation, the ability to realign, respect, responsibility and sustainability. In addition, our sustainability model provides the framework for sustainable and responsible action. The Code of Conduct introduced by the Volkswagen Group in 2010 also applies to the entire Group and helps managers and employees alike to deal with legal and ethical challenges in their day-to-day work.

We expressly support the United Nations Global Compact, an agreement between the UN and the business world aimed at enhancing the social and ecological aspects of globalization. As long ago as 2002, the Volkswagen Group made a commitment to promoting human rights, labor standards and environmental protection and combating corruption. In 2013, this commitment was extended to include the CEO Water Mandate, the aim of which is to ensure the careful management of water resources. Until such time as the diesel issue has been finally resolved, we have agreed to put our membership on hold. We ensure that our actions are in line with the declarations of the International Labor Organization (ILO), the principles and conventions of the Organization for Economic Co-operation and Development (OECD) and the international covenants of the United Nations on basic rights and freedom.

We have also established our own internal guidelines in the shape of the Volkswagen Social Charter, the Charter on Labor Relations, the Charter on Vocational Education and Training, and the Charter on Temporary Work, all of which apply to the Group as a whole. Environmental protection activities are shaped by the environmental policy and principles for products and production, which both apply throughout the Group".

To integrate CSR in a smooth way, Volkswagen has established some management teams that take care of activities regarding CSR:

Management and coordination

The Volkswagen Group has created a clear management structure to coordinate the Group's activities as regards sustainability and CSR. Its highest committee is the Group Board of Management (Sustainability Board), which is regularly informed by the Group Sustainability steering group on issues related to sustainability and corporate responsibility. The members of the Group Sustainability steering group include executives from central Board of Management business areas and representatives of the Group Works Council and the brands. The steering group's tasks include identifying the key action areas, making decisions on the strategic sustainability goals, monitoring the extent to which these goals are being met by means of indicators and approving the sustainability report.

The sustainability office supports the steering group. Its duties include coordinating all sustainability activities within the Group and the brands. It is also responsible for stakeholder dialog at Group level, for example with sustainability-driven analysts and investors. In addition, CSR project teams work across business areas on topics such as reporting, stakeholder management and sustainability in supplier relationships. In parallel, this coordination and working structure is also largely established across the brands and is constantly expanding. Since 2009, the Sustainability & CSR coordinators for all brands and regions have come together once a year to promote communication across the Group, create uniform structures and learn from one another. This Group CSR meeting has proven its worth as an integral part of the Group-wide coordination structure.

Concluding, taking into account the three points discussed above, it is reasonable to say that Volkswagen meets the aspects of this step in Maon's framework. Volkswagen does take into account the issues around the three P's, it does have a Code of Conduct and finally it indeed did create a specific structure for implementing CSR.

6. Implementing the CSR-integrated strategic plan.

Although top management determines the CSR direction and strategy, middle management and employees must implement it in reality (Maon, Lindgreen and Swaen, 2008).

By involving employees in discussions of CSR implementation, the organization ensures that these stakeholders develop a sense of ownership of and pride in their organization's CSR activities (Maon, Lindgreen and Swaen, 2008).

Other factors that determine the implementation of CSR-integrated strategic plan is employee training, employee rewarding and mechanisms that give space to detection and resolving activities that counteract the CSR program.

Volkswagen established a Sustainability Council that has to deal with issues as described above. This council consists of academic, political and societal experts. This council consults the Board of Management, senior managers and staff and has to monitor the developments in the company and in society.

However, activities that do not belong to CSR activities should be discovered early in the process, because such activities can harm the 'sustainable image' of a firm. Therefore it is wise to use mechanisms/processes to identify such problems before it is too late (Maon, Swaen and Lindgreen, 2008).

Volkswagen states that the biggest challenge in implementing CSR is the complexity of the company. To deal with this challenge, Volkswagen says that it follows the German Corporate Governance Code. Furthermore, the sustainability plan is extensively monitored to make sure risks and opportunities are recognized in time. This will make Volkswagens CSR activities contribute to an increase of its reputation and value in the long term (Volkswagen AG, Annual Report, Goals and Strategies, 2016).

7. Communication about CSR commitments and performance

The internal communication plan should identify the communication means, such as newsletters, annual reports, meetings, and training. Communication consists of reporting on changes and reassuring employees by informing them about the program's progress, as well as clarifying any misconceptions. During the refreezing stage, communication needs center more on publicizing and demonstrating the success of the CSR program, as well as anchoring the CSR vision in the day-to-day activities of the organization (Klein, 1996; Maon, Lindgreen and Swaen, 2008).

The clear identification of key stakeholders and their expectations, as well as continuous CSR dialogue, remain cornerstones of the CSR communication strategy.

Volkswagen does not provide a plan of communication. However, as described above, they do talk about involving employees in the process of implementing CSR and communicating progress in the program.

What Volkswagen says about communicating the CSR is very minimal, and that is insufficient for meeting the 'requirements' in this step.

8. Evaluating CSR-integrated strategies and communication

Regular formal reviews of CSR activities enable stakeholders recognize progress and activities and make activities both visible and transparent. Stakeholders should be invited to verify the organization's CSR performance (Maon, Lindgreen and Swaen, 2008).

Since Volkswagens Sustainability plan exists only a few years, there can nothing be found yet about evaluating CSR strategies. Volkswagen does cooperate with auditors, but those auditors only evaluated financial and managerial activities and nothing about CSR.

9. Institutionalizing CSR

Continuous, constructive dialogue during the refreezing phase helps fix any weaknesses and correct any deficiencies, which promotes the institutionalization of the CSR vision and processes and increases the credibility of published results (Maon, Lindgreen and Swaen, 2008).

The process of continuous dialoguing is a process that Volkswagen uses in their business. They try to meet stakeholders' expectations as well as possible. About the communication with stakeholders, (Volkswagen AG, Annual Report, Goals and Strategies, 2016) says:

'It is important to us that our stakeholders interact with us as equal partners. We know that we can achieve long-term success only if we take a proactive approach and are fully acquainted with the interests, needs and expectations of our stakeholders. That includes:

- *systematically capturing, analyzing and understanding the stakeholders' expectations of Volkswagen;*

- *solving problems jointly and sharing and utilizing the knowledge of both sides;*

- *openly addressing conflicts and recognizing potential conflicts and the risks arising from them; and*

- *improving the quality of our decisions through transparency, openness and participation.*

In addition to actively sharing information, we are also promoting a more in-depth and trust-based form of collaboration with selected stakeholders, the goal being to provide support to society, solve problems jointly and to draw on their expertise in the decision-making process. Examples include our cooperation with the German Red Cross (DRK) and our efforts to help refugees.'

This shows that Volkswagen thus already is working on this step.

Opel:

Opel is a German car brand, established by Adam Opel in 1862. However, the first car is produced in 1899. Since Opel became a limited company, it is part of the General Motors Group. In 1944 the factory of Opel, in Rüsselsheim, was completely damaged by bombardments. In the years that followed, Opel was rebuild and produced a lot of new models. Nowadays, Opel consists of 38.000 employees that produce about a million cars. In 2017, Opel became part of the PSA Groupe, a French car company.

TARGET MARKET:

Opel is second car brand from the Middle class, based on the figure of (Statista, 2015).

Just like Volkswagen, Opel does not specify its target market. However, in the press release of November 9th, 2017, Michael Lohseller said the following: *''We will engineer our cars with the same focus on the key differentiators that our customers love – with German precision, quality and reliability. This includes our unique design, the German chassis tuning, very precise shifting and steering and of course our leading light technology, the healthy ergonomic seats and a low noise and vibration level – tested at high-speed on German Autobahn''* (Opel/Vauxhall, Future Plan Press Conference, 2017). But since this does not say anything about the prices people want to pay. Therefore Figure 1 (Statista, 2015) will be used.

VISION AND GOALS

Vision and goals, according to (PSA Groupe, 2017):

The strategic plan Opel recently (09-11-2017) released, is called PACE!.

This plan contains Opels vision and goals regarding future.

Opel/Vauxhall Go Profitable, Electric and Global with PACE!

Opels/Vauxhalls (name for Opel used in UK) goals with respect to the future:

Return to profitability by 2020:

- 2% automotive recurring operating margin, positive operational free cash flow
- Lower financial break-even point to 800,000 vehicles
- Electrification and CO2 leadership: All passenger carlines to be electrified by 2024
- Improve efficiency towards benchmark levels for manufacturing and logistics cost as well as for wage cost/revenue-ratio
- Intention to maintain and modernise all plants and to refrain from forced redundancies
- R&D centre in Rüsselsheim to become a global competence centre for Groupe PSA
- Enlarge commercial scope: Leverage Opel brand for overseas export opportunities and foster growth of Opel/Vauxhall LCV business

- PACE! execution to immediately unleash Opel/Vauxhall performance and pave the way to a sustainable future (Opel/Vauxhall, Future Plan Press Conference, pp.1, 2017)

Since Opel belongs to PSA Group, it is wise to share the PSA Group's vision and goals too.

PSA Group's vision:

''Our vision: ''*to become a leading car manufacturer and a provider of mobility solutions to enhance our customers' freedom of movement on a day-to-day basis and around the world''* (PSA Groupe, Vision, 2017)

PSA Group's goals:

PSA Group shares some goals that describe their ambitions:

- *''Innovating to meet customer expectations: this is the compass of innovation, the point of which is to meet the needs of the greatest number of people and develop original vehicle features''.*
- *''Innovating to limit environmental impact: by reducing the CO2 and pollutant emissions of vehicles, and by limiting the environmental impact of the materials used to build them''.*
- *'' Innovating to offer more attractive products, in terms of quality, longevity, value-added services such as connectivity and autonomy, and the driving experience''.* (PSA Groupe, R&D Strategy, 2017)

AMBITION

Opel brings a new model of the current version of the electric Ampera. This new model is already available and has a reach of 520km (Opel, De Nieuwe Ampera-e,n.d.).However, this model is for sale in 2017 so is not used in the comparisons. In 2016 only the Ampera was for sale which had a sales number of 40 in 2016 (Carsalesbase.com, n.d.), which is about 0.06% of its total car sales. Opel further announces that they are striving to have four electrified car lines on the market by 2020. These four lines include the Grandland X PHEV and the new generation Corsa. Next to this, Opel strives to electrify all European passenger car lines by 2024 (Opel/Vauxhall, Future Plan Confererence, 2017). Futhermore, the investment by General motors, where Opel is part of, is more than 4 billion euros for the year 2016 (Automotive News Europe, n.d.).

This is about 15% of General motors total investment of 25.5 billion (Nasdaq.com, 2018).

"PACE will unleash our full potential. This plan is paramount for the company, to protect our employees against headwinds and turn Opel/Vauxhall into a sustainable, profitable, electrified, and global company," says CEO Michael Lohscheller in (Opel/Vauxhall, Future Plan Confererence, 2017) This shows again how serious Opel wants to compete in the market of electric driving (Kautonen, 2017).

ANALYSING VISION AND GOALS WITH VAN MARREWIJK AND WERRE

Van Marrewijk and Werre carried out "a sustainability matrix – an essential element of the overall European Corporate Sustainability Framework – is described showing six types of organizations at different developmental stages, with different forms of corporate sustainability, each supported by specific institutional arrangements" (Van Marrewijk and Werre, 2003)

This frameworks will be assessed in a scorecard resulting in a determination of position concerning the level of ambition for each company. The framework will be applied to the vision and goals of Opel and PSA Group.
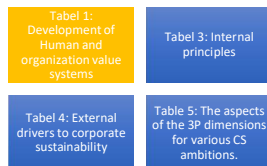

Table 1:

Opel and PSA especially outspeak that they want to improve themselves and they try to be innovative and sustainable. That becomes clear when looking at the vision and goals:

Opel talks about electrification and CO2 leadership. They want to improve efficiency and they have the intention to maintain and modernise all plants and to refrain from forced redundancies. Next to that, they want to pave the way to a sustainable future. (Opel/Vauxhall, Future Plan Press Conference, 2017)

Also PSA Group says that they want to be best provider of mobility solutions and a leading car manufacturer. Innovation is also one of the most important words they use. (PSA Groupe, Vision, 2017)

This brings us to the theme 'Succes', which has the colour Orange. This theme talks about many ways to improve. Achievement is a keyword! And that is exactly what Opel and PSA Group try to reach. Important aspects are innovation, creativity, results and career advancements. This is in line with Opel's and PSA Group's vision. These aspects are missing at other themes, this makes the choice quite easy.

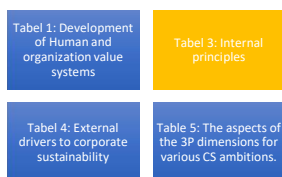Concluding, Opel and PSA can be assigned to colour Orange.

Table 3:

Opel and PSA Group talk about electrification and innovation for customers and environment. They try to balance ecological, social and environmental aspects and this is in line with the Caring Corporate Sustainability principle, which has the colour Green. Because it is not profit driven (*Innovating to offer more attractive products, in terms of quality, longevity, value-added services such as connectivity and autonomy, and the driving experience*) (PSA Groupe, R&D Strategy, 2017), Opel and PSA are not assigned to Orange, which has the name Profit Driven CS. Furthermore, Opel and PSA do not talk about creating

value together with stakeholders. This is the main reason why Opel and PSA are not assigned to the Synergistic CS (Yellow).

Table 4:

This table asks for external drivers for CS. Opel's and PSA Group's vision and goals do not exactly answers this issue. However, looking at PSA Group's goals, we see that they try to be as 'good' as possible for their customers and the environment. '<u>Value added</u>' and '<u>connectivity</u>' are important words, that show that they do it for their customers and that they are not forced to, by for example the government (PSA Groupe, R&D Strategy, 2017). Moreover, PSA Group does not mention how to approach stakeholders, Opel can not be categorized under Yellow. Since those statements come most close to the colour Green, Opel and PSA Group are carefully assigned to this colour again.

Table 5:

Table 5 exists of the three P's: People, Planet, Profit

<u>People</u>

The vision and goals of Opel and PSA do not provide specific answer for the issue of people management, workplace safety, ethics, etc. But there is information available about the management of customers. *'Innovating to meet customer expectations: this is the compass of innovation, the point of which is to meet the needs of the greatest number of people and develop original vehicle features''* (PSA Groupe, R&D Strategy, 2017). Customers are thus very important to the organization. This is in line with the Synergistic CS (Yellow), which has keywords like truly customer orientated and design for all. Concluding, although there's little information available at this point, Opel and PSA Group will be assigned to Yellow, on basis of customer management.

<u>Planet</u>

Because Opel and PSA Group use words like electrification, sustainable future, innovation to limit environmental impact, limit the environmental impact of materials used (Opel/Vauxhall, Future Plan Press Conference, 2017),(PSA Groupe, R&D Strategy, 2017) , Opel and PSA Group could be best assigned to Synergistic CS (Yellow). This is about minimizing environmental impacts and that is exactly what Opel and PSA Group announce.

<u>Profit</u>

Again, Opel and PSA Group do not give concrete answers on this issue. Only stakeholder value can be answered, but very minimally. Because PSA Group uses words like value added and meeting customer expectations (PSA Groupe, 2017), Opel and PSA Group can

be assigned to Caring CS (Green) and Synergistic CS (Yellow). There is no clear difference that makes it concrete to one colour, so it has to be one of those.

Concluding, at table 5 Opel and PSA Group are two times assigned to Yellow and one time to either Yellow or Green. This results in Yellow for the overall of table 5.

About what Opel does to reach their goals, they say the following:

''The plan is designed with the clear intention to maintain all plants and refrain from forced redundancies in Europe. The necessary and sustainable reduction of labour costs shall be reached with thoughtful measures such as innovative working time concepts, voluntary programs or early retirement schemes. All new Opel/Vauxhall vehicles will be engineered in Rüsselsheim, which will be transformed into a global competence centre for the whole Groupe PSA. First areas of expertise are identified, e.g. fuel cells, certain automated driving technologies and driver Page 3 assistance developments. This will further guarantee German engineering quality and affordable innovations. Altogether, the number of platforms Opel/Vauxhall uses for its passenger cars will be reduced from currently 9 to 2 by 2024. Furthermore, the powertrain families will be optimised from currently 10 to 4. "Aligning architecture and powertrain families will substantially reduce development and production complexity, thus allowing scale effects and synergies, contributing to overall profitability," said Lohscheller. Opel/Vauxhall will switch to efficient and flexible Groupe PSA vehicle architectures faster than originally expected. From 2024 onwards, all Opel/Vauxhall passenger car models will be based on joint Groupe PSA architectures. Next to come are the Combo in 2018 and the next generation of the bestselling Corsa in 2019. This course will be steadily continued with one major launch per year. Counting every body style, Opel/Vauxhall will launch 9 new models by 2020. This line-up will enable to increase the pricing power of Opel/Vauxhall brands and reduce the gap against benchmark by four points. Sales growth of the further profiled and strengthened Opel/Vauxhall brands will be supported by initiatives like the start of even more attractive financial offerings as well as full service leasing offers via the Financial Services of Opel and Vauxhall. Furthermore, Opel will enter more than 20 new export markets by 2022. Beyond that, Opel will explore global midterm overseas profitable export opportunities. To foster growth in the financially attractive light commercial vehicle (LCV) business, Opel/Vauxhall will launch new models and enter new markets with the clear goal to increase its LCV sales by 25% by 2020 against 2017'' (Opel/Vauxhall, Future Plan Press Conference, 2017).

''Opel needs to change''! These are the words spoken by Michael Lohseller, CEO of Opel Automobile GmbH, November 9th in 2017, when he released the new strategic plan for Opel. Of course, the need for change has a reason. Opel did not manage to be profitable since 1999 and was not able to meet the CO_2 targets for 2020 and 2021 set by the EU (Opel/Vauxhall, Future Plan Press Conference, 2017).

Michael Lohseller announced that Opel will start with a new mindset: focused on performance and profitability. Opel has to be rebuild. This will be done with a fast response to challenges that will come up. Teamwork and unleashing the individual potential are crucial to this. With expertise of employees from different levels and departments this reflects the way how the plan is established (Opel/Vauxhall, Future Plan Press Conference, 2017).

Going electric is a part of the new plan! Michael Lohseller announced that Opel will have 4 electrified car lines on the market by 2020. Also every new passenger car line in Europe will get an BEV (battery electric vehicle) or hybrid version. With this plan, Opel expects to be CO_2 leader in 2024 (Opel/Vauxhall, Future Plan Press Conference, 2017).

This is a strategic issue, according to Cummings' and Worley's (2001) model, because this is about which products, which services and which markets Opel wants to serve and which direction Opel wants to go. Therefore, this move can be seen as a strategic intervention.

Opel does not only implement strategic interventions, but they also want to redesign work and redesign boards. Michael Lohseller: ''*A leaner leadership team and simplified processes will also lead to faster decisions: This is why I have reduced the number of my direct reports from 20 to 10. And the board of directors now consists of 6 members, instead of 9. Changes have to start at the top of the company''. ''We will reduce the complexity in engineering dramatically. We will capitalize on a common platform strategy. Complexity and parts reduction will significantly increase efficiency''. (Opel/Vauxhall, Future Plan Press Conference, 2017)*Those ideas fit the technological/structural issues that are described in the model of Hayes (2014)., (how to divide labour, how to coordinate departments, how to produce products and services, how to design work). This thus means that Opel does also technostructural interventions.

1. Raising CSR awareness inside the organization

There are four key drivers that determine the CSR awareness for an organization: economic, social, political, and individual. The first three are market based whereas individual drivers appear to be value based and highlight the CEO's role in orienting the ethical norms of the organization (Agle, Mitchell, & Sonnenfeld, 1999; Waldman & Siegel, 2005) and the presence of employees' values in the workplace (Robertson, 1991; Maon, Lindgreen and Swaen, 2008).

November 9th, 2017, in Opel's press conference, CEO Lohseller published the new PACE! plan. This plan was developed because of the facts that Opel didn't return to profitability since 1999, Opel recognizes dramatic shifts in the entire automotive industry and, in August 2017, Opel was not able to meet the CO_2 targets set by the EU for 2020. The new plan, conversely, enables Opel to meet those targets. (Opel/Vauxhall, Future Plan Press Conference, 2017)

This means that especially the political driver raised the awareness a need to behave more Corporate Social Responsible.

2. Assessing corporate purpose in its societal context

To improve organizational fit, a CSR program must align with the values, norms, and mission of the organization (Maignan, Ferrell, & Ferrell, 2005), which demands awareness and understanding of the organization's vision and values and their relationships to the organization's core business practices (Maon, Lindgreen and Swaen, 2008).

The dilemma managers face thus involve not only the choice of stakeholders but also the great diversity in stakeholder groups and their various (intrinsic) and often conflicting values, objectives, expectations, and demands, all of which have to be satisfied at a minimum. (Maon, Lindgreen and Swaen, 2008).

Uncovering corporate norms and values

According to (Maon, Lindgreen and Swaen, 2008), organizations design their norms and values to improve behaviour within companies, but also in societies outside the firm.

Opel itself does not say anything about those norms and values. However, PSA group, where Opel is one of the members, does have those corporate norms and values.

PSA Group shares the following rules:

- Respect for the law;
- Respect for people and the environment;
- Respect for customers;
- Respect for the company.

'While not exhaustive, they provide a useful roadmap for everyone in our corporate community, as well as our partners, in conjunction with the core Groupe PSA values of respect and responsibility' (PSA Groupe, Responsibility and Ethics,2017)*.*

Identifying key stakeholders and critical stakeholders' issues

In order to deal with stakeholders and their issues, it is quite important to identify who your stakeholders are and what their influence is to your company. (Maon, Lindgreen and Swaen, 2008) provide 3 elements for identifying stakeholder categories:

- The stakeholders' power to influence the firm;
- The legitimacy of the stakeholders' relationship;
- The urgency of the stakeholders' claim on the firm.

The PACE! plan does not provide any information about stakeholders and their issues. It seems that Opel isn't that far in the process.

PSA Group does provide information about stakeholders and their main issues. Because PSA Group described it in a very comprehensive way only the key stakeholders and their issues will be given:

- For long term investors: sustaining growth;
- For customers: anticipating and responding to expectations;
- For employees: being a responsible employer;
- For suppliers and partners: making an extended commitment;
- For host communities and civil society: being a responsible citizen;
- For the environment: preserving our planet. (PSA Groupe, Responsibility and Ethics, 2017)

The complete plan about stakeholders and their issues is described in section 1.3 of CSR Report 2016 of the PSA Group.

Concluding, what is described above makes clear that Opel isn't that far in the process of implementing CSR, but PSA Group is! And since Opel belongs to the PSA Groupe, it would be very reasonable for Opel to follow the Group's principles.

3. Establishing a vision and a working definition for CSR

A vision must be formulated by the top management and then formalized and communicated through official documents such as annual reports.
The vision also should be designed carefully by top management in accordance with identified corporate values and formulated to fit with the current personal values of employees (Werre, 2003; Maon, Lindgreen and Swaen, 2008). According to Maignan et al. (2005), a working definition of CSR or CSR commitments should shed light on two key elements: (1) the motivation supporting the commitment to CSR and (2) the stakeholders and issues identified as most important to the organization. The working definition for CSR also must establish a constructive, socially responsible vision (Maon, Lindgreen and Swaen, 2008).

Opel didn't provide a vision and working definition yet. PACE! is published at November 9th, so it is reasonable to assume that Opel isn't that far in the process.

However, Groupe PSA shares the following vision (Groupe PSA, Vision, 2017):

''*To become a leading car manufacturer and a provider of mobility solutions to enhance our customers' freedom of movement on a day-to-day basis and around the world*''.

They also provide a working definition for CSR: ''*Groupe PSA's social and environmental policy is based on continuous dialogue with its stakeholders and the conviction that automotive sustainability can contribute to the creation of value for everyone. It is expressed in public commitments and concrete objectives in response to strategic issues in sustainable mobility, regional development and innovative social practices*'' (Groupe PSA , R&D Strategy, 2017):.

Looking at the working definition, it becomes clear that this working definition meets the two elements that are essential according to (Maon, Lindgreen and Swaen, 2008). It motivates

the commitment to CSR: ''... *can contribute to the creation of value for everyone''.* and it states that stakeholders are very important to the organizations: ''*Groupe PSA's social and environmental policy is based on continuous dialogue with its stakeholders and the conviction that automotive sustainability can contribute to the creation of value for everyone''.* (Groupe PSA, R&D Strategy, 2017)

4.Assessing current CSR status

Consultation with key managers who represent key business functions inside the organization and with CSR and industry experts can offer further insight.

Working with a consulting firm that can scrutinize the organization's current policies and practices might be an appropriate approach to offer this insight (O'Connell, 2004; Maon, Lindgreen and Swaen, 2008).

Benchmarking CSR practices allows the organization to continue to highlight what it should keep to support its competitive advantage, as well as identify inappropriate activities. To benchmark an organization needs to identify the own best performers on each CSR-related issues and other companies that are top regarding CSR practices. Norms and standards need to be identified by competitors and own performance needs to be compared to the competitors (Maon, Lindgreen and Swaen, 2008).

Auditing current CSR practices

According to (Maon, Lindgreen and Swaen, 2008), the objective of auditing current CSR status of a company is to identify organizational characteristics related to five CSR aspects:

- The social;
- The environmental dimensions and impacts of organizational activities;
- Corporate governance issues;
- Corporate commitment to sustainability;
- The societal dialogue process.

PACE! provides four levers that describe how Opel tries to reach their goals. Two of them are more or less related to CSR:

- A clear roadmap to become a leader in CO2 emissions;
- Strengthen the powerful brands.

Those levers contain two words that can be seen as characteristics of Opels CSR plan: 'CO2 leadership' and 'powerful brands'. Looking further, it becomes clear that Opel isn't that far in their plan for implementing CSR, because this is the only information that is available.

PSA Group also comes with some characteristics regarding the five CSR aspects:

Transparency is a characteristic for the social aspect. The Group realized that they had the responsibility to be open to their customers and to society (PSA Groupe, 2016)

Responsibility is characteristic for the environmental aspect. PSA Group says that responsibility towards society and environment is deeply embedded in its culture and values (PSA Groupe, CSR Report, 2016).

It becomes not very clear what PSA Group's characteristic is regarding corporate governance. However, they say the following about it: *''The Group's corporate governance is based on compliance with recommended governance practices and on the Code of Ethics described in section 6.3.1 of this document''* (PSA Groupe, CSR Report, 2016).

PSA Group's characteristic regarding the sustainable aspect is best described as a combination of Responsibility and CO2 reduction. They try to reduce emissions and they aspire the position of the most preferred car brand regarding sustainable mobility. A lot of initiatives are taken to be as sustainable as possible. This shows that the Group behaves like they have a responsibility for the globe (PSA Groupe, CSR Report, 2016).

Three steps can characterize the last aspect, the societal dialogue process;

- Identifying issues;
- Setting objectives;
- Implementing and monitoring action plans.

Those steps describe how PSA Group actually deals with their stakeholders and their issues.

(PSA Groupe, Responsibility and Ethics, 2016)

Benchmarking competitors' practices and CSR norms and standards

An organization has to identify who are the best performers at specific CSR activities, first. Second, the organization has to identify competitors' norms and standards regarding CSR.

Third, the organization has to compare its performance with that of the best performers.

In the press release of (Opel/Vauxhall, Future Plan Press Conference, 2017) Michael Lohseller says that since August 2017, teams are working on benchmarking to close detected gaps. Like the other steps, there is not much information available, so it is reasonable to assume that Opel isn't that far in the process of implementing CSR.

Also PSA Group does not provide information about benchmarking competitors, although they do ite about themselves and their own strengths.

5. Developing a CSR-integrated strategic plan

The first step involves translating values, visions, or policy statements into commitments, expectations, and guiding principles (Maon, Lindgreen and Swaen, 2008). This is possible via for example goal setting and including CSR responsibilities into job descriptions and recruitment procedures.

Often when companies want to integrate a CSR strategic plan, they forget to implement the three P's (Planet, People and Profit) in their strategies (Cramer, 2005, in: Maon, Lindgreen and Swaen, 2008).

There is no information available about this step. Opel didn't share a clear and complete CSR plan (yet).

PSA Group does not mention the three P's specifically. However, it is not reasonable to assume that they are thus not concerned with those topics. In their CSR report of 2016, they give comprehensive descriptions of how to deal with their responsibility towards society and employees (PEOPLE), how to deal with environmental issues (PLANET) and how to become or stay profitable (PROFIT).

PSA Group does provide three pillars of CSR, which can be seen as commitments:

- A commitment to sustainable mobility, to reduce the environmental impacts of vehicle production and use;

- A societal commitment to the regions in which it operates, to create an ecosystem that fosters employment and the integration of local economic players;

- A social commitment, with the implementation of innovative and needs-adapted practices enabling employees to enhance and make full use of all their talents. (Groupe PSA, CSR Report, p.3, 2016)

The Group didn't set specific targets for those commitments, which makes it impossible to find any performance measures.

Conversely, PSA Group seems to have a structure that enables the organization to become integrate CSR:

''CSR objectives and commitments are approved and monitored by the Group Executive Committee. Progress on these commitments is also presented to the Supervisory Board. The operational management of CSR is the responsibility of the Sustainable Development Department, reporting to the Corporate Communications Director, who reports to the Chairman. The Sustainable Development Department relies on a network of correspondents and experts to coordinate and roll out action plans''. (PSA Groupe, Governance, 2016)

The teams and department that have to enable the integration of CSR, are thus existing. Whether the organizational structure is flexible enough, is not clear. But with help of the departments, the integration could be much easier.

Concluding, Opel has not reached the same level as PSA Groupe is. However, also PSA Groupe gives very minimal information about this step.

6. Implementing the CSR-integrated strategic plan.

Although top management determines the CSR direction and strategy, middle management and employees must implement it in reality (Maon, Lindgreen and Swaen, 2008).

By involving employees in discussions of CSR implementation, the organization ensures that these stakeholders develop a sense of ownership of and pride in their organization's CSR activities (Maon, Lindgreen and Swaen, 2008).

Other factors that determine the implementation of CSR-integrated strategic plan is employee training, employee rewarding and mechanisms that give space to detection and resolving activities that counteract the CSR program.

Also about this step, Opel did not share information yet.

As said at step five, PSA Group doesn't share much information about the integration of CSR. However, it recognizes the importance of stakeholders in the process:

''As a technology pioneer, Groupe PSA demonstrates social responsibility in developing a portfolio of mobility services <u>responsive to changing stakeholder expectations.</u> Its strategy is to be present in all segments of the mobility market''. (Groupe PSA, CSR Report, p. 22, 2016)

According to the Group's report of value creation, employees play an important role in its strategy. Working together and dialogue are main elements of the role of employees.

''Groupe PSA has a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control''. (Groupe PSA, Governance, 2016)

Summarizing, Opel does not provide any information about this step, but PSA Group does. It is clear how tasks within the management are divided. However, there is no information available yet about how activities that do not belong to CSR activities are recognized.

7.   Communication about CSR commitments and performance

The internal communication plan should identify the communication means, such as newsletters, annual reports, meetings, and training. Communication consists of reporting on changes and reassuring employees by informing them about the program's progress, as well as clarifying any misconceptions. During the refreezing stage, communication needs center more on publicizing and demonstrating the success of the CSR program, as well as anchoring the CSR vision in the day-to-day activities of the organization (Klein, 1996; Maon, Lindgreen and Swaen, 2008).

The clear identification of key stakeholders and their expectations, as well as continuous CSR dialogue, remain cornerstones of the CSR communication strategy.

Also about this step, Opel doesn't provide information yet.

Although PSA Group didn't provide a communication plan, they did identify their key stakeholders and their issues:

- For long term investors: sustaining growth;
- For customers: anticipating and responding to expectations;
- For employees: being a responsible employer;
- For suppliers and partners: making an extended commitment;
- For host communities and civil society: being a responsible citizen;

- For the environment: preserving our planet. (Groupe PSA, Responsibility and Ethics, 2016)

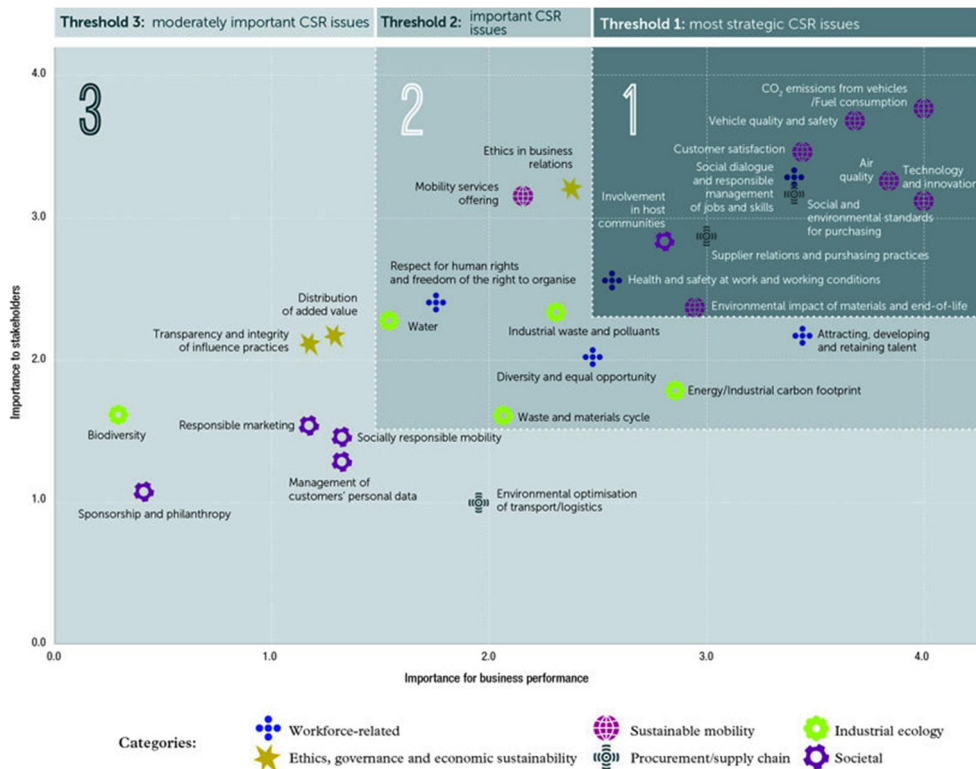The issues are nicely pictured in the Figure 14:

Figure 14 (PSA Groupe, 2016) Diversity of strategic CSR issues

Summarizing, there is not much information available, from either Opel or the PSA Group. However, PSA Group did identify key stakeholders and issues.

8.   Evaluating CSR-integrated strategies and communication

Regular formal reviews of CSR activities enable stakeholders recognize progress and activities and make activities both visible and transparent. Stakeholders should be invited to verify the organization's CSR performance (Maon, Lindgreen and Swaen, 2008).

One of the Group's key values is transparency, by giving insight in business processes and performance. This will increase trust. Next to that, PSA Group stimulates the dialogue, in which stakeholders can give their opinion. This has to improve the performance of the organization. This is the only information PSA Group provides about this step. This very minimal information can indicate that PSA Group is not that far.

Opel does not have any public information about this step.

9.   Institutionalizing CSR

Continuous, constructive dialogue during the refreezing phase helps fix any weaknesses and correct any deficiencies, which promotes the institutionalization of the CSR vision and processes and increases the credibility of published results (Maon, Lindgreen and Swaen, 2008).

Like as said at step 8, PSA Group promotes the (social) dialogue, but they don't say anything about the institutionalization yet. Also Opel doesn't.

DISCUSSION

There are a few points about this research that could have been done better. To start with, the target markets are defined, based on the figure of Statista (2015). This figure only indicates the price and thus the only thing that is known about the target market is how much they want to pay. Demographic characteristics are not mentioned, neither is known if customers are willing to behave or already behaving sustainable, so the figure that is used gives very minimal information about the backgrounds of the people in the target markets.

Another critical point could be that only two car brands are used per segment. One could say that this amount is not representative for the whole segment. However, due to time constraint, it was not possible to investigate more brands.

The model of Cummings and Worley (2001) discusses the types of interventions a company undertakes.They categorized the interventions as Human Process issues, Strategic issues, Technology/structural issues and Human resource issues. In general, the big car companies cover all these interventions in their year report, as they address multiple factors. However, the part where companies lay their focus can differ, and a most times when implementing or analysing strategy, hardly no case fits perfectly in a model.

A small part of Maon's model existed of benchmarking of competitors. It was not possible to do this benchmarking, because benchmarking is something what normally is done privately and none or maybe a few organizations are willing to share this information. So one could say that the researchers could have used another model, because they were not able to investigate all the steps provided by Maon. However, because this is only a small part of the complete framework and an organization not always meets all the steps in the model, this isn't a relevant problem.

Also the article provided by Marrewijk and Werre could be discussed. This article contains 5 tables, but only four of them are used. Table 2 is not used, because this table asks for information that cannot be derived from the vision and goals and the description of how to reach those goals. So again, one could discuss the completeness of the research approach.

At first, the intention was to use the VRIO (Value, Rarity, Inimitable, Organizational Support) model for each car manufacturer, which would have provided information about the products produced by the investigated car brands and what kind of advantage a company may have regarding its technological knowledge. However, this would ask for an additional research about how the investigated companies used their knowledge to develop new cars . Since it is not possible to implement the model in this research, an alternative has been used to determine what steps the companies will take and how fruitful this might be. Furthermore, the transformation towards the production of more electric cars should result in less environmental damage. However, this transition to electric cars has its downsides and difficulties. Range calculations for how far a car can drive on batteries may be too optimistic due to the fact batteries mostly "should not be run from full to empty and should be kept at between 20-80% of their charge. Yet manufacturers' range calculations are based on running a complete cycle from full battery to empty" (Guardian, 2018). Furthermore charging time takes a lot of time which can cause a hurdle for customers. Also, if electricity comes from non-renewable sources "an electric vehicle could actually contribute more CO_2 to the environment than one of today's high efficiency diesel models" (the Guardian, 2010).

The results suppressed both of us when concluding the differences between the brands of different market segments were smaller than expected. This was for a large part due to the fact that the brand in the luxury market segment came out better than expected. Overall, the companies invest heavily in the transition to electric cars. Ambitions to produce only electric

vehicles were ambitions we did not expect to see for any brand. For our own knowledge, we know that when our current budget increases a lot we do not have to limit ourselves to middle-class cars when we are searching for driving electric vehicles.

CONCLUSIONS

The conclusions are first per model, ending with an overall conclusion.

CONCLUSION OF VAN MARREWIJK AND WERRE (2003)

In the table below one can find the investigated companies assigned to different colours, pro table. Those colours represent the level of ambition regarding Corporate Sustainability. The red colour means no ambition and each colour more to the right transcends the previous one and thus means more ambition.   By constructing this table, the same division of colours is used as Van Marrewijk and Werre (2003) did.

	Red	Blue	Orange	Green	Yellow	Turquoise
Table 1			-Daimler -BMW -Opel/PSA Group	-Volkswagen	-Volkswagen	
Table 3		-BMW	-Daimler	-Opel/PSA Group	-Volkswagen	
Table 4			-Daimler -BMW	-Opel/PSA Group	-Volkswagen	
Table 5			-BMW	-Daimler	-Volkswagen -Opel/PSA Group	

Table 2: Classification of the single companies

 In order to make relevant conclusions, the two single segments will be compared in this table: the luxury segment, which consists of the BMW-Group and Daimler and the middle segments, which consists of Volkswagen and Opel.

For table 1, in Van Marrewijk and Werre (2003) there is a little difference between the two segments. The luxury segment is listed under Orange, as named by Van Marrewijk and Werre (2003). This seems logical, because the image of the both car brands is of course very close linked with success and status. However, Opel/PSA Group is also assigned to Orange and Volkswagen isn't. A reason for this could be the attitude of Opel towards sustainability, but another option is that Opel maybe is not that far in the process of 'thinking sustainable'. Volkswagen presents itself, at least in this part of the framework, as the 'leader'. The reason why Volkswagen is assigned to both Green and Yellow, is based on that

Volkswagen meeting requirements of both colours but the information available was not sufficient to make a proper choice for either of them.

For table 3 there is a clear difference between the segments. The luxury segment has significant other principles for Corporate Sustainability than the middle segment. The middle segment shows that they are more ambitious regarding Corporate Sustainability than the luxury segment is. This is supported by the article of Van Marrewijk and Werre (2003), where they say: '*Each level includes and transcends the previous ones*'. Why Opel made such a move can be explained by the fact that they outspeak to take more care for the environment, for example by producing electric cars and reducing emissions.

For table 4 there is a again a gap between the segments. The luxury segment is again categorized lower than the middle segment. The difference is not as big as for table 3, but again, the car brands from the middle segment show more ambition for Corporate Sustainability than the car brands from the luxury segment; Daimler and BMW only have their Corporate Sustainability principles to make profit out of it. Opel and Volkswagen seem to care more about environment and are thus categorized higher. The main reason that Opel is assigned to Green again, is their care for customers and environment. 'Value added and 'connectivity' are important elements and show that the choices Opel makes, is not because they are forced by, for example, the law. However, this missed out the chance to be categorized under Yellow, by not saying anything about managing stakeholders.

For table 5 a remarkable switch becomes visible. Daimler, which has been categorized under Orange in the previous tables, is now assigned to Green. In the People, Planet, Profit analysis, Daimler scored Blue at profit, Green at planet and Yellow at People. Therefore, the average is taken, which results in Green. BMW stayed in its trend of Profit-driven Corporate Sustainability. Volkswagen and Opel again showed their ambition for CS and thus there is again a clear difference between the segments.

CONCLUSION OF CUMMINGS AND WORLEY (2001)

In order to make sufficient conclusions, the two different classes (luxury and middle) will be compared. Both BMW and Daimler show that they are following the strategy of strategic interventions. BMW lays its focus on transorganizational development, working together with Mobileye and Intel to develop best technologies for electric driving. To communicate those plans, they use strategic mapping, which not only involves communicating, but also monitoring of the implementation. Daimler especially focuses on reducing emissions. Introducing new electric carlines is key part of this focus. Daimler tries to align the internal organization with the wider environment by implementing the United Nation's Sustainable Development Goals.

Both Volkswagen and Opel implement strategic and technostructural interventions. Volkswagen also wants to focus on e-mobility and hopes to introduce more than 30 new types of Battery Electric Vehicles (BEV's). It thus tries to move together with customers' needs and by this way Volkswagen aligns the internal organization with the

environment. Volkswagen also implements technostructural interventions. In order to generate profit, it wants to redesign the work, to be more efficient. Just like Volkswagen, Opel goes electric. For every passenger car line in Europe, there has to be a BEV or hybrid version. The story for Volkswagen also holds for Opel; since this is about new products, new lines, this is an strategic intervention. Opel also implements a technostructural intervention. The design of the organization will change and thus the complexity and the way decisions have to be taken change, which hints to a structural intervention.

Concluding, where the brands from the luxury class only focus on strategic interventions, the car brands from the middle class not only focus on strategic interventions, but also on technostructural interventions. Those technostructural interventions show that both organizations also focus on efficiency in business processes and thus try to improve themselves. Efficiency is an important element to become or stay profitable. This is a remarkable difference and this shows that car brands from the middle class are not only focussing on meeting their customers' needs like the luxury class does, but also on how to improve themselves regarding production and how work is designed.

	BMW	Daimler/Mercedes	Volkswagen	Opel
Raising CSR awareness inside the organisation	√	√	√	√
Assessing corporate purpose in its societal context	√	√	√	√
Establishing a vision and a working definition for CSR	Partly Completed	Partly Completed	√	√
Assessing current CSR status	Partly Completed	Partly Completed	Partly Completed	Partly Completed
Developing a CSR-integrated strategic plan	√	√	√	√
Implementing the CSR-integrated strategic plan	X	√	√	√
Communication about CSR commitments and performance	Partly Completed	√	X	Partly Completed
Evaluating CSR-integrated strategies and communication	X	Partly Completed	Partly Completed	X
Institutionalizing CSR	√	√	√	Partly Completed

Table 3 Classification of the single companies by (Maon, Lindgreen and Swaen, 2008)

The steps, constructed by (Maon, Lindgreen and Swaen, 2008), can be used to measure the implementation of CSR and thereby determine the current position. These steps will be measured in a way of being present or not.

As the table shows, there are differences between the companies. Overall, however, the companies show quite similar results. The steps that are missing are the assessment of current CSR status and the evaluation of CSR integrated strategies and communication.

As with assessing current CSR status, which is step four in the model of (Maon, Lindgreen and Swaen, 2008), all companies are categorized as partly completed, since there is no evidence of benchmarking activities. However, as stated in the discussion of this research, one could assume that the companies do benchmark themselves, but do not publish these

results publicly. Therefore, drawing conclusions without taking into account these matters can result in a ong categorization for these companies.

Evaluation of the CSR integrated strategies and communications are also considered to be not present or partly present, as none of the companies invite stakeholders to verify the CSR performance.

(Maon, Lindgreen and Swaen, 2008) suggest in their framework that marketing programs about CSR program's success within the organization can contribute to a successful CSR program (Maon, Lindgreen and Swaen, 2008).

To conclude, the companies within this research implement CSR practices in their company. However not all companies fulfill to succeed every step. More important is to conclude there are hardly any differences between the companies that have different target markets.

There is a slight difference between the car brands from the different classes in expressing their ambition for CSR in their vision and goals. Based on the model, provided by van Marrewijk and Werre, car brands from the middle class can be categorized as more ambitious. Overall, those brands scored higher in the tables of the model. Volkswagen scored Yellow (Synergistic CS) most of the times and Opel/PSA Group scored Green (Caring CS) most of the times. This is more ambitious than Orange (Profit-driven), the colour to which BMW and Daimler are assigned to for the most tables.

In the way how the different car brands and the different classes try to reach their goals, there's a remarkable difference between the segments. The car brands in the luxury segment only undertake strategic interventions and they seem thus only concerned with meeting customers' needs. However, brands in the middle segment undertake technostructural interventions, next to their strategic interventions. They are thus not only customer focused, but also try to improve the internal organization, in order to be profitable.

The steps, constructed by (Maon, Lindgreen and Swaen, 2008), can be used to measure the implementation of CSR and thereby determine the current position. These steps will be measured in a way of being present or not.

As the table shows there are differences between the companies. Overall, however, the companies show quite similar results. The steps that are missing are the assessment of current CSR status and the evaluation of CSR integrated strategies and communication.

As with assessing current CSR status, which is step four in the model of (Maon, Lindgreen and Swaen, 2008), all companies are categorized as partly completed, since there is no sign of benchmarking activities. However, as stated in the discussion of this research, one could assume that the companies do benchmark themselves but do not publish these results publicly. Therefore, drawing conclusions without taking into account these matters can result in a ong categorization for these companies.

Evaluation of the CSR integrated strategies and communications are also considered to be not present or partly present, as none of the companies invite stakeholders to verify the CSR performance.

(Maon, Lindgreen and Swaen, 2008) suggest in their framework that marketing programs about CSR program's success within the organization can contribute to a successful CSR program (Maon, Lindgreen and Swaen, 2008).

To conclude, the companies within this research implement CSR practices in their company. However not all companies fulfill to succeed every step. More important is to conclude there are no significant differences between the companies that have different target markets.

All companies are investing in expanding their production in numbers and model range. But how serious this ambition is has been measured by comparing data of the companies. As to be seen, there are differences between the market segments concerning current (2016) production relative to the total production. As for the luxury segment, the BMW-Group with 5% and Daimler with 0.7% are currently producing more electric cars than the middle segment with the 0.3% of Volkswagen and 0.06% with Opel. The level of ambition is also

different between the market segments. On the one hand Volkswagen and Opel have the ambition to produce solely electric models in 2030 and 2024 respectively. On the other hand Daimler and BMW have the ambition to expand the model range of electric cars, with Daimler stating the production of electric cars will amount between 15-25% of total production. With proper data on investment missing for BMW, it is hard to draw a conclusion. Still, difference in investment is visible with Daimler reaching a relative investment of 98%, with Volkswagen and Opel reaching the 37% and 15% respectively. Furthermore, external sources show mostly positive reactions as the transition to producing electric cars takes place. Of the four companies, only for Daimler, a negative internal reaction was found, so the luxury segment hint towards a less positive reaction towards this transition.

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