

# "CORPORATE PHILANTHROPY"

*"I see humanity as a family that has hardly met. Once people see themselves as influencing one another, they cannot be merely victims . . . Anyone, however modest, then becomes a person capable of making a difference – minute it might be – to the shape of reality. New attitudes are not promulgated by law, but spread from one person to another."*

These are the words of the historian Theodore Zeldin in his remarkable book of a few years ago: *An Intimate History of Humanity*. They are well suited to the context of the Sixth Australian Institute of Family Studies Conference.

For it is through a more activist, engaged and informed citizenry that what Theodore Zeldin calls the 'shape of reality' can be most influenced. Equally, it is the combined impact of our core institutions – governments, corporations, and major academic, religious, cultural and community organisations – that can either enrich or retard this necessary civic engagement.

We are at one of those rare moments in history when a conjunction of influences and events provide nations such as Australia with the need and the opportunity to address a range of issues of fundamental importance to their citizens.

The major participants in this process should be our core institutions. This paper argues the case for diverse opinion – but united effort – among these institutions in addressing the fundamental issues before our nation.

### Global trends

Globalisation, technology advance and consumerism are having profound effects on national political structures, economies and communities. They are also fundamentally impacting on the strategies, structures and operating processes of Australia's major corporations.

These factors are so pervasive that individuals, families, communities, institutions, nations, and entire regions are being impacted simultaneously. The most highly publicised impacts are as follows.

- There are reductions in the political and economic power of nations. A corollary to this is the ever decreasing ability of governments to meet the needs and expectations of their constituents.
- There is evidence of a progressive decline in the confidence of the general public in the priorities, effectiveness, and community empathy of major institutions.
- Technology has a major impact on labour demand patterns, competition, and investment flows. Today you can

RON BURKE



Changing Families  
Challenging Futures  
CONFERENCE

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have 'back office' processing in one country, product design and development in another, and marketing operations wherever you want.

- In an environment of unprecedented capital mobility and competition, companies are under increasing pressure to focus on shareholder interests – often at the expense of other stakeholders, including employees and communities.
- The importance of communities based upon shared, well articulated and well understood values and attendant responsibilities is being

challenged as institutions and individuals concentrate their attention and resources on other matters.

I alluded to some of these factors in the address I gave to the Australian Institute of Family Studies Conference in Brisbane in 1996, noting that 'if this situation continues, then the social harmony that has been the basis for the economic, political, and cultural progress of Australia will be jeopardised'. It was a matter of months before the One Nation party and the resulting period of social dislocation, emerged.

Yet despite the obvious tensions within Australian society, and the pervasiveness of global influences, there have been a number of highly encouraging developments during the past two years.

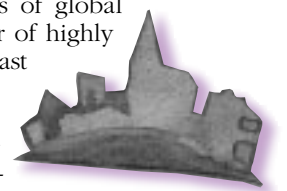
Not the least of these was the general community rejection of the more extreme aspects of the One Nation philosophy. There are also highly promising signs of increasing attention by government and the corporate sector to matters such as social capital, civics, and the alignment of corporate and community values.

And that leads to a consideration of the potential for modern corporations to be more actively engaged in addressing public policy and community issues.

### Corporations, public policy and community issues

One aspect of the very broad topic of the engagement of corporations in public policy and community issues will be discussed here, and that is the feasibility of developing a new "philanthropy" paradigm that has a sensible and productive role for the corporate sector.

That this is an issue now clearly on Australia's social policy agenda is reflected in the decision by the Prime Minister to chair a Round Table in Canberra earlier this year involving a mix of political, corporate and community group leaders. One of the objectives of the Round Table was to encourage government, corporate, and community group



partnerships. More recently, the Prime Minister's speech to the ACOSS Conference raised again the issue of the appropriate role of major corporations in 'sharing the burden of social welfare'.

While applauding the general direction of a specific role for corporations in working with government and others to address community issues, I also have concerns about the manner in which both the public discussion on this and the associated corporate response are proceeding.

We are seeing an emphasis on income redistribution at the expense of meaningful issue resolution. The notion seems to be that you can reduce the state contribution to social welfare by increasing that of the corporate sector.

The factor that gives most concern about recent comment on the need for corporations to 'give' more – and simply spread the cost burden – is the absence of any consideration of how this funding will lead to a reduction in the size and need of what is a growing 'under-class' in Australia. This, in essence, is the greatest threat to the long-term quality of life of all Australians.

Where is the national vision – the national strategy, the national plan – to galvanise the collective efforts of government, the corporate sector, and the community to reduce welfarism and social dysfunction to the maximum extent possible? Could it be that we are 'cliché-rich but ideas-poor'?

Any viable policy to significantly increase corporate civic engagement needs to be cognisant of two broad trends: first, the fundamental redesign and reconfiguration of our major corporations; and second, the attitudinal change of Australians in regard to income redistribution and relative power in contemporary society.

It could be argued that the general public is largely ignorant of the fact that we are in the midst of one of the most extraordinary phases of global organisational change since the industrial revolution. Such change is due to a unique congruence of change agents such as globalisation, technology advance, deregulation, low inflation, and consumerism. Because of this congruence there is no dominant economic management theory underpinning the macro environment of today's firms.

Equally, there is no commonly accepted or standard corporate management model. Companies in Australia and elsewhere are literally re-inventing themselves by redefining strategies and creating new operating models to implement these. The lifespan of both can range from six months to two years – seldom longer.

Since I last addressed the Institute conference two years ago, the National Australia Bank Group has completely redefined its global strategies. It has also conceived, developed and introduced a new business model that is fundamentally changing every aspect of its global operations. Not one of its 50,000 employees or seven million customers in 15 countries will be unaffected by this model. Yet it simply did not exist two years ago! But there was no choice – either we did this or we'd find ourselves with an outmoded inefficient business, purely because of the pace of externally driven change.

### *Policies and behaviours of modern corporations*

The combination of a dynamic and unpredictable external environment with constantly revised internal strategies and processes creates a range of what can be called 'organisational tensions'. It is the resolution of these tensions that ultimately decides the success or failure of our major (and not so major) companies.

There are micro tensions between the requirements of global versus local, strategic versus tactical, and the different needs of customer types. There are also macro or broader tensions, including: the clash between market and state economic models; the dominance of shareholder interests; and the

need for corporations to meet what can be called the needs of a social licence to operate, as well as the traditional business licences.

The major determinant of a corporation's success is its ability to understand and achieve an appropriate balance between these often contradictory forces. While firms have a natural tendency to focus on micro tension points, their ultimate success also depends on the collective resolution of macro issues. That is why we are seeing organisations trying to differentiate themselves from their competitors on the basis of a range of new characteristics such as issues of empathy, ethical behaviour, trust, social responsibility, and community 'value added'.

These points are relevant to the discussions that will take place during this Australian Institute of Family Studies Conference. You cannot develop policies relating to families – their daily lives, and their work – without an appreciation of the transformation underway within companies. Equally, government and community groups are myopic if they believe they can demand greater attention by corporations to external, community and social welfare issues without first understanding the nature and ramifications of contemporary corporate dynamics.

There needs to be a coordinated, integrated and comprehensive approach to developing mutual understanding of the philosophies, policies, priorities, practices and needs of government, corporations and the community. Only then can we sensibly address the major social issues before us in Australia. The question is, how do we start?

### *Corporate-community partnerships*

There obviously needs to be a greater public recognition of the nature of contemporary corporate change and the current priorities of the business sector. Equally, there needs to be an understanding of the priorities of the general public and the scope for alignment of these with those of government and business.

The current public mood is one of introspection, caution, concern. There is a yearning for traditional values, a seeking of national leadership, an articulation of national values. There is an impatience with the activities and perceived lack of empathy of major institutions such as government, business,



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churches, and even many community support organisations.

This introspection has caused individuals to focus more on their personal welfare and that of their immediate families – often at the expense of broader community involvement and interest. Despite this, there remains a high level of volunteerism, with Australians volunteering more than an estimated 400 million hours annually for various non-profit organisations, and, in 1997, giving more than \$2.8 billion to non-profit organisations.

However, for a growing number, social welfare issues loom large. There is a growing perception that there are three classes in Australia – the very poor, the middle class, and the upper class or elites – this elitism being based not only on perceptions of wealth but also influence.

Attention is given to the needs of the poor, yet due to Australia's current taxation policy there is often not a significant difference between the income levels of the poor and the bottom level of the so-called middle class. Consequently, calls for increasing middle class support of the poor or disadvantaged are increasingly being ignored because of frustration about the lack of attention to the needs of those who often mistakenly believed 'to have what they need'.

When we look at crime, family dysfunction, the impact of unemployment and youth suicide, the middle class is strongly represented. Yet the traditional focus of philanthropy, social welfare and the like has been elsewhere.

In such an environment there is an opportunity to develop a new model of philanthropy that addresses the reality of lower and middle class need in Australia. This philanthropy needs to be broader than the traditional model. It needs to address issues such as the 'new civics' – social capital, community engagement, active volunteerism, and the regeneration of community service organisations. In essence, there is a need to turn philanthropy from what is often an extension of social welfarism into more cogent, focused activity that is designed to bring about real social change.

This is what can be regarded as the ultimate objective of corporate community engagement – to work with government and community to bring about change. The alternative is passive funding that maintains the status quo or abrogates responsibility for social policy to others.

My vision of corporate-community partnerships goes well beyond the provision of funding to embrace a nation-wide network of 'centres of excellence' designed to improve: the articulation of national values; community leadership; the level of citizen engagement in the life of their communities; volunteerism; civics; the operational capabilities of major community service delivery organisations; corporate-government-community information exchange; and traditional philanthropic advocacy.

There are already thousands of individual organisations throughout Australia involved in one or more of these activities. In some areas, including volunteerism and philanthropy, there are organisations such as Volunteering Australia and Philanthropy Australia that have a record of success. However, given the nature and extent of the changes underway in the business sector, I wonder whether the same level of change and organisational renewal is not overdue in many of our leading community service organisations.

There should be a concerted effort to identify, modernise and resource at least one or two organisations with clear capabilities in each of the areas outlined earlier. The efforts of these organisations should be integrated and delivered nationally to all Australian communities. These core centres of excellence would act as the hub for a nation-wide rebuilding of Australia's stocks of social capital. Importantly, they would also provide a long overdue resource base to improve the operating efficiency of Australia's non-profit sector.

It is extraordinary that a sector of the size and importance of the non-profit sector, with a larger turnover than the entire communications industry, should be literally overlooked in terms of strategic, planning and organisational development needs.

The point is that there is a real opportunity to extend the change management and organisational development learning that is being gained by Australia's major corporations to the non-profit sector. This is as urgent a task as any other form of industry policy in Australia.

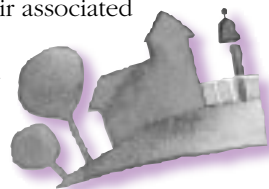
The centres of excellence I am suggesting should lead this process would be nurtured and sustained by substantive partnerships between government, business and relevant community groups. They would be linked by a national information framework via the internet or a wide area network.

This takes the concept of corporate philanthropy much further than the rather simplistic demands that have recently appeared in the media following the Prime Minister's call for increased corporate engagement in community support. The problem is it requires leadership, teamwork, commitment, and innovative thinking. It could, nonetheless, be achieved.

### *National CommunityLink initiatives*

It was this search for a uniquely Australian approach to corporate community engagement that led to the development of the National's CommunityLink program two years ago, based on the following principles:

- Australia's standard of living depends significantly on the quality of its communities, whether they be located in cities or rural areas.
- The quality of our communities in turn is dependent on the health, stability and spirit of the families that live within them.
- Robust communities and families are mutually dependent on the strength of volunteerism in their neighbourhoods.
- Successful, progressive nations such as Australia need to focus on the issues that impact on the quality of communities, families and their associated volunteer organisations.
- Social capital describes the way in which communities, families and volunteer organisations interact to support one another and achieve common objectives.
- Australia's future success depends on its ability to continually increase the stocks of its social capital as well as its financial capital.



A key tenet of CommunityLink is that it only supports programs designed to improve the operating and service delivery of the organisations being partnered. Another requirement is that, to the maximum extent possible, opportunities would be provided for the active involvement of National Australia Bank staff in the partnerships.

Since its launch, CommunityLink has introduced the first nation-wide community service and volunteer awards program, which this year attracted more than 1650 entries, and has launched Australia's first magazine devoted entirely to community service and volunteer groups.

CommunityLink has entered into active partnerships with a number of Australia's leading community service and volunteer organisations including the Salvation Army, the Australian Red Cross, the Australian Conservation Foundation, and the Confederation of Australian Sport.

CommunityLink has sponsored conferences on family issues, parenting, religion and cultural diversity, youth leadership, and community service.

It has funded Australia's first research project into social capital.

In short, during the past year CommunityLink has reached an estimated two million Australians.

### *Developing partnerships*

I believe the time is right for Australia to develop a unique approach to the building of government-corporate-community partnerships. And the time is right for the development of a new philanthropy paradigm – an activist philanthropy that aims to bring about real change.

I have also argued that no progress will be made without understanding and taking into account the major changes underway in the corporate sector. Equally, we need to be cognisant of the mood and needs of the community in general.

I sincerely hope we progress beyond the rather simplistic notion that the role of corporates is to provide additional funding for social welfare and community support. We currently have the luxury in Australia of having choices. I suggest we act now before we are left with single options.

**Ron Burke** is the General Manager, Group Corporate Relations, National Australia Bank – sponsor of the Sixth Australian Institute of Family Studies Conference, *Changing Families, Challenging Futures*. This paper is an edited version of his address to the opening session of the conference.