Corporate Citizenship in Australia
Some Ups, Some Downs

David Birch
Deakin University, Australia

Issues of corporate citizenship and corporate social responsibility, and more recently triple-bottom-line thinking, have been gradually climbing higher on the agenda of corporate Australia in the last couple of years. This paper reports on the results of a major survey of corporate citizenship of the top corporates in Australia recently completed by the Corporate Citizenship Research Unit, Deakin University. The most significant finding was that, while there is a great deal of understanding of, and aspirations towards, effective corporate citizenship in corporate Australia, there is a general lack of fit between wanting to do it and actually doing it so that it is seen to be core business.

David Birch is Professor of Communication and the Director of the Corporate Citizenship Research Unit, Deakin University, Melbourne, Australia. He is on the editorial boards of The Journal of Corporate Citizenship and Asian Business and Management and is involved in research partnerships with leading organisations in Australia, including BP, Rio Tinto, Exxon Australia, The City of Melbourne, World Vision and BHP Billiton.

Director, Corporate Citizenship Research Unit, Faculty of Arts, Deakin University, 221 Burwood Highway, Melbourne, Victoria 3215 Australia
birdh@deakin.edu.au
In the last few years there has been a marked increase in interest in issues of corporate citizenship (see, for example, Logan et al. 1997; Tichy et al. 1997; Elkington 1997; Carroll 1998, 1999; Maignan and Ferrell 2000; McWilliams and Siegel 2001). More and more people, individuals and groups, are increasingly calling on business to be more economically, environmentally and socially sustainable; to be accountable and transparent; to be inclusive; to be ethical and more equitable. These are some of the key issues within the corporate citizenship discussions as they have developed since the 1940s, and which gained momentum again in the late 1990s and beyond. It is becoming clearer that the social (and environmental) has to be incorporated, not as an add-on to a company’s economic activities but as an essential, integral, more new-economics redefinition of that company, in order to better reflect the rapidly changing post-industrial economy we now find ourselves operating in (see Bell 1974, cited in Beasley and Evans 1978: 16; see also Birch and Glazebrook 2000a).

If we accept the premise that corporate citizenship can no longer be seen as discretionary (McIntosh et al. 1998: xxiv), what, then, is the extent to which Australian business engages with this premise? What, if any, are the levels of disclosure of information, transparency, inclusivity and accountability from Australian business? What, if any, are the more intangible social goals not generally associated with the core activities of business (see Johnson, 1979: 9)? To what extent does Australian business accept the hypothesis that business receives its licence to operate from society and ultimately should be accountable to society for what it does and how it does it (see Anshen 1980: 6; Piore 1995; Reder 1995; Sheikh 1996; Handy 1997; Turner and Crawford 1998). And, following on from that, to what extent does Australian business embed this hypothesis into its core business activities? Is Australian business radically transforming itself to meet its social, environmental and financial obligations? To what extent is Australian business defining corporate citizenship in holistic terms?

Corporate citizenship in Australia

Research on corporate citizenship in Australia is growing on a number of fronts with an increasing number of players getting involved: academic, business, government, NGOs (non-governmental organisations) and consultancies.¹

But there remains considerable confusion about what exactly constitutes corporate citizenship. For example, as expressed in the mainstream media in Australia, corporate citizenship is generally defined as corporate philanthropy: a means by which a company ‘earns’ its licence to operate in a community by virtue of its ‘good deeds’. This is a limiting and limited view of corporate citizenship, and so a survey of corporate Australia was designed by the Corporate Citizenship Research Unit, Deakin University,² to explore three main areas:


The research was generously funded by World Vision and The City of Melbourne, with airfares provided by Ansett. The Australian Institute of Company Directors joined the research at a later stage and funded the analysis, which was overseen by Professor Jonathan Batten. The Corporate Citizenship Research Unit acknowledges the strong support of this research by these four organisations.
- **Part one:** the extent to which a company understands the main terms used within corporate citizenship

- **Part two:** the extent to which a company has incorporated the main terms and themes of corporate citizenship into its corporate culture and core business

- **Part three:** the extent to which a company has developed strategic thinking and practices with respect to strategic corporate citizenship and its involvement with the community

The research involved 98 companies from an initial database of 200 selected randomly from the top 500 companies in Australia. This was a considerable response given the level of survey fatigue currently in place in the Australian corporate world. Seventy-eight companies also responded, declining to take part or indicating that it was company policy not to return surveys.

The sample was dominated by listed public companies whose shares trade on the Australian Stock Exchange or were local subsidiaries of foreign publicly listed companies. Of all the companies, 48% were Australian listed companies and 18% were foreign listed companies. The remaining unlisted companies were either private Australian owned companies or private foreign-owned companies.

### Part one: understanding corporate citizenship

Part one of the survey asked five questions, all designed to elicit information about the way a company or organisation understood the main terms used within corporate citizenship.

The following statement was included at the opening of the first section of the survey:

> In the first part of this survey we are looking to see how your company/organisation uses (if at all) the phrases 'corporate citizen'; 'corporate citizenship'; 'corporate social responsibility'; 'corporate environmental responsibility'; 'the triple bottom line'; and 'stakeholder relations'.

Most respondents defined 'corporate citizenship' in terms of the community activities of the company (46% of all companies) and felt that it did not include the core products or services (82% of all companies) or the way in which the company was organised or run (63% of all companies). Thus it is not surprising that respondents also perceived 'corporate social responsibility' to specifically exclude the core products or services of the company (92% of all companies), while more defined corporate citizenship in terms of their community activities (65%) but not in the way in which the company is run (74% of all companies).

Corporate environmental responsibility was also excluded from core products or services of the business (71% of all companies), community activities (63% of all companies) or the way in which the company was run (68% of all companies). Triple bottom line was excluded from core products or services of the business (91% of all companies), community activities (84% of all companies) or the way in which the company was run (88% of all companies). Out of the sample, 47% did not link the concept of stakeholders when thinking about their core business; 44% did not link this concept when thinking about community activities and 77% did not use it when thinking about the way their company/organisation is run.

Overall these results suggest that, in the business world in Australia, these issues are still seen very firmly within the framework of community activities and not so much as core business or the way in which the company is organised and run.
Corporate citizenship as a term in use in business has much less currency than corporate social responsibility and corporate environmental responsibility, and there is clearly much more confidence (and probably familiarity) with the idea of stakeholder relations informing the business, while the concept of the triple bottom line has still got some ground to make up if it is to be widely accepted in the business world. Clearly, for many companies, none of these concepts is considered central to their core business and to the way the company is organised and run.

Part two: incorporating corporate citizenship

Part two of the survey asked nine questions, each designed to elicit information on the extent to which a company has incorporated the main terms and themes of corporate citizenship into its corporate culture and core business. At the head of this section we included the following statement:

In this section we are interested in the extent to which corporate citizenship may (or may not) be a part of your company/organisation's culture at this point in time.

Question 1 sought information on a company's ethos: whether that was primarily shareholder- or stakeholder-driven, or a balance between the two.

On the issue of what best reflected a company's ethos—shareholders, stakeholders, the environment or a balance of some or all of these—only 10% of the respondents considered that shareholders' interests were paramount as being the best reflection of their company's ethos at this time, while 39% considered that striving for a balance between all of their stakeholders, but placing a greater priority on the financial when necessary was paramount. Thirty-six per cent reported that their company always sought to strike a balance between all stakeholders, 13% that decisions are made according to contingencies as they arise, and only 5% reported that the company always thought about the environment before thinking of profit.

Given the long debates about the importance of the environment in Australia, and worldwide, over the last three decades, and the widespread assumption in the business world, at least, that environmental issues have been pretty well mainstreamed into corporate thinking, these results suggest that there is a long way to go before business prioritises the environment before profit. Though it is clear that the debate about shareholders versus stakeholders is taking hold, there is still some way to go before the Australian corporate world expands its thinking beyond the single financial bottom line (see Birch 2000). There are clearly challenges in doing so, and these results suggest the need to develop the debate in the corporate world about a triple bottom line of financial, social and environmental responsibility beyond comfortable rhetoric to a point where it becomes reality.

Questions 2–5 sought information on how individuals championing corporate citizenship and other related concerns such as corporate environmental responsibility and triple-bottom-line approaches would be viewed by the company.

On the issue of personal involvement in corporate citizenship-related issues in the company, 33% of respondents considered that championing 'corporate citizenship' would be a good career move; 40% believed it would be career-neutral; 5% thought it would be considered by others in the company as 'an interesting hobby'; only two companies thought it would be seen as 'idiosyncratic'; and only one company thought it would be seen as isolating individuals from the team.
Championing 'corporate social responsibility' produced very similar results. Thirty-two per cent of respondents thought it would be seen as a good career move; 43% that it would be career-neutral; 5% that it would be seen as an interesting hobby; one company thought it would be career suicide; and one company that it would be seen as idiosyncratic.

Championing 'corporate environmental responsibility' was reasonably similar. Forty per cent thought it would be a good career move to champion corporate environmental responsibility; 39% that it would be career-neutral; three companies thought that it would be seen as an interesting hobby; one company that it would be career suicide; and one company that it would be seen as idiosyncratic.

Championing 'corporate community investment' yielded similar responses. Thirty-eight per cent thought it would be a good career move; 39% that it would be career-neutral; two companies thought that it would be career suicide; and three companies that it would be seen as an interesting hobby.

It seems clear from these responses that business priorities for approximately 60% of the respondents, with respect to developing career moves in a company/organisation, rest elsewhere and not in championing corporate citizenship, corporate social responsibility, corporate environmental responsibility or corporate community investment. While approximately 40% of respondents see developments in this area as a potentially good career move, it would seem that there is still some way to go in Australia before these issues become integral to the way people think about their career, and what they do in their business to advance that career. The overall conclusion would probably be that these issues are yet to be fully mainstreamed in Australian business.

**Question 6 sought information on where a company considered itself (and its industry) now and in five years’ time with respect to its standing in corporate citizenship-related policies and practices.**

Only 8% of the sample considered themselves, as individual companies, to be industry leaders in corporate citizenship issues, although 17% were willing to be considered as role models. Thirty-six per cent also thought that they could be considered as benchmark practitioners, while 28% considered they were performing below average in this area right now. How much of this thinking is aspirational would need to be tested by detailed research in each of these companies, but it is interesting to see that a company’s perception of itself in this area tends not to reflect the results earlier on in the survey which sees little integration of corporate citizenship with core business and profitability within the companies. Given the emphasis on corporate community activity as an expression of corporate citizenship so far in the responses, these perceptions of industry standing would seem to say more about how companies see their community activities rather than their mainstreaming of corporate citizenship, and social and environmental responsibility into their corporate cultures and day-to-day business activities. The link seems not to have been made between the social and environmental and the financial, and this presents a significant challenge for the future (see Birch 2001c).

More companies, however, were willing to see themselves as industry leaders in five years’ time; the 8% who considered themselves leaders now, jumped to 28%—an excellent sign that companies in Australia are at least thinking about where they would like to be with respect to corporate citizenship in the future. Similarly, 38% see their performance in five years as industry role models and 14% see themselves as benchmark practitioners in five years.

The perceptions about industry (not specifically Australian) overall in this area were more optimistic: 19% of respondents suggested that industry is currently leading the way. Forty-three per cent suggested that industry was a good role model already; 19% suggested that industry was already a benchmark practitioner; while 6% considered its
current performance as below average. These results suggest that there is a sense in
Australian business that their industries, as reflected worldwide, are performing better
in corporate citizenship issues than Australian ones. This may not be the case, of course,
and further research, benchmarking Australian industry against the world, would be
valuable here.

This sense of Australian business ‘lagging behind the rest of the world’ was confirmed
in the survey; only 2% suggested that Australian industry (as distinct from individual
companies) was currently leading the way in corporate citizenship issues. Only 5% considered
Australian industry as role models in the area, while 28% more optimistically
considered Australian industry to be performing reasonably well as benchmark practi-
tioners. A considerable proportion of respondents (53%) rated Australian industry as
performing below average in this area, while 12% were not prepared to commit them-
selves on this.

Question 7 asked respondents to give an example justifying their positioning of their
corporate citizenship practices as either an industry leader, a role model or a benchmark practitioner.

Sixty-eight companies (67% of the sample) responded with specific examples to support
their perceptions of their own company and Australian industry as leaders, role models
and benchmark practitioners now and in five years’ time. Thirty-two per cent of the
respondents cited community activities (including sponsorships, funding charities, etc.)
as the principal support for their perceptions of their standing in corporate citizenship
now and in the future. Twenty-one per cent cited their environmental programmes and
activities; only 8% referred to their internal programmes of change; 4% cited finance
and profitability; and only one company mentioned ethics. Again, the results clearly
signal that current thinking on corporate citizenship issues in Australian business is
very firmly located with the idea of activity, either community or environmental. There
remains a great deal to do to enable business to think of corporate citizenship as
something that drives all of their business.

Question 8 asked companies to indicate how ‘happy’ they were with their current
development of corporate citizenship.

Most companies in the survey seemed reasonably comfortable about their company’s
corporate citizenship strategies; only one company chose the ‘unhappiest’
option as an expression of where it saw itself now. Nine per cent were reasonably
unhappy; 23% chose the middle ground on this; the largest proportion (43%) were
reasonably happy; and 15% the happiest of all. Given that corporate citizenship is being
defined by most of the respondents in this survey as an expression, for the most part,
of their community and environmental activities, generally as something separate from,
or at least distanced from, their core business and way of running the company, these
results suggest that most companies see the issues of corporate citizenship in reasonably
comfortable ways. However, if social and environmental responsibilities were position-
ted as part of the core business, central to the way the company is run and managed
and linked fully to the financial bottom line and issues of profitability, which this survey
has clearly demonstrated is not the case, then perhaps these comfort zones might not
be reported in quite such positive ways as they are here.

Question 9 sought information on who was considered the most important person or
group driving a corporate citizenship agenda within the company or organisation.

Sixteen per cent considered that it was the employees themselves; 15% thought it to be
the board; 23% said it was their management; while 33% considered it to be the CEO.
Eight per cent said the community drove the agenda in their company; 5% considered
it to be external stakeholders; and 4% thought it to be government. Only one company reported that it was driven by the union. Clearly, most respondents thought that the most important person and/or groups driving the corporate citizenship agenda were the board of directors, the CEO and senior management. These three groups were perceived to set about 60% of the agenda while other groups such as employees, unions, external stakeholders, the community and government set the remaining 40%. That is, the agenda was internally driven 'top-down' rather than from an external grass-roots level or internally 'bottom-up', and was therefore seen to be dependent on the vision of senior management.

The final part of the survey was concerned with corporate/community involvement and the full details of this section are available in Birch and Batten 2001. Overall, the findings in this section were that there is considerable hesitation in funding long-term community involvement; more are prepared to commit to a short-term charity spend. If corporate citizenship is interpreted, as it clearly is in this survey, as predominantly about corporate community activities and investment, those activities and investments are evidently only short-term for most companies. There is also a clear concern about funding programmes that involve a redirection of staff away from core business activity, either in pro bono work, in-kind contributions or executive loans, and a nervousness, perhaps, about committing to matched giving programmes where the outlay will not be known in advance unless the company sets a limit. What these results suggest is that the majority of support for community investment seems to rest with those familiar external activities that companies tend to react to on a short-term basis, rather than those sorts of programme that require a company to be more internally proactive, often with a commitment of resources, both internally and externally, beyond the traditional community spend.

**Embedding corporate citizenship into core business**

The common view among the respondents in this survey is that corporate citizenship embodies community involvement, to a much larger extent than it does internal organisation and core business activities. Twenty-four per cent of the respondents, for example, positioned community expectations, changing social values and building good community/stakeholder relations as a key driver influencing their company’s decisions on corporate citizenship. Twenty-one per cent indicated that the impact on the financial bottom line was central, especially as it impacted on core business, products and services, customer/client satisfaction and corporate reputation. Six per cent considered employee satisfaction and internal organisation and management as a key issue; only three companies cited environmental issues; one company cited ethics; one organisation transparency; and one company legislative compliance.

It is clear from these individual company responses that there is a strong awareness of some of the key drivers in the corporate citizenship debate, but the emphasis is still clearly on community activities and the need to justify such corporate citizenship activities against a single financial bottom line.

For example, 39% of the sample reported that corporate citizenship within their individual company was largely understood in terms of financial and other support to community groups. Twenty-five per cent reported that corporate citizenship was largely understood in terms of its embeddedness in the company’s business practices. Twenty-one per cent reported that it was largely understood as a means to improve the company’s business performance and 12% that it was largely understood in terms of the company’s
compliance with regulations. Clearly, detailed follow-up research would be needed to assess the accuracy of this self-reporting. The response on embeddedness into core business, for example, is not really supported in some of the responses to other questions, and is perhaps more aspirational, or simply reflects a narrow definition of corporate citizenship and community activity.

For example, 11% of the sample felt that the impact on people inside the company would be felt most in typical everyday working decisions. Eighteen per cent felt that most impact would fall on people outside the company; 5% felt that the impact on the environment inside the company was the key factor; while only 5% felt that the impact on the natural environment would be greatest. Forty-eight per cent of the respondents positioned the impact on profit performance as central in this, while 19% felt that image and brand concerns would have the most impact on the everyday working decisions in their company.

Yet again the survey demonstrates a very significant reporting of the marginal role that the natural environment plays in decision-making, with a very strong focus on a single financial bottom line. Corporate Australia clearly does not have the confidence to be able to translate its positive aspirations about corporate citizenship into daily business practice. Financial, social and environmental responsibility are clearly issues well understood by the majority of the respondents in this survey, but not necessarily as an integrated, ‘joined-up’, bottom line (see Birch 2000).

Conclusions

The main findings for corporate Australia, while recognising that some individual companies have developed significant corporate citizenship profiles, are as follows:

- Corporate citizenship is seen by most companies in Australia as generally synonymous with corporate community activity, and is not perceived as being embedded in the mainstream core business policies and practices of a company, or in the way in which the company is organised and run.

- Corporate citizenship is generally seen as a short-term community involvement, and a more favoured term for describing this activity was corporate social responsibility. There is clearly more understanding and familiarity of the concept of stakeholder relations, although, like corporate citizenship, corporate social responsibility, corporate environmental responsibility and the triple bottom line, stakeholder relations are not considered by a significant proportion of the companies to be central to their core business or to the way the company is organised and run. This applies even to their community activities, despite the fact that most companies report that they strive to seek a balance between shareholders and stakeholders in their company ethos.

- Corporate citizenship tended not to be mainstreamed with environmental issues in most company cultures and, overall, environmental issues played a much more marginal role in a company’s understanding of corporate citizenship than did community involvement, of one sort or another, thus signalling that there is little ownership of these issues embedded at all levels.

- Environmental issues were not seen as core to most companies’ culture; few companies were prepared to risk affecting the financial bottom line in favour of the natural environment or, indeed, the environment within the company itself.
Corporate citizenship, as a concept understood to be mostly about community activities, is considered by corporate Australia to be important, but there is a strong sense that Australia is lagging behind other countries.

Corporate citizenship, for the most part, was seen to be a top-down process, from the board, the CEO or management, with only a marginal perception that individuals within a company could drive the agenda.

Overall, the agenda of corporate citizenship was seen to be one that always had to answer to the financial bottom line. There was little sense of the mainstreaming of a triple-bottom-line philosophy within companies, despite there being a generally wide acceptance of the need to include social (understood rather narrowly as community activities) and environmental issues on a company’s agenda; but not if this threatened the financial bottom line. Business priorities for many companies in Australia clearly rest elsewhere and not in mainstreaming corporate citizenship, despite the willingness to engage with the ideas and rhetoric.

The centrality of measuring everything against profitability and a financial bottom line was a repeated theme throughout the survey. There was little understanding of how to make a triple-bottom-line approach work.

Overall, there was considerable hesitation in positioning corporate citizenship as a proactive, long-term, internal corporate culture process. The emphasis throughout the survey was generally on short-term community activities. The development of long-term business–community partnerships, with charities, NGOs or other organisations, for example, was not high on the agenda of most of the companies surveyed.

While there is clearly a general commitment to corporate citizenship as expressed in short-term corporate community investment and involvement, this is not, at the moment in corporate Australia, generally managed in a disciplined, transparent and accountable way. The level of public availability of company policies and procedures for community investment, for example, is not high, and the level of published accounts and evaluations very low.

While there is clearly a willingness to engage in corporate citizenship, much of it is aspirational and not actually embedded in company policy or practice, even when narrowly interpreted as short-term community activities.

It is clear from these results that significant links have yet to be made by corporate Australia to make the financial, social and environmental bottom lines connect and not only to inform core business, at every level, but also to determine how a company is organised and run. How different this is from business anywhere else in the world would be an interesting study. I suspect we would see little difference if this survey were run anywhere else in the world, with some individual companies, as in Australia, perhaps standing out as exceptions to the majority.

Future directions

Corporate citizenship, as a significant way of rethinking business (see Moon 1993; Marsden and Andriof 1998; Birch 1999), still has a long way to go. Peter Schwartz and Blair Gibb argue, for example, that a company’s goal has to be ‘in the end, not discovery of a model of social responsibility, but development of a process that will create its own living understanding of its place in the wider world’ (Schwartz and Gibb 1999: 82). But,
as Neil Chamberlain pointed out in 1982, 'to pretend that social purpose can simply be
grafted onto the existing corporate organisation is an illusion and an evasion' (Chamber-
lain 1982: 12); it requires systemic, holistic, cultural change. It is the general absence of
that systemic holistic change that still marks out the majority of companies in Australia
(and probably elsewhere too).

Having said that, though, these results do demonstrate the commitment of corporate
Australia, so far, to an understanding of corporate citizenship as community-oriented
involvement, investment and activity, with significant aspirations towards more long-
term corporate citizenship connected to core business and long-term corporate culture.
The difficulty facing business in Australia now is not whether or not they should be
involved in community-oriented corporate citizenship, nor even, for the most part,
whether they should be looking for deeper corporate citizenship roots in their core
business activities and strategic thinking, but how to demonstrate that commitment
through actions that make business sense, that can be argued through a business case
and that can be evaluated and measured within the context of growing business in
sustainable ways in the future. What we need to put in place is the vocabulary, indicators
and measures that will allow business to do that.

David Korten challenges business, uncompromisingly, by asking:

If our concern is for a sustainable human well being for all people, then we must pene-
trate the economic myths embedded in our culture by the prophets of illusion, free
ourselves of our obsession with growth, and dramatically restructure economic relation-
ships to focus on two priorities:

1. Balance human uses of the environment with the regenerative capacities of the
ecosystem, and

2. Allocate available natural capital in ways that ensure that all people have the oppor-
tunity to fulfill their physical needs adequately and to pursue their full social, cultural,
intellectual and spiritual development (Korten 1995: 50).

Therefore, rethinking business strategy along these lines requires a change in the cul-
ture of an organisation but it also opens up 'new opportunities to reassess other aspects
of business' (Welford 1995: 77). The challenge is to establish a corporate culture 'consis-
tent with the concept of sustainable development' (Welford 1995: 114). What is needed,
Welford and others argue, in order to achieve objectives such as this is to work much
'smarter' and to think more systemically than perhaps we have done before. What we
have seen in this survey is that, for the most part, Australian business is not engaging
very well with this. The challenge seems to be how individual aspiration for change can
actually be translated into institutional change. This is the challenge of corporate citi-
zenship in the future and a major lesson to be drawn from this survey, both in Australia
and beyond.

Will Hutton argues persuasively, for example, that an imperative for sustainability
and, therefore, effective, holistic, corporate citizenship, 'must be to build a free moral,
socially cohesive society based on universal membership, social inclusion and organised
around the market economy' (Hutton 1999: 88). Society, therefore, at least Western
developed society, can no longer be considered in unitary terms; it needs to be under-
stood as pluralistic (Drucker 1993: 51), not only in its current make-up but also in its
expectations. But, as Charles Fombrun suggests, moral principles alone constitute a
relatively fragile defence for encouraging corporate social responsibility, and he pro-
poses that 'the argument for corporate citizenship is significantly strengthened when
buttressed by two additional structural pillars, social integration and the long term sus-
tainability of the business enterprise' (Fombrun 1997: 35). Social integration and long-
term sustainability, in Fombrun's terms, cannot happen without serious redefinitions
of some of the key defining imperatives of contemporary Western society. That is really
the long-term challenge for the corporate world.
References


