

Making Future Tracts
Thinking our way to success

Workshop 3
The case for Corporate Social Responsibility

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Making the case for Corporate Social Responsibility

The old adage: "What's good for GMH is good for the country!" has a lot more twists and turns in this day and age. There is a greater awareness of the range of stakeholders involved – not just the shareholders, the Board and the staff, but also the customers, the regulators and even, the global capital market.

In a way it is clearer now that "What is good for the country may also be good for GMH and any other corporate involved in long term survival". Viable consumer market places, socially cohesive and environmentally sustainable communities, receptive legislators, committed and enthused staff are now all a part of the picture.

However, successful community and corporate partnerships can only be based on mutual understanding and mutual benefit. Shareholders need to be made aware of the enlightened self-interest that can only enhance company standing and bottom line results. Communities need to understand the necessity to mount a business case for their alliance and not to settle for less than any association with their cause can bring.

The key elements for effective sponsorship arrangements might differ in detail between the respective parties, but both sides need to recognize the long term interests being served. There must be mutual trust and mutual respect which is reflected in an equality in the partnership, the results need to be tangible and measurable and both sides need to gain the necessary recognition that fuels their respective interests.

There were a number of suggestions on how best to encourage more active corporate involvement in the community. Governments need to take a leadership role to create a suitable environment, but a lot needs to be done at corporate level to engage the leadership necessary to enable their company's involvement.

There needs to be greater awareness and recognition of best practice in this area so that corporates can see the benefits of their potential engagement in socially responsible practices. There is even a case for increased ethical investment that serves more than just the profit motive.

In terms of future corporate and community partnerships, there is fertile fields available around the emerging issues of climate change, mental health, workforce skills, innovation, community cohesion, practical action and leadership for the state, water, a viable economic base for regional and remote areas, social and economic futures for Indigenous young people, bio-diversity.

What is needed most is imagination, commitment, business acumen and community and government recognition to build further corporate engagement in the community to the mutual benefit of all parties and the common good. After all, there are some endeavours that may just be too important to leave to government. **Max Dumais**

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In an idealised world, what would be a perfect corporate partnership arrangement:

- **AFL** sponsoring **Aboriginal youth development**.
- A key **computer games company** developing of **socially useful games** e.g. effective democracy.
- Major **housing construction company** donating or subsidizing **housing** for the **homeless**.
- **Mining** and **indigenous economic development** - because people think they are opposed, but their interests are inextricably linked.
- **AFL** and an appropriate **women's organization** - to deal with player attitudes towards women.
- **Onkaparinga** blanket company and a **homelessness** organizations.
- **Mining** and **environmentalists** to jointly manage pastoral properties.
- A **natural gas company** interested in carbon emissions and environmentally friendly fuel with the **Botanical Gardens** which is interested in environmental management.
- **Middle Eastern Chambers of Commerce/ trade councils** coming together with Middle Eastern embassies/consulates in addressing issues facing **Middle Eastern background youth in Australia**.
- **Agricultural company** (e.g. Elders) sponsoring **regional community centers**.
- **Housing developments** sponsoring **environmental organizations**.
- **Corporations** linking with **schools** to help produce their annual reports.
- The **tobacco industry** and **Cancer Council**: because the tobacco industry needs to appear to be socially responsible and the cancer council needs money.
- The **Cancer council** and **organic food producers** - would promote organic produce as healthy and promote habits that contribute to the prevention of cancer.
- **Wilderness Society** and **toilet paper**; trying to harbor recycled paper.
- **Fertiliser producers** and **Clean-up Australia**.
- **OPSM** and the **Fred Hollows Foundation**.
- **Alcoholics Anonymous** and **Coopers' brewery**.
- Any **engineering company** and youth **skill development**.
- **McDonalds** and **health** - McDonalds need to be more transparent and provide better quality ingredients.
- **SA Water** and **water purifiers**.
- **Woolworths** and **Care**: Because Woolies has food and Care wants to provide it
- **Dell computers** and **country schools**: Recycled computers and their need for computer hardware / technology
- **Financial Institutions** (Banks) and **less privileged communities** who need capital to create their own earning capacity (enterprise) through micro lending.
- International **drug companies** addressing **aboriginal health** and in exchange get access to Australian Pharmaceutical Benefits scheme
- **Health clubs** -offering free enrolment with **donation to a cause**.

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- Lobby night - one night per year the **homeless** get to sleep in the lobby of a **participating big business**.

Themes: enlightened self interest, win-win, community premium for a profit, in kind involvement, advertorials, reciprocity - personal development both ways, promoting good causes and not hiding the light under a bushel, accepting responsibility for products.

Proposals in order of most likely to get off the ground quickly and effectively:

1. AFL and any appropriate women's organization - to deal with player attitudes towards women.
2. Lobby night - one night per year the homeless get to sleep in the lobby of a participating big business.
3. SA Water and water purifiers.
4. Woolworths and Care: Because Woollies has food and Care wants to provide it.
5. Housing developments sponsoring environment organizations.
6. AFL sponsoring of Aboriginal youth development.
7. Alcoholics Anonymous and a brewery.
8. Natural gas company interested in carbon emissions, environmentally friendly fuel AND the Botanical Gardens which is interested in environmental management.
9. Major housing construction company to donate or subsidise housing for the homeless.
10. The tobacco industry and Cancer Council: because the tobacco industry need to appear to be socially responsible and the Cancer Council need money.

Priority One project: AFL and any women's organisations - to deal with player attitudes towards women:

Key steps:

- Build awareness and value base
 - Get the AFL to acknowledge that they need to address cultural issues
 - Get the players to confront women who have suffered (before they become stars)
 - Introduce training and awareness raising values clarification with Women's Organisations.
 - Develop an Awareness program for all players
- Build acceptance of the issue –
 - Get AFL to acknowledge there is a problem
 - Facilitate sessions to identify shared objectives
 - Seek advice/plan from women's' groups and bring together with sports associations
 - Lobby individual AFL officials

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- Commission research to objectively assess women's attitudes to AFL
- Build ownership of the issue
 - Explain nature of credibility problem
 - AFL to issue a statement
- Identify possible womens groups –
 - Find a mutually-consented project,
 - Locate a suitable organization for them to do community work e.g. rape crisis, domestic violence, social conduct,
- Stakeholder focus groups, consider sanctions
 - Focus group meeting with players
 - Focus group meeting with young women
 - Focus group meeting with the AFL
 - Focus group meeting with AFL clubs
- Promote ideal behaviours,
 - Sack Sam Newman - he only encourages bad attitudes!
 - Equal representation of women on AFL commission and club boards
 - Encourage more participation of women with AFL activities e.g. physios, motivational speakers, trainers, etc
 - Encourage the AFL to allocate money to women's sport development
- Build a campaign around communication opportunities,
 - Report back to AFL and community
 - Educate women to be wary
 - Pick some winners and icon projects
- AFL to accept holistic responsibility for their players –
 - Make clubs liable for player actions, (introduce criminal sanctions for directors)
 - Get the players to do community work to get them out of their bubbles
- Build a business case
 - Form steering committee

Some of the mutual advantages, benefits or values of strong corporate/community partnerships:

- Community loyalty and goodwill. Builds a good reputation
- Corporate Social Responsibility allows companies to have a license to operate. Companies seen to be giving back to the community, are interested in the 'health' of the community in which they operate
- Competitive edge - Corporate Social Responsibility can help companies access to new and emerging markets.

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- Legal requirements for the environment. Harnessing consumer concern like recycling.
- Staff morale and building that culture in the workplace. Can be linked in with staff development, skill building, morale etc
- Broaden your operating base through community contribution.
- Production efficiencies and cost reductions
- Long term sustainability for companies - Builds customer loyalty and provides an opportunity for consumers to feel positive about investing in the product.
- Community is invested in and has opportunity to develop.
- Helps sustain the community which sustains the company. Increases wealth within the community through companies being more successful.
- Employees/company/community have increased understanding of environment in which each other is operating.
- Empathy - increased mutual understanding within the community. Corporate Social Responsibility can be used to address diversity issues.
- Community development - empowering communities. Builds social capital. Successful partnerships enhance the culture of communities.
- Improves company profile - good marketing practice.
- Creates sense of employee satisfaction - provides more 'meaningful' work. Encourages retention of young people who identify with the values being Sponsored
- Provides another means by which the needs of the population can be met.
- Potentially creates happier more satisfied employers and consumers
- Provides a platform to increase community awareness of issues
- Consumer concern: exploitation, promoting equitable and ethical trade
- Building a community, people feel they are contributing back into their society; e.g. the 'SA Great' campaign, buy Australian goods etc
- Promotion of sustainable local employment, so future generations will also enjoy a similar sort of society
- Synergy, motivation, vision, better health (mental) promotes a win-win way forward.
- Studies have shown that when people give, it creates better health in themselves and their company. We build a better society and a more cohesive society by strengthening a community's identity.
- Innovation on product development and delivery to mitigate negative impacts.
- Engaged positive behavior generates more of the same. When business people feel more a part of the community they will value community needs and be more prepared to invest in them.
- Companies that invest in the community will develop an edge against competitors who don't - loyalty customers and employees
- Healthy, connected, integrated communities leads to functioning communities that support economic activity.
- Attracting and keeping high quality employees. Congruent values - employer/employee.
- Competitive advantage for access to markets. Increase market -share by instilling a values system over the long-term, differentiating with meaning rather than a gimmick.

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- Positive reputation assists access to land and a good community standing supports access to cheaper capital globally. Reputation and behavior improves market share. Assists performance in a globalised economy
- Builds strong community capacity by linking community aspirations with business drivers. Creates more sustainable business and community environments.

The possible downsides that can hold corporate sponsorship back:

- Shareholder backlash. It's the shareholders' money, it's up to them to give it away. Majority of shareholders would have a focus on profits.
- Community cynicism.
- Attitude of leaving social problems to government and charities. It's a Government responsibility, not ours! The government ought to do it. A legitimate but perhaps outdated notion that governments should take care of social issues. Not their job - it's the government's job through taxation.
- Engaging the community seen as just too hard. The problems are so big - I don't see how I can contribute. One company cannot fix everything.
- Concern that it would divert from the business focus and waste money with no obvious returns.
- Company ego - we are doing well enough without it, so why should we bother with it. Not convinced that you need to - can get away with not doing it at all. Some other bigger company will do it, so leave it to them!
- Opportunity to backfire. A social cause that may fall in to disrepute and cause reputation damage.
- Risk of investment in social ventures, as they can fail too, and return on investment is at risk. We tried it once and it didn't work!
- Fear of being inundated with charitable requests and an inability or unwillingness to prioritize or choose between charities. Lack of money, or resources to organize a program.
- Lack of trust that funds will be spent as anticipated and uncertainty as to whether perceived benefits of giving will actually eventuate.
- Profit motive of corporations may negatively impact on community organizations/projects in which they partner. There is a danger of exploitation of community groups or issues for corporate gain. Shameless PR - exploitation of social concerns and seen as a diversionary tactic.
- Wrong people in leadership. People in power still haven't changed.
- No facility for long-term planning, e.g. quarterly results, profit forecast, blah blah blah
- May not appeal to consumers who have not been taught to share these values, detached from real social concerns.
- Undermine the independence of charitable groups, community may become disillusioned with these causes as well.
- Only possible in economic upturns when charity is of little concern as the general society is benefiting regardless.
- Rigid mindset re profits and what to do with it.
- Greed.

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- Lack of social awareness. Lack of vision. Narrow focus of mandate of a company
- Accountability of the recipient. Failure to understand the license to operate concept.
- Short term focus on profit and survival at the expense of long term vision and value of the community stake in that survival. Can't see any short term return.
- Lack of control - the charity might do something silly which could then reflect badly on the firm.
- Eye off the ball - companies should stick to core business.
- Companies maximize profit within the constraints of law and regulations - they will only do what is required.
- Too soft. Encourages a hand-out culture. Seen as bleeding heart - tree hugging.
- Culture - we haven't had to do it in the past and it's not a point of difference anymore!
- Narrow view of business sustainability and mobile and fickle investors.
- Being removed from community feeling/concerns.
- Lack of skills - many Corporate Social Responsibility people in companies appeal to the heart and not the head.
- Narrow skill base at senior and executive levels
- Mobile capital that can move between countries and avoid the costs of past behaviors.

The key elements in any effective sponsorship relationship:

- Compatibility between corporation and charity. Must be an obvious relationship between company and cause. The program must be relatively significant to the charity.
- The object of the giving must be realistically achievable and needs to make a significant impact on the problem. Measurable outcomes setting an example with tangible benefits - tangible returns which can be articulated in a business case.
- Need to establish a clear understanding of how the Corporate Social Responsibility program would work.
- The giving must be sustainable and not sporadic or ad hoc. Alignment of interests and a sustainable relationship over long term.
- Ensure true community engagement - what does the community want?
- Capacity building for the community and the employees of the organization. Involve employees in decision making and 'program development'.
- Look to model programs in a similar field - don't reinvent the wheel.
- Agreement and transparency for reporting. Agreed reporting process and on what to report on in terms of outcomes.
- Recognition and celebration of successful outcomes.
- Develop a 'no blame' mentality for failures and look for the lessons learned.
- Absolute commitment from both parties and trust must be mutual.

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- Benefits for both parties based on an understanding of where both parties are coming from.
- Understand what both parties are bring to or contributing to the relationship.
- Accountability. Clear key performance indicators so we can know if the partnership is successful. The results have to be tangible, visible or measurable.
- Transparency of the corporate's motivations.
- The program must not be controversial or give rise to community concerns.
- Mutual gain, transparency, trustworthiness, logical connection/motivation, and will not harm either partner. Work together for a common cause.
- Needs to connect to the long term interests of the company. Harbor the idea in the corporate community that they are investing rather than giving money away.
- Local interest - act local think global, get the community involved in your concern
- Identify a community concern of your particular market.
- Mutually beneficial. A need for something the partner can offer.
- Approach Corporate Social Responsibility as equal partners.
- Openness in the relationship. Synchronized values and symbiosis: commonality of interest, understanding of mutual benefit.
- Something that can be badged, packaged or explained - comprehensible to observers and justifiable and admirable.
- Some degree of sacrifice and benefit needs to be involved.
- Touches you personally. A vision and symbolic value that can be bought into - emotionally and intellectually.
- A relationship not a sponsorship with a connection of goals, vision and values. Commitment to a relationship, i.e. expectation that partners will not take the money and run.
- Corporate Social Responsibility impacts market capitalization value - shareholders should be aware of this.
- Honesty about the motivation and expectation for the engagement on both sides.
- Recognition of the difficult issues. Respect for the independence of community organizations and recognize possible conflicts and agree process to deal with them.
- Transparency for stakeholders on both sides - of costs and outcomes.
- A strategy that engages staff/members on both sides of the partnership.
- Agreement on how PR will be managed and messaged.
- An evaluative framework agreed. Agreed performance measures and working out where the mutual benefit lies.

Key elements from a company's point of view:

1. Needs to connect to the long term interests of the company.
2. Mutual gain, transparency, trustworthiness, logical connection/motivation, will not harm either partner.
3. Trust must be mutual.

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4. The results have to be tangible, visible or measurable.
5. Agreement on how PR will be managed and messaged.
6. Looking to model programs in a similar field - don't reinvent the wheel.
7. Respect independence of community organizations and recognize possible conflicts and agree process to deal with them.
8. Involve employees in decision making and 'program development'.
9. Connection of goals vision and values.
10. Measurable outcomes setting an example with tangible benefits - tangible returns which can be articulated in a business case

Key elements from a community's point of view:

1. Compatibility between the corporation and the charity.
2. Mutually beneficial.
3. Trust must be mutual.
4. Mutual gain, transparency, trustworthiness, logical connection/motivation, will not harm with either partner.
5. Recognition of the difficult issues.
6. Capacity building for the community and the employees of the organisation.
7. Transparency of the corporate's motivations.
8. Ensure true community engagement - what does the community want?
9. Approach as equal partners.
10. Agreement on how PR will be managed and messaged.

Some outstanding sponsorship arrangements that might be made to work well in South Australia:

- Channel 7 - we're the local station. Getting behind local issues e.g., the warship industry bid.
- Mental health and Body Shop - using values to promote antidotes to psychological stress
- Affordable housing and development companies i.e. Delfin, Baulderstone Hornibrook
- Workforce Development and a HR Recruitment Company
- Preventative health and fast food companies and/or sport related companies.
- Motor vehicle companies and environment/road safety issues.
- Computer companies and school learning.
- Play station/Microsoft involved with disadvantaged schools.
- Local car company and environmental volunteering - sequestration activities (tree planting etc to offset greenhouse gas)
- Delfin and Southern Eco Alliance.
- Pet food companies and the Zoo - aligning with attributes of the animals e.g. Jumbo PAL. EG supporting a species.
- Pilkington Glass and the Jam Factory
- Car companies and alternative energy organisations

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- Engineering groups and developing skills
- Media and promoting positive community programs.
- Real estate agents and homelessness-related organizations
- Baby products and isolated mothers playgroups
- Wine companies and the arts
- Banks and financial counseling
- Bicycle companies and environment groups.
- Sponsoring innovative competitions involving any industry.
- Literacy/education and book companies e.g. Borders, Angus & Robertson
- SA Water and Rotary - building on Rotary's rights to a water purifier for the third world.
- Energy suppliers to sponsor / provide older people on low incomes access to fixed and reasonable costed energy.
- Toyota to provide their political donations as a stretch Prius (hybrid car) to politicians.
- High tech software industry and pure arts in order to generate more innovative and accessible art.
- Shares for sharing - ASX and ASIC working together to allow companies who are intending to float on the stock market to offer shares to charities to pass on to corporate donors.
- SA Chamber of Minerals and Energy and Reconciliation SA
- BHP and Indigenous Care for Country program

What needs to happen to encourage more active corporate involvement in the community?

- Government leadership and encouragement. Need to create an environment that supports corporates in these activities.
- Legislate for Corporate Social Responsibility to be a requirement for all business. Introduce global regulations and institutions with the power to enforce sanctions for poor corporate practice.
- Promote the program with examples of good practice through awards and recognition programs. Create mechanisms to share corporate systems and good practice across industries.
- Build more awareness. Profile those companies who are doing a good job of it through media promotion of successful partnerships. Get the advertiser and Financial Review to highlight good stories.
- Corporates need to see evidence of previous success. Talk to corporates in a language that they understand to make it easier for them to be involved.
- Find champions in corporate social responsibility. Get BRW to list the top 100 corporate philanthropists and build a series of Premier's awards.
- Work to develop opportunities around emerging issues: climate change, mental health, workforce skills, community cohesion, practical action and leadership for the state, water; a viable economic base for regional and remote areas, social and economic futures for Indigenous young people, bio-diversity.
- Promote ethical investment.

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- Incorporate the concept in e-business education courses. Include community development and corporate social responsibility principles in business undergraduate and post graduate training.
- Encouragement of funds indices for investors in socially responsible companies i.e. as with ethical investments.
- Create a product label for consumer products like the tick of the heart foundation which indicates socially responsible practice
- Introduce a news segment with consumer information.
- Introduce consumer information or education about corporate ethics into the school curriculum.
- Produce yearly government publications reporting on Corporate Social Responsibility of different corporations practicing in state.
- Alert corporations to the consumer concern that DOES exist.
- Community sector could publicly acknowledge good contributors
- Create a community movement towards an issue, as happened with the plastic bags campaign, started in a small Tasmanian community.
- Create ethical/ cause-orientated competition to established businesses.
- Develop criteria for Government funding - around Corporate Social Responsibility
- Partnership of volunteers from each sector to broker relationships between businesses and constituents.
- Make it a Ministerial portfolio.
- Make a reality television program out of it
- Create a mindset where it is normal to participate in Corporate Social Responsibility not exceptional.
- Communities can voice problem areas that need corporate involvement.
- Leadership development for current business leaders - not just future ones. Expose CEOs, personally, to the benefits of engaging in their communities.

References:

- www.bsr.org
- www.globalreporting.org

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