Trust and Values in Australia

Chapter 6

Trust, Values and Transactive / Interactive Corporate Citizenship in Australia

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Trust

In the April 2004 Grey/Worldwide/Sweeney research *Eye on Australia* study of the aspirations and attitudes of Australian consumers it was found that 84% of Australians think that companies put profit before anything else and 83% considered companies to be greedy. Set against this, 85% of Australians in this same study consider a company to be successful if it gives back to the community through some aspect of corporate citizenship and 76% define corporate ethics as caring for local communities.

The emphasis in this survey was on understanding corporate citizenship as community marketing, and this in turn tends to be understood as corporate sponsorship of community activities and initiatives and corporate philanthropy involving mostly charitable giving of one sort or another (Lloyd, 2004:62). The difficulty here is that while trust in a company may increase with the growing perception that a company is 'giving' back to the community, companies within Australia, and elsewhere, are moving further and further away from non-accountable, non-strategic philanthropy, to a position that seeks to better understand the business value of any investment in the community and a measurable outcome of any social investment of this kind. (Roberts, 2004:102).

There is still very firmly a ‘them and us’ culture in Australia (and worldwide), between civil society, generally, and business. This was demonstrated most recently with the findings of two worldwide surveys conducted for the World Economic Forum in 2002, which questioned 36,000 people in 36 countries (Edelman, 2003)

Big companies, together with legislatures and parliaments, are the least trusted entities in the world, while NGOs are the most trusted. As Karen Armstrong pointed out in the WEF Annual Meeting in 2003 which received this report, ‘Building trust, respecting differences and valuing one another, i.e. learning

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1 see [http://www.weforum.org/site/homepublic.nsf/Content/25F2FF3F84CC622AC1256C9](http://www.weforum.org/site/homepublic.nsf/Content/25F2FF3F84CC622AC1256C9)
the art of pluralism, is no longer just a "nice idea", but essential to survival. Noted sociologist Anthony Giddens at this same meeting made the important distinction between active and passive trust, saying that 'Passive trust is built on traditional expectations, while active trust must be earned over time. Trust', he said, 'particularly active trust, can be destroyed in a heartbeat and might never be recaptured. A single incident could result in an irreversible, downward spiral.' (ibid). It is the lack of this active trust in business that is clearly being signaled in the sort of results emerging from surveys right now on this issue.

Trust and Corporate Citizenship

Dexter Dunphy, a leading Australian analyst of business and sustainability tells the story in Organizational Change for Corporate Sustainability of a distinguished European Professor (Leo Buscaglia) who, when often asked for the title of a talk that other management and business academics had invited him to deliver, would, more often than not, be greeted with embarrassed silence when he would simply say, "Love" (Dunphy et al, 2003:271). As Dunphy points out 'Love is the matrix from which community is born...without empathy, caring, compassion, respect, tolerance and love, organizations cease to be communities, trust dissolves and all relationships become calculative.' (p272).

But it is not a term that sits easily with mainstream discourse on business and management. Yet, as Malcolm McIntosh, founding editor of The Journal of Corporate Citizenship, makes clear, the complexity of modern business, and 'the challenges and opportunities that are inherent in the development of corporations as socially and environmentally responsible "citizens" at the beginning of the twenty-first century' (McIntosh, 2003:123), demands that companies, as highly complex organizations, require 'an infinite variety of views, which have these characteristics: awe, love, faith and beauty' (p123) all of which he asserts require 'trust'.

How much of this sort of talk, you might ask, lies at the base of the curricula in Universities and management schools around the world? Are we really teaching our future business leaders about 'love' and 'awe'? Well, we're not. But we are increasingly recognizing the need to position 'trust' at the heart of good business and good business/community relations. As we become more aware of the complexities involved in developing a new economics thinking which positions people, rather than just money or commodities at the heart of globalising economies, we need to recognise, as Simon Zadek makes clear in The Civil Corporation, that 'the era of bottomless trust (has) come to a precipitous and painful end.' (Zadek, 2001:41). Few of us, worldwide, now position business very highly in any ranking scales that ask about 'trust'.

Yet, as Zadek rightly points out, 'Corporate social and environmental performance in the New Economy depends on what people really think about

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2 http://www.weforum.org/site/knowledgenavigator.nsf/ContentID483CB6505364930C; see also WEF, 2003.
business, and what is really important to them.’ (p42). That being the case then we clearly need to do something about it.

Trust is about people – reputation is about organizations. But, as Zadek points out, trust ‘is a complicated and volatile substance.’ (p50). As more and more in business recognize its importance, they are also increasingly recognizing that to generate, build, and more importantly, to sustain trust they need to radically rethink the rationale of business society relationships. Getting this rethinking onto the agenda lies at the heart of the corporate citizenship push in the last few years (see Birch, 2003).

‘Trust’, as Zadek says, ‘is deeply rooted in people’s values, visions and personal experiences. At the same time it is fluid, moulded both deliberately and organically by the complex interactions of people’s internal and external worlds. At one level it can provide a stable basis on which to build long-term relationships, shared values, and pursue common aims for mutual benefit’ (Zadek, 2001:203). All of which are central tenets of contemporary corporate citizenship. But, he warns, ‘At another level, trust can be an unstable cocktail of fact and fiction, of utopian desire and pathological hopelessness.’ (p203). Such a cocktail defines quite succinctly, a lot of the media commentary, corporate reputation/responsibility indices and debate about the role of business and business/society relations that has been taking place in Australia in recent years.

Values

If the surveys are right, there is clearly a major erosion of trust in business taking place, and with that, a clear perception that effective translation of corporate values and mission statements on social and environmental responsibilities is not perceived by many people to be happening. The route to rebuilding that trust, the WEF recommends, requires:

- **Establishing accountability.** Who is responsible, what are they responsible for and what are the consequences if the rules are violated?
- **Increasing corporate transparency.** This entails a true dialogue with a range of stakeholder groups and a serious effort on the part of business leaders to listen and learn.
- **Revisiting corporate values and values statements.** This requires corporate values that are, at least to some extent, externally driven and responsive to a range of stakeholder communities.
- **Recovery and economic growth** are probably necessary, but not sufficient conditions for the rebuilding of trust.

But this is not going to be easy outside of business when, in a 2003 survey on employee trust and corporate credibility, only 55% of those surveyed inside
business said that they actually trusted their corporate employers.\(^3\)

So, in consequences of surveys like this, many CEOs worldwide are now positioning values as an essential basis for building trust (Elkington, 2003). In line with this, a recent white paper was developed in late 2003 in America by The Public Relations Coalition, entitled *Restoring Trust in Business: Models for Action*, which calls for companies to adopt ethical principles; to pursue transparency and disclosure in everything they do and to make trust a fundamental precept of corporate governance (PR Coalition, 2003). As Kofi Anan made clear at the time this report appeared, ‘global citizenship, based on trust and a sense of shared responsibility, is a crucial pillar of progress’ in an age of inter-dependence.\(^4\)

But while some of the bigger NGOs in Australia are making major moves towards meeting the more business like demands of their corporate sponsors/partners, others find it much more difficult, given the amount of time and resources (which they don’t have) that needs to be committed to doing this. As Elizabeth Cham, National Director of Philanthropy Australia makes clear ‘There are ways of measuring social outcomes, but most not-for-profits wouldn’t have a clue how to do it. The business community has to accept that the way we value social outcomes is different to the way you might value a business. Most not-for-profits run on the smell of an oily rag, because the thing that keeps the whole thing going is our passion and commitment, and how do you measure that?’ (Roberts, 2004:103).

Valuing social outcomes is central to the developments in corporate citizenship in recent years, and while it is often thought that developments in Australia have been slower than in other parts of the world, there are some very effective moves being made by many in the Australian business, not-for-profit and Public sectors.

This chapter looks at two of these moves in some detail: The United Nations Global Compact and the developments by the City of Melbourne and the Committee for Melbourne in positioning Melbourne as the first city in the world to engage with the Compact, and a business community partnership which has developed between ANZ (one of Australia’s largest banking groups) and The Brotherhood of St Laurence, Berry Street Victoria and The Benevolent Society of New South Wales in an asset building/financial literacies program call “Saver Plus”.

The Corporate Citizenship Context in Australia

A survey of 115 companies in Australia, commissioned by the Prime Minister’s Business Community Partnership and conducted by the Centre for Corporate Public Affairs in 1999/2000, in association with the Business Council of Australia, indicated that for many companies in Australia corporate citizenship was generally

\(^3\) see http://www.imakenews.com/eletra/mod_print_view.cfm?this_id+122536&u
\(^4\) see http://optimizemag.com/issue/013/othervisions
realised through sponsorship, cause related marketing, business/community partnerships, matched giving schemes, volunteering and pro bono work. Most of these activities and initiatives are perhaps best understood as *transactive corporative citizenship* which, for the most part, have little, or no, effect on changing long term corporate culture, or long term community capacity building (see *Corporate Community Involvement*, 2000). Some, like long term business community partnerships, are better understood as *interactive corporate citizenship*, where *mutuality* amongst partners is the driver of cultural change.

In a further study which surveyed the top 200 companies in Australia in 2000 (see Batten & Birch, forthcoming 2004) most companies defined “corporate citizenship” in terms of the community activities of the firm (56% of all companies) but reported that it did not include the core products or services (82% of all companies) or the way in which the firm was organised or run (63% of all companies). While corporate citizenship was generally perceived to include community activities, community activities were generally not perceived to be a “responsibility” for the firm (54% of all companies) (see also Moon, 1995).

Overall these results suggested a very narrow view of corporate citizenship largely directed to voluntary community activities. It appeared that the business world in Australia was presenting a picture which showed that corporate citizenship was not really seen as core business or the way in which the company is organized and run.

The common view expressed in this survey, then, was that corporate citizenship embodies community involvement, to a much larger extent than it does internal organization and core business activities. Just over half of the companies, for example, had formal procedures for managing community investments (52%) and only 40% had specific policies for community strategies, and of those companies that did have policies, only 68% of them had this information publicly available, and only 51% of the companies formally review and evaluate their community investments over time. This would not be the case if corporate citizenship was considered core business for all of these companies.

What also emerged in particular in this survey was a considerable nervousness in funding long-term community involvement with business/community partnerships attracting only marginal support from a little over 20% of the companies. More are prepared to commit to a short term charity spend, and only 50% or so are prepared to sponsor the Arts, Education and sports. If corporate citizenship is interpreted, as it clearly was in this survey, as predominantly about corporate community activities and investment, those activities and investments are clearly short term only for most companies.

There is also a clear concern about funding programs which involve a redirection of staff away from core business activity, either in pro bono work, in-kind contributions, executive loans and a nervousness, perhaps, about committing to matched giving programs where the outlay will not be known in advance unless the company sets a limit. What these results suggested, and this is borne out in the findings of the earlier survey cited above (*Corporate Community Involvement Report*, 2000), is that the majority of support for the realisation of corporate citizenship seems to rest with those familiar external, *transactive*, activities which companies tend to react to on a short term basis, rather than those sorts of *interactive* programs which
require a company to be more internally proactive, often with a commitment of resources, both internally and externally, beyond the traditional community spend.

Overall, then, in these two surveys, there was considerable hesitation in positioning corporate citizenship as a proactive/interactive, long term, internal corporate cultural process which would better position a company as demonstrably a public culture organisation (see Birch & Glazebrook, 2000).

In a more recent survey, conducted in 2004, a total of 820 companies either headquartered or operating in the State of Victoria in Australia were surveyed through analysis of their public domain materials (websites, annual reports etc) for their reporting of corporate citizenship related initiatives and activities (see Loza, 2004)

A total of 182 of these companies were determined to be active in corporate citizenship in the State of Victoria based on whether they were involved in four or more of the following initiatives:

- A stated commitment on commitment to the environment
- A stated commitment to corporate citizenship
- A stated commitment on diversity
- A stated commitment on positioning as an employer of first choice
- Community partnerships
- Community sponsorships
- Community/environmental reporting
- Corporate community Foundation
- Employee volunteering
- Environmental activities
- Fundraising
- In-kind donations
- Matched giving schemes
- Pro bono services
- Stakeholder identification/dialogue
- Winner/finalist in the Prime Minister’s Community Business awards

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<th>Corporate Citizenship Policy and/or Statement</th>
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<tr>
<td>Sponsorship</td>
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<td>In-kind Donations</td>
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<td>Matched Giving</td>
<td>21%</td>
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<td>Partnerships</td>
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<td>Pro Bono Services</td>
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<td>Employee Volunteering</td>
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<td>Fundraising</td>
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<td>Stakeholder Identification and Dialogue</td>
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<td>Diversity Policy/Program</td>
<td>48%</td>
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<td>A Community and/or Environment Report</td>
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<td>Environmental Policy</td>
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This simple breakdown indicates that while 76% of the corporate citizenship active companies in the State of Victoria have a clear commitment to corporate citizenship, by producing a stated commitment to corporate citizenship, the realisation of this statement is still predominantly enacted by sponsorships and in-kind donations, despite the developing international awareness that effective corporate citizenship goes well beyond philanthropy and sponsorship. This particular realisation of Corporate Citizenship through sponsorship and philanthropy is a transactive, generally short-term, initiative. But world-wide there is a growing understanding that the most effective Corporate Citizenship initiatives are interactive and longer-term.

These results of various surveys in the last few years, however, should not be seen as negatively as perhaps they first appear. A lot of very valuable, and longer-term, interactive corporate citizenship is taking place in Australia and in the rest of this chapter I will look at two specific examples of this longer-term corporate citizenship beginning with organisational engagement in Australia with the United Nations Global Compact and concluding with a detailed case study of interactive corporate citizenship in one very large banking group, the ANZ.

UN Global Compact in Australia

When the United Nation’s Secretary General Kofi Anan called for a Global Compact between business and society at the World Economic Forum in Davos in 1999, he did so, not as an official act of the United Nations, but as an individual calling for companies to adopt and implement nine core principles already promulgated by the United Nations and accepted by most of the countries in the world. The principles are:

1. Businesses are asked to support and respect the protection of international human rights within their sphere of influence and;
2. Make sure their own corporations are not complicit in human rights abuses;
3. Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation
7. Businesses are asked to support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly
A tenth principle has since been added (in 2004) which reads:

10. Business should work against corruption in all its forms, including extortion and bribery.

With these ten principles in mind, the Global Compact was developed as a voluntary Corporate Citizenship Initiative with two main objectives:

1) to mainstream the ten principles in business activities around the world and
2) to catalyse actions in support of United Nations’ goals.

As Sandra Waddock, General Editor of the *Journal of Corporate Citizenship* in a special issue dedicated to the United Nations Global Compact edited by Malcolm Macintosh, David Murphy and Rupesh Shah in 2003 points out in her editorial, ‘reactions in the public arena to the initiation of the Global Compact have ranged from kudos for using the UN’s moral authority and convening power to push business into principled and responsible actions with respect to human rights, labour and the natural environment, to charges of corporate “bluewashing” (wrapping companies’ actions in the blue United Nations’ flag without real substance behind them). The ‘truth’ as Waddock suggests ‘probably lies somewhere in between’ (Waddock, 2003: 3).

The voluntary nature of the Global Compact needs to be emphasised because it has no enforcement capability. It is dependent on the commitment of senior executives in a company to be willing to commit their business to an engagement with the principles of the United Nations Global Compact. As Waddock points out ‘the aspirations embedded in the Global Compact are important ones – that all human beings be treated with dignity and respect, that employees be granted certain rights no matter what their status within the enterprise, and that fundamentally businesses (as well as the rest of us) recognise the frugality of the ecological system on which our very breadth depends’ (Waddock, 2003: 3)

Kofi Anan, in his initial motivation behind establishing the Global Compact said, ‘let us choose to unite the power of markets with the authority of Universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.’ As such, ‘the Global Compact is an initiative to safe guard sustainable growth within the context of globalisation by promoting a core set of universal values which are fundamental to meeting the socio-economic needs of the world’s people, today and tomorrow. It is an effort to give a human face to the global market.’ (United Nations, 1999)

Extending beyond just business, the Global Compact in promoting the universal values that the United Nations was created to uphold ‘requires that all actors/governments, corporations, non governmental organisations and
international organisations – work with common purpose to ensure that these values are more than just fine words on obscure documents. By helping to protect and promote universal values, the private sector can help the United Nations make a persuasive case for the open global market. Therefore, advocating for a strong United Nations is in the interest of business and society at large.’ (United Nations, 1999)

Once an organisation engages with the United Nations Global Compact, what then do they have to do? They need to:

1. Issue a clear statement of support for the UN Global Compact and its principles, and to publicly advocate the Global Compact. This may include:

   - Informing employees, shareholders, customers and suppliers
   - Integrating the Global Compact and its principles into the corporate development and training programme
   - Incorporating the Global Compact principles in the company’s mission statement
   - Including the Global Compact commitment in the company’s annual report and other public documents
   - Issuing press releases to make the commitment public

2. Provide, once a year, a concrete example of progress made or lesson learnt in implementing the principles, for posting of the Global Compact website.

   In addition to these two basic actions, within the framework of the Global Compact, a company may wish to actively support the principles and broad United Nations goals by initiating and participating in projects in partnership with the United Nations. (Global Compact, 2001)

   Since its formal launch at the United Nations headquarters in July 2000, many hundreds of companies and organisations have become participants. These companies and organisations represent different sectors, industries, and come from all over the world but as the Global Compact office now based in New York points out ‘they have two features in common: they are all leaders; and they all aspire to manage global growth in a responsible manner but takes into consideration the interest and concerns of a broad spectrum of stakeholders – including employees, investors, customers, advisory groups, business partners and communities.’ (Global Compact, 2001) Overall, ‘the Global Compact was created to help organisations redefine their strategies and causes of actions so that all people can share the benefits of globalisation, not just a fortunate few.’ (Global Compact, 2001)

   It is far too early to say whether the Compact is achieving this very important aim but what is clear is that it is functioning as a significant global framework ‘to promote sustainable growth and good citizenship through committed and creative corporate leadership.’ (Global Compact, 2001)

Organisations who engage with a Global Compact are encouraged to do things differently and produce tangible results. The success of the Compact and of an individual organisation’s engagement with the Compact can only be measured by how effectively it provokes change and stimulates action. To do this, the Global
Compact has the following goals:

- To make the principles part of the strategic vision and operating practices of companies everywhere
- To provide and interactive and action oriented learning resource based on the experience of hundreds of companies to show case what works and what doesn’t
- To conduct at least one major Issue Dialogue a year that addresses a critical problem where business in partnership with NGOs and other relevant stakeholders can produce recommendations leading to meaningful change
- To ensure that business, United Nations agencies, labour, NGOs, Government and community groups work in partnership to develop and execute projects that further the principles, and are particular benefits to those most in need

As such companies and organisations are encouraged to participate so that they can:

- Demonstrate a position of leadership with regard to responsible citizenship
- To share experiences and learning’s with likeminded companies and organisations
- To build relationships with other companies, government bodies, labour, NGOs and international organisations
- To partner with United Nations agencies including the International Labour Organisation, the Office of the High Commission of Human Rights, The United Nations Environmental Program, and the United Nations Development Programs
- To maximise business opportunities by broadening the corporate vision to include the social dimensions and by implementing responsible management policies and practices
- To participate in results oriented Issue Dialogues related to the critical problems facing our world.

As Malcolm McIntosh has pointed out, the Global Compact is still new and there is a considerable amount of work yet to be done but he sees it working currently in three ways:

1. as a values based social partnership
2. as a global social network for supra-territorial conversation
3. a local or regional boundary breaking convening platform for meetings (McIntosh, 2003: 20)

As he points out, there are numerous case studies of organisations having engaged with one or more of the principles of the United Nations Global Compact, but he sees the opportunities as much greater than a simple show case of corporate citizenship activities by seeing ‘the Compact as a vehicle for greater and higher
quality multi disciplinary thinking and cross sectoral partnerships. Faced in this further process', he says, 'is based on the theory that in order to engage with the world we need to complement our current disaggregation of the world with a more integrated, co-ordinated and complex view of the relationship between people and planet.' (Macintosh, 2003: 20-21).

For fuller details of the Compact itself and the case studies of the activities and initiatives, the UN Global Compact website is a very valuable resource. (www.unglobalcompact.org).

The Melbourne Model for the UN Global Compact

In this chapter, I won't go into any further detail on Corporate engagement with the UN Global Compact because I want to focus on an initiative which began two or three years ago to position Melbourne as the first city in the world to engage with the UN Global Compact. This was successfully done in June 2001. Since then, a number of other cities around the world have followed what became known as the Melbourne Model and last year the Committee for Melbourne which initiated the first push for Melbourne to engage developed what is now known as the Global Compact Cities Program.

The Melbourne Model now part of a Global Compact Cities Pilot Program acknowledged by Kofi Anan as 'a very promising step towards solving intractable social, economic and environment urban issues within the context of the Global Compact and its principles' (Anan, 2004), proposes a simple framework that 'catalyses and combines the resources of government, business and civil society in order to find concrete solutions to seemingly intractable urban social, economically and environmental problems.' (Teller, 2003: 134) As David Teller who heads up the Global Compact Cities Program points out urbanisation which is rapidly increasing worldwide is 'exacerbating existing difficulties as well as creating new urban environmental, economic and social problems. Including poverty, personal safety, illiteracy, drugs, and land, air and water pollution, urban issues impact far beyond the geographical limits of the city itself and, in many cases, become more intractable the longer they are left partially or entirely unaddressed' (Teller, 2003: 134)

Cities are both dynamic and creative, 'as a focus of infrastructure, technology, political power, human resources and capital, they play vital and strategic role in the development of the community social, economic and environmental and cultural life. they are a crucible for the creation of negative societal phenomena while containing the ingredients with which to tackle the very issues they have created.' (Teller, 2003: 134) As David Teller points out the Cities Program, 'therefore aims to harness the implicit experience, knowledge and intellectual capital present in cities in order to develop solutions to overcome the challenges of urbanisation.' (Teller, 2003: 134)

The Cities program seeks to do this by enabling 'the efficient identification, qualification, quantification and development of projects and solutions around six main complex problems:
1. Based on shared language, experience, geography, culture and economy, cities have pre-developed and complex 'neural networks'. Significant time, effort and resources can be saved by tapping into these pre-existing networks to develop innovative solutions to urban issues.

2. many complex issues are already being addressed by government, business and civil society, either independently or on loose coalitions. An opportunity therefore exists to simply network and catalyse existing work for a given desired outcome

3. many urban issues are universal in their root causes, impact and ramifications. Therefore, solutions developed in one city can either be directly applied or adapted to other cities facing the same or similar issues.

4. hypothesis testing around an identified problem solution can be rapidly and effectively carried out in a discrete geographic urban area. Results can be compiled and the proposed solution can be altered as required until the optimal solution is developed.

5. the implementation of a proven solution can be more effectively controlled, monitors and perfected in a confined area.

6. the direct impacts of problems and their proposed solutions on government, business and civil society can be readily qualified and quantified in limited areas.

The overall aim is, therefore, to send 'a clear message from city leaders to their populations regarding their vision for a sustainable future and will illustrate a collective willingness to adhere to a set of fundamental values and principles over and beyond those stated and adhered to at a local and national level – the concept of global citizenship at its most constructive' (Teller, 2003: 135)

What then is the Melbourne Model?

First of all, it is designed as a mechanism to bring business, government and civil society together in order to coordinate their resources within narrowly defined and objective oriented projects.
Stakeholder engagement is absolutely crucial. They have to move an idea for a project to a positive outcome and the following steps to do this effectively form the Melbourne Model for cities engaging in the Global Compact.
The Melbourne Model

Aligned to this model are ten urban related social, economic, environmental and cultural value propositions known as the Melbourne Principles for sustainable cities. These are:

1. Provide a long-term vision for cities based on: sustainability; intergenerational, social, economic and political equity; and their individuality
2. achieve long term economic and social security
3. recognise the intrinsic value of biodiversity and natural ecosystems ad protect and restore them
4. enable communities to minimise their ecological footprint
5. build on the characteristics of ecosystems in the development and nurturing of
healthy and sustainable cities
6. recognise and build on the distinctive characteristics of cities, including their human and cultural values, history and natural systems
7. empower people and foster participation
8. expand and enable co-operative networks to work towards a common, sustainable future.
9. promote sustainable production and consumption, through appropriate use of environmentally sound technologies and effective demand management,
10. enable continual improvement, based on accountability, transparency and good governance.

These principles for sustainable cities emerged from a UNEP international workshop on building urban eco systems which was held in Melbourne with the finalised principles launched by the Lord mayor of Melbourne at the 2002 UN World Summit on Sustainable Development in Johannesburg and were then incorporated into Local Agenda 21 which is the international sustainable development implementation framework for local government.

The cities that follow this model and engage with the UN Global Compact then have two choices:

1. to adopt an existing project already running within the city and to place this project within a global compact international learning forum database set up for cities and run by Global Compact Headquarters in New York
2. To develop a new project according to the Melbourne Model which targets previously unaddressed or unsuccessfully addressed issues in the city.

For the second of these, the Melbourne Model suggests five criteria that the new project:

• Must be based around an issue that impacts directly on all of the following: business, government and civil society
• Where the problem can only be resolved efficiently and effectively by the involvement and implication of all three sectors
• Where the nature, scope and outcome of projects can be qualified or quantified, i.e. where the objectives of the projects are SMART (sustainable, measurable, achievable, realistic and timely)
• Where the project is unique
• Where conclusions/lessons/outcomes can be directly applied to and of immediate benefit to, first, the city of origin, and second, other cities facing similar issues.

Three projects are currently in place in Melbourne:

1. the Debt Spiral Prevention,
2. zero net emissions by 2020 Project
3. water campaign Project

The Debt Spiral Prevention Project acknowledges approximately 15% of customers are unable to pay their utilities bill each month. This then leads to an increasing debt spiral can lead into a poverty trap. The project therefore aims to ‘remove non payment of utility bills as a significant contributing factor to individuals falling first into the debt spiral and subsequently into the poverty trap.’ (Teller, 2003:139) The aim will therefore be to bring together the resources and expertise of utility companies, local government and NGOs in order to work through a sustainable solution for this project. The underlying principle in such a partnership is that individually these organisations may not be able to develop a successful solution to these problems but working together, they will be able to make a difference.

Zero net emission by 2020 aims to bring local government, commercial and residential interests together in order to shift mainstream business investment in building plants and power generation to a superior energy efficient design over the next twenty years.

The water campaign aims to improve the efficiency of water consumption, seek alternative water suppliers and to maximise opportunities for water recycling for the city of Melbourne. The aim is to bring together residential, industrial and commercial sectors of the municipality as well as the city council’s own operations, to set efficiency targets.

It is only when a project is considered to be successful and completed that it will then be placed on the Global Compact Cities Program database. Measuring the success of such a project will be done by using the Global Reporting Initiative Guidelines which have been adopted generally by the United Nations Global Compact as a means of measuring the successful outcomes of corporate citizenship, corporate citizenship and sustainability initiatives. (See www.globalreporting.org).

As David Teller points out, ‘a Cities Program of the United Nations Global Compact presents an opportunity to develop and share concrete and sustainable solutions to intractable economic, social and environmental urban problems. ‘This can be achieved ‘by harnessing, combining and focussing the inherent knowledge, energy, ideas and resources of business, government and civil society within an outcome oriented project framework.’ (Teller, 2003: 142)

Georg Kell, Executive Director of the Global Compact Office, formally launched the Global Compact Cities Program during the third international Global Compact Learning Forum held in Brazil in December, 2003 and a two year international pilot designed to test the effectiveness of the cities program in different socio-economic environments began running this year 2004 and is scheduled to completed in 2006. The Pilot includes the following cities: Melbourne, Porto Alegre (Brazil), Jamshedpur (India), Amman (Jordan); Tianjin (PRC), Nairobi (Kenya) and Chicago (USA).

Each of these cities are asked to engage with the Global Compact to identify a local neutral partner and conduct a project of benefit to their city using the Melbourne Model, project coordination and facilitation methodology. Each city
will determine the nature and scope of its own project and will communicate its results to the Cities Program International Secretariat. The committee for Melbourne has been appointed as this International Secretariat and is co-ordinated by David Teller, Deputy Director of the Committee for Melbourne. Jamshedpur became the latest city to engage the Global Compact in March 2004 joining the City of Melbourne, Porto Alegre, Nuremberg (Germany), Bath (United Kingdom) and San Francisco (the USA).

These are early days for the UN Global Compact Cities Program as indeed they are still early days for the UN Global Compact overall, but Australian engagement along the lines outlined above augurs very well for a serious long-term, more interactive engagement with corporate citizenships through cross-sector partnerships within Australia. A similar move is being made outside of the context of the UN Global Compact with respect to interactive partnerships by an increasing number of companies in Australia, and I outline below one such move between ANZ, The Brotherhood of St Laurence, Berry Street Victoria and the Benevolent Society of New South Wales as a positive example of this sort of development in Australia.

The ANZ “Saver Plus’ Partnership

ANZ is a leading provider of financial services in Australia and is committed to a more effective realisation of its corporate citizenship. ANZ, through its Group Community Relations program, entered into a Memorandum of Understanding in October 2002 with The Brotherhood of St Lawrence to pilot Australia’s first asset building program. The program uses matched savings as an incentive to assist low income earners to establish a savings habit. The Program that was developed as a result of this partnership is called “Saver Plus”. The partnership was then further developed with the introduction of Berry Street Victoria and The Benevolent Society of New South Wales, and separate Partnership Agreements were finalised in 2003.

The pilot demonstration model began in July 2003 and is scheduled to run initially until early 2005. The model is designed to assist low income earners establish a savings habit by encouraging them to reach a savings target over a period of up to eighteen months. For the purposes of the pilot program, the primary target group is parent/s with children who will be attending Secondary School in 2005 in three specific areas: Frankston, Shepparton and Campbelltown.

5 Australian organisations that have so far engaged with the UN Global Compact are: Allens Arthur Robinson; BHP Billiton; BP Australasia; City of Melbourne; Committee for Melbourne; Daimler Chrysler; Deloitte Touche Tohmatsu; Docklands Authority; FutureEye; Global Renewables; Jack & Robert Smorgon Families Foundation, ES Group Ventures, ES Group Trading; Methodist Ladies College; Monash University; National Australia Bank; Now for the Future; Reputation Qest; Rio Tinto Ltd; RMIT University; Ruyton Girls School; Shell Australia; The Ethical Investment Company of Australia; The University of Melbourne and Westpac.
An action learning research component for the Pilot Program has been established under the terms of a separate agreement between ANZ and RMIT University, in order to document and gather the learnings from the Pilot Program. In addition to this, research will involve a secondary target group for the learnings from the Pilot Program including agencies like government, policy makers, community groups, financial institutions and philanthropic organisations in order to assess and encourage their interest in asset building programs.

Parents are encouraged to save for an education-related product or service that will assist their child’s secondary schooling, for example, books, a computer or a school camp. Up to $1,000 of their savings can be matched ($2 for every $1 saved) subject to a number of conditions outlined in the Saver Plus Program Rules. Matching takes place at the end of the agreed savings period. During the savings period participants also take part in the Saver Plus Education Program implemented by a Relationship Manager appointed from the NGO partners for each of the three pilot areas.

A detailed Saver Plus Program Implementation process has been established to facilitate the meeting of these objectives, with a comprehensive range of documentation, like Program Rules; Role of the Relationship Manager; terms of reference for the Management Committee and the research program; an evaluation plan; sample letters; application forms and critical path diagrams for the various processes involved in implementing and evaluating the Program.

The Benefits of the Partnership and Saver Plus Program

ANZ cannot simply announce that it is a Bank with a human face and expect people, unfamiliar with, nervous about, or plainly distrustful of financial institutions, to come on board. As such, ANZ has committed a considerable amount of time, hard work and resources (in money and management time) to the development of this partnership. The commitment of the team within Group Community Relations cannot be underestimated or undervalued here given that the most significant value of this partnership and program has been the reduction of distrust between participants and ANZ. But none of the partners in this relationship could have achieved the value of this new initiative by themselves. As one participant reported, “When you are really short on money it is important to have a network of support from friends and family. You need to build up ‘social collateral’ as well as savings, by looking out for those who would look out for you when things get tough.”

Another participant in the Saver Plus program, in giving feedback to a Relationship Manager, makes it clear that the program is working, saying, “I like the program because it rewards effort. There are situations where you make an effort and get nothing back, and there are situations where you get a handout for no effort. This is the best of both worlds – you make an effort and you get the reward. I’m earning this, it’s not a handout.” Another made the point that “This program is just what I need. The big benefit for me won’t be the $2,000. It will be changing the way I handle money. That can last a lifetime.”
Comments like these are unlikely to have taken place if ANZ had simply launched a new 'product' by itself. The people participating in Saver Plus have been reached, and are clearly benefitting from the program. These participants would not have been reached so easily without the ability of the community partners to introduce them to ANZ. The effect of this is to reduce the level of distrust many low income earners may have for banks, or the fears they may have in opening a bank account. Why? Because the philosophy underpinning all of the NGO partners in this Program is one that enables each of the NGOs to relate to the target groups of the program in a way that perhaps business is unused to. They better understand, and so therefore are often better able to relate to, the people side of the participants in the target group.

That concept of a network of support is an important one, and while neither the NGO partners in this program, or ANZ itself, will be a substitute for that network of support of family and friends, together, they have been able to extend that network of support. To that end the partnership clearly adds value not only to the participants of the program, but also to each of the partnering organisations themselves. The partnership enables the partners to engage with their respective core business in new ways. At the same time the partnership contributes to, and builds up, social capital by extending the networks of support for program participants beyond simple philanthropy. The partnership enables a transaction (for example the matching of savings) to become a social interaction beyond program objectives. To that end the partnership fulfils a major criterion of such partnerships that - they make a difference.

For example, one Relationship Manager reports on a farming family who made an enquiry about Saver Plus:

*The husband had a phobia about leaving the house and has panic attacks when his wife is not with him. They don't leave the house much because it is just too hard. The wife can't leave her husband and has not driven on her own for a substantial number of years. When the wife rang about Saver Plus, I explained that the next step was to attend an information session (this is where she disclosed the family situation.) I told her I could send the information for her and her partner to read, but they would need to make a commitment to attend the Education programs (I explained the duration of the sessions). After explaining this she said that they would like to read the material and then make a decision on whether they could go any further. The information pack was sent at the end of December, with a further cover note with extra information about the program. Two weeks later I started getting some phone calls from the farmer. They had decided they are going to try and make this work, as they are really keen to participate in the program. [The wife] had a few questions in regards to the money plan. I explained the queries, and she said she would be in contact at a later date. Another phone call [was made] a few days later to book the first meeting time. I asked her what type of ideas had they come up with to attend the first meeting. She explained they were both coming; they were committed to this and were going to attend no matter how hard it was going to be. I told her to tell her partner I would have a coffee waiting for him when he arrived. The woman attended the meeting. I asked about her partner. She explained that their eldest son was in town and her partner decided he would be ok to stay at home with him. (This was also a rare arrangement). She explained it had been a very long time since she had driven on her own and away from her partner. She explained how*
weird it felt. She also needed to explain that her partner is now seeing a counsellor. They decided they need to work on his problems, as it was time. She feels attending the Education program is not going to be an issue, especially now they have made the first step towards a different family situation, with a different view to the future. She is looking forward to attending the programs.

The Relationship Manager then commented that, “This has just amazed me. This couple pushed themselves out of their comfort zone to become participants of the program.”

Without the partnership between ANZ and the NGO, it is unlikely that the outcomes would have been the same, because the end result is a joint partnership objective - not charity or philanthropy - it is the beginning of a journey of developing self-reliance in the family, and a way of both partners together making the sort of difference they might not have been able to achieve independently. Social capital is being built, therefore, as a result of the partnership, while at the same time meeting the program objectives.

Another story related by a Relationship Manager is worth the telling. A mother new to her community attended an information session. She seemed very condescending and non communicative at the start of the session. As the session progressed it seemed she had something against the bank and was quite negative. I sensed this and decided, as it was a small group, I would ask her her personal experiences of the banks. She started to talk about her experiences and hard luck she had had over the years. The rough exterior she was portraying was starting to crumble (this was obviously her personal coping mechanism). Everything had always been hard work for her; she had to push to make things happen. One example: the banks would tell her she couldn’t afford a home loan on her wage and she knew she could do it. She asked, ‘Will you do the same thing, will you tell me what I can and can’t save?’ I explained the personal money plan, and how it gives us a figure as to how much money you actually have left over to use for saving. She said, ‘...but what if you want to put away more than that and you know you can? You just go without something and find a way to do it.’ I explained that I would be saying that you could save as much as you feel comfortable with. We don’t want to make things harder financially for families, but if this is something you feel strongly comfortable with, then I will be going by what you are saying - this is your budget, your savings, your future. You know you better than anyone else. She was now at ease, sat back and listened to the rest of the session, showing a different persona. Throughout the session it became evident that another woman was living in the same community; she offered support to the [first] woman in regards to childcare and car-pooling to the Education Programs. They continued to talk about this after the session. The woman disclosed that herself and her family stick to themselves; they knew no one in the community and had no supports or family. ‘My kids go to school and come home; I go to work and come home’ That was their life. So now doors are opened and she has a connection with someone else in the community. At the first meeting, I was able to tell the woman that she had been accepted into the program. She could not thank me enough; she was so excited and knew this was going to help her family so much. The happiness on her face said it all...

So, through partnering with a caring NGO, with a professional Relationship
Manager, ANZ, without changing its core business, starts to live its stated values. Being able to do this through a partnership like this is a corporate culture change worth a fortune in reputational capital. Group Community Relations in ANZ recognised this from the very start by committing time, resources and effort into the initial development of the idea for the partnership; the project plan and its implementation; the mass of materials required for successfully launching the Pilot and the choice of, and negotiations with, the NGO partners. The amount of work involved in this should not be underestimated.

As one participant at an information session which repeatedly emphasised the need for developing a savings habit regularity and consistently, “...that is the hardest thing to do, to consistently put the money away. But I think with Saver Plus you feel you have to; you have someone watching over you and that will make you do it...and hopefully at the end of the program it will be easier to keep doing it...you would think that at the end of 12 months you would be in the habit of putting money aside regularly. My son is also going to learn from all of this; he will see me doing it and then he is going to learn to do the same.”

Learning is for all participants in a partnership, and from that learning, considerable value can be added for all - irrespective of the differences in respective core business. In fact, the very difference in core business is what can make a partnership really work best, as long as all parties recognise, and act upon, and treat with respect, the very different skill sets each has in their own organisation. The key to building long term cross sector partnerships is not to try to make each organisation like the other - but to work together - each with their different skills and core business.

Conclusion

Overall, then, corporate citizenship is well and truly on the agenda in Australia, but it is best understood at this stage as the beginning of a journey by most companies (with the exception perhaps of large multinational companies who have been thinking through corporate citizenship initiatives for some years now in many of their global operations including Australia), but increasingly many companies are recognising that this journey is no longer negotiable or a discretionary activity. The fact that transactive corporate citizenship is still the predominant realisation of the journey is, in itself, a positive beginning – everyone has to start somewhere, but increasingly longer-term interactive activities and initiatives which result in cultural change and the reduction of distrust and the rebuilding of positive trust between government, business and civil society, are gaining ground.

‘Trust’ is a key issue for building social capital and more sustainable societies and lies at the heart of effective interactive corporate citizenship but as we all know trust has to be earned. In the words of Anne Lawrence, when writing about the multinational company Royal Dutch/Shell, and the measures this company has taken to improve its social and environmental performance, earning this trust comes about ‘as the result of an ongoing process of making and keeping commitments.’ (Lawrence, 2002:194). It requires relationship building, and that in
turn requires knowledge and understanding from all parties involved in the relationship. It requires ‘empathy’, ‘respect’ and ‘tolerance’ – despite the urgency with which some advocacy NGOs drive the agenda for immediate, often Utopian, change. It requires cultural change on both sides. It requires the ability to listen, compromise and to be prepared for failures and disappointments. It requires taking risks. It requires dialogue, and ‘give and take on both sides’, and it requires willingness to face the demands of the surprises, which will inevitably come along.

At the same time it requires a willingness for all parties to understand and engage with the imperatives of an understanding of trust, which, in the words of Peter Block, ‘comes out of the experience of pursuing what is true.’ (Block, 1993:43)

But how we pursue what is ‘true’ is often radically different, as Francis Fukuyama made very clear in *Trust: The Social Virtues and the Creation of Prosperity* (1995). For Fukuyama, the sort of trust that he argues has developed more effectively in East Asian economies will be a better answer to sustainable economic success in the West.

Fukuyama’s ‘truth’, in this respect, is very much about economic self-interest – institutional and old economic, whereas Peter Block argues that truth is to be found within each of us as individuals. Its real value, he said, will rely on us learning to trust each other, given that not every individual’s inner truth will be the same, and unlike Fukuyama, there is no monolithic old economic value driving the new economy agenda. Block seeks to replace concepts like ‘self-interest’, ‘dependency’ and ‘control’, (all at the heart of the old economy thinking of Fukuyama, and others) with terms like ‘service’, ‘responsibility’ and ‘partnership’. These are exactly the new economy terms at the heart of contemporary corporate citizenship, and exactly at the heart of what constitutes the generation of trust between individuals, organizations and social sectors.

Despite our nervousness about using this sort of language, there is, as Malcolm McIntosh makes clear, ‘a close link between trust, truth and love’ (McIntosh, 2003b: 27). McIntosh argues that if we are to create a truly sustainable society, what he calls ‘a shared home for humanity’, for both ourselves and for future generations, we absolutely need to develop ‘trust in, love of and belief in, planet home’ (p27). Corporate citizenship argues that such a position is a non-negotiable, non-discretionary, position for all of us to take - business, government and civil society.

Block’s position is similar. ‘Our survival’, he says, ‘depends on our taking the idea of service to constituents and making it concrete in our governance systems.’ (p43). Such a service-based governance system will mean, he asserts, ‘the redistribution of power, privilege, purpose and wealth.’ (p43) Otherwise, ‘All the team building, improvement teams, and skills training in the world will not create service if the institutional questions of choice and equity never change.’(p43).

This is a challenge about building social capital. John Elkington, a leading commentator on sustainability and triple bottom line thinking, positions such social capital as an absolute necessity if we are to build a truly sustainable society. And goes further by stating that, ‘the degree of trust between a corporation
or an industry and their external stakeholders is likely to be a key factor determining their long-term sustainability.’ (Elkington, 1998: 85). ‘Distrust in a society’, Elkington argues, ‘imposes a kind of tax on all forms of economic activity, a tax that high-trust societies do not have to pay.’ (p85)

It is clear, then, that ‘The successful company of the future will be the one that has seized the opportunity opened up by today’s apparent chaos and confusion, created a market niche among previously untapped customers, and generated a unique value proposition that appeals to the hearts of all its stakeholders, from its shareholders and consumers to its employees and the communities in which it works.’ (Schwab & Hartigan, 2003)

How companies create that ‘unique value’ as caring, effective, corporate citizens is one of the major challenges facing all of us right now. We may choose not to make ‘love’ a part of the language we use in doing all of this, not least for fear of scaring the corporate world into a hurried retreat into the comfort zones of old economic rationalism, but we would be wise not to lose sight of it altogether, if, at the end of the day, our aim is to build sustainable societies for ourselves and future generations, both within Australia, and worldwide.

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