

REPLENISHING SOCIAL CAPITAL

A C O R P O R A T E R E S P O N S E

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There may well be scepticism as to the motives and *bona fides* of an organisation such as the National Australia Bank Group in actively engaging in discussion of family and community issues. My central argument, however, is that the corporate sector should not be excluded from processes designed to address fundamental social issues.

A corollary of this is that the corporate sector must accept the fact that its responsibilities extend beyond the creation of wealth, or the purely economic dimension of its activities. The corporate sector has a pervasive influence on the shape and quality of our economic, physical, political and social environments. It seems sensible that we encourage (indeed demand) this sector to be more actively involved in addressing issues important to us all that range beyond the traditional boundaries of corporate interest.

The banking and finance services sector is probably a useful place to start, given the pervasive nature of its operations and the fact that it more than most business sectors is currently undergoing massive transformation due to a variety of global influences. Some of these changes – such as reductions in employment, rapid introduction of new distribution systems, global manufacturing and marketing processes – are similar to those underway in other industries and institutions (such as government) in Australia.

It is the National's view that there is scope to build stocks of financial and social capital simultaneously. This requires a holistic approach that involves the corporate sector, government, communities and their various representative and participatory institutions.

Social capital

During the past year or so, we at the National have become interested in the concept of 'social capital'. In an article in the *American Journal of Sociology*, no 94, Coleman (1988) described social capital as the ability of people to work together for common purposes in groups and organisations. He argued that people's ability to associate with each other had obvious economic benefits and was dependent on the degree to which communities share norms and values. Societies rich in social capital will be characterised by high degrees of trust and mutual obligation.

In his recent book *Trust: The Social Virtues and the Creation of Prosperity* (Penguin 1995), Francis Fukuyama argues



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that social capital has real, measurable national economic impacts. For Fukuyama, 'a nation's wellbeing is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in a society'.

We have more than enough anecdotal research and behavioural evidence to suggest that trust in basic institutions in Australia, whether they be corporate, government, religious or other special interest in nature, is not as high as it should be. One reason for this is that these institutions are seen as remote from the real interests and needs of communities and their citizens. They are also often perceived as agents of communal dislocation rather than as coalescence.

Of course it is easy to overstate the seriousness or pervasiveness of such attitudes. We could point to surveys and a number of economic and social indicators that provide a more sanguine view of our current situation and future prospects. Yet it would be myopic to ignore the fact that periods of significant economic, political and social change can have a destabilising impact on individuals and communities. We have experienced this at the National in terms of the attitudes of our employees and the communities in which we operate.

Our response to the globalisation, technology and deregulation impacting on our industry has included the expansion of

our operations through the acquisition of banks overseas. Like many companies involved in international mergers, we had assumed that the implementation of common systems and the transfer of 'best practice' within our groups would be quickly achieved.

However, we overlooked the fact that employees seek from the organisations they work for collective and shared values in the same way as they seek these from their families and their communities. Their sensitivity to change in their workplace is heightened by the community anxiety that results from the types of broader global change I noted earlier.

We learned that an organisation must have core values that are validated by all employees and made relevant to them before they can achieve any degree of corporate bonding. We also learned that this internal values program needs to be paralleled by an external focus on community values and the defining of a specific role for the organisation in support of these.

It was this need for an external focus that led us to consider more seriously how we could extend our internal values program to the wider community in Australia. And that in turn led us to the concept of social capital.

There have been a number of studies and proposals in regard to ways of replenishing stocks of social capital in Australia. Eva Cox's 1995 Boyer Lectures (*A Truly Civil Society*, ABC Books, 1995) represent one view. An ongoing series of studies and monographs auspiced by the Centre For Independent Studies in Sydney represent others. The St James Ethics Centre in Sydney and the Australian Catholic Social Justice Council have also promoted research and public discussion on matters that come within the ambit of social capital.

I believe there are a number of measures that could be taken to begin a long-term process of replenishing Australia's stocks of social capital. These range from the general to sector-specific initiatives.

General initiatives

First, there is a need for an integrated national program to market the value of community service and volunteerism. This would encompass all forms of community and voluntary associations ranging from the traditional Lions, Apex and Rotary Clubs through to sport and recreational organisations.



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Second, as part of this 'education' program we need to incorporate civics and volunteerism in primary, secondary and tertiary (particularly TAFE) curricula. We are in danger of having an entire generation of young people with only limited experience or understanding of the value of civic pride and shared communal responsibilities. In this regard there is scope to explore how youth interest in team and so-called 'adventure' sports, as well as other activities such as music, could be extended to incorporate civic and volunteer programs.

Third, given the fact that we do have a large number of active community service and volunteer organisations, it is important that they receive appropriate skills enhancement support. They need to have access to the same techniques of marketing, service delivery and management that are used by business and government including: the provision of training in modern leadership and management training; strategic planning; financial management; and marketing, advertising and public relations.

Fourth, we are beginning to see in Australia and internationally a withdrawal by government from the provision of a variety of community services. Some of these are being provided by the private sector, others will be added to the existing operations of organisations such as the Salvation Army, the Brotherhood of St Laurence, the Smith Family and many others. These organisations cannot continue to expand their operations without assistance in areas such as strategic planning, and financial and human resource management. It is therefore timely to give serious consideration to ensuring these organisations receive not only project delivery funding, but also structural and operational guidance and support.

Fifth, the advent of the Internet has confirmed the fact that here are opportunities to share 'best practice' in community service and civic behaviour just as there is in commerce and administration. As yet, there does not appear to be an integrated, ongoing, national process of 'community project networking' and knowledge transfer.

Sixth, all of these proposals have a common element – the transfer of knowledge between institutions in a concerted effort to rebuild the social capital process. An obvious precursor to this is the development of partnerships between government, the corporate sector and community-based service delivery and volunteer organisations. These need to go beyond the traditional relatively passive approach of large companies simply doling out funds to an ever increasing group of community applicants.

Corporate sector initiatives

What then, could the corporate sector do to contribute to a process of social capital renewal?

An obvious starting point is to endeavour to achieve greater balance in the

meeting of corporate stakeholder needs. For example, rising unemployment as a result of strategies to achieve higher returns on capital employed in business is cited as proof of the primacy of investor stakeholders over others such as employees, communities and customers. Conversely, disregarding the performance benchmarks set by industry leaders could be construed as a threat to long-term shareholder value with inevitable impacts on a company's long-term viability.

Implementing a balanced treatment of the entitlements and expectations of stakeholders is a major challenge for the corporate sector.

National CommunityLink initiatives

For a company such as the National, implicit in this is a response to the needs of the communities in which we conduct our businesses. We have developed a program called CommunityLink which is our effort to become more actively engaged in assisting the replenishing stocks of social capital in the communities in which we operate. The program aims to build a bridge between a major corporate and its community stakeholders. It focuses on the development of social capital through the enhancement of community skills and capabilities, particularly in leadership, management, and marketing.

CommunityLink has three components: community consultation and engagement; community project funding; and community outreach.

The community consultation process has involved the National entering into dialogue with a range of community representative groups on issues of specific concern to their constituents. These groups include: youth, rural, ethnic, church, local government, consumer, disability, and recreation representative organisations. They encompass millions of people and all Australian communities. With some we have entered into long-term partnerships designed to achieve specific community benefits. With others we have run trial projects as a preliminary to the establishment of long-term relationships.

Examples of these types of projects include: youth and migrant education and programs; the establishment of a women in agriculture organisation; the trialing of a community leader training program and subsequent development of resource material; resource material for consumer counsellors and advocates; and seminars to discuss issues such as multiculturalism, youth affairs and the development of stronger local communities.

The consistent theme of all these projects is the promotion of improved understanding between various community members and the nurturing of leadership and community self-help initiatives.

Very early in this process we found how difficult it is to enter into meaningful dialogue with community representative

groups. And the simple reason is that there is little trust between these groups and large organisations such as the National.

We have had to redefine the consultation and dialogue process. We have in fact begun a research program designed to develop an effective means of discussing and moving towards the resolution of issues with major community representative organisations. These groups are working with us and an academic specialist.

To assist our dialogue on issues related to people with disabilities, we have established a disability advisory group comprised of representatives of various disability organisations and National Australia Bank management. Here a mixture of practical matters are handled, such as access to bank facilities, as well as broader issues, such as the employment of people with disabilities and the encouragement of improved community understanding of disability.

We are also considering the feasibility of a 'virtual management consultancy' for the exclusive use of community service and volunteer organisations on a no-fee basis.

The final element of the CommunityLink program is a community outreach program. This is designed to give our young managers the opportunity to be actively involved in specially chosen community service activities. Aspiring senior managers need to move out of their 'corporate comfort zones' and confront the realities of some of our more intractable community issues. To this end we envisage entering into partnerships with selected community service organisations such as the Salvation Army.

This then is one corporate approach to the issue of assisting social capital. I see none of the projects or processes encompassed by the CommunityLink program as the exclusive domain of the National. On the contrary, we will be seeking support from other corporates and institutions – particularly federal, state and local governments.

Wellbeing of families

Social capital is as fundamental to the quality of life of all Australians as any other resource. It is easily depleted. It is not easily replenished.

If we are concerned about families and the development of appropriate policies to ensure their ongoing welfare, then we obviously need to address the health of the communities in which they live. There is a need for cooperative partnerships between the corporate sector, government and community organisations if we are to ensure we maintain our social capital stocks at appropriate levels.

We at the National Australia Bank look forward to developing the preliminary ideas outlined in this paper with the Australian Institute of Family Studies and like-minded organisations. ■