

THE CORPORATE SECTOR AND SOCIAL AND COMMUNITY COMMITMENT

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Ten years ago, mining industry companies were regularly in the news, but not with good news stories. Many of you will recall the very public stoushes with Aboriginal communities and environmentalists. There were seemingly endless demonstrations. Arguments. Court cases. All conducted in an atmosphere of mutual suspicion and incomprehension.

At that time a lot of people in the mining industry genuinely believed that this level of conflict with the community was acceptable, even inevitable. After all, they thought, the primary role of the company was to create shareholder value, and nothing should be allowed to deter the company from that role.

The problem with this mindset was that it was simply wrong. The mining industry's adversarial operating environment was measurably eroding performance and profitability. For example, the development of Hamersley Iron's Marandoo iron ore mine in the Pilbara in 1994 was delayed by 18 months because of Aboriginal community opposition to development approval, adding to the costs of the project dramatically and delaying returns to investors.

That experience was a cautionary one, and led to major changes in the way Hamersley Iron conducted its relationships with community stakeholders. By persistence, willingness to listen and the commitment of adequate resources to its programs, Hamersley - very gradually - transformed its relationship with the Aboriginal communities of the Pilbara. So much so that a second mine, Yandicoogina, was commissioned in January 1999 - five months ahead of schedule and very much under budget.

Much has changed since those early confrontational days. But the change is not universal. You will still find senior business people who quietly believe that economy and community are separate worlds bearing no relationship to each other. They just do not understand that we are all bound together. The health and sustainability of our economy over the long term depends upon the strength of our community, our whole community.

The Mabo Example

A few weeks ago a journalist recalled the moment in 1995 when I publicly urged the mining community to accept the post-Mabo reality. The journalist whimsically suggested that I had arrived as a "Sensitive New Age Miner". If anything I was being hard headed. The Mabo decision, and the Government's subsequent legislation, signalled that our overall system of governance was in good health. The rule of law that protects all Australians had finally acknowledged the enduring rights of indigenous Australians. It was

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clear that the business community's overwhelming interests lay, not in challenging the rule of law, but in making it work.

The realists among us accepted the natural pull and tug of a democratic society where individual interests could legitimately lead in different directions. We knew that we would have to put in the negotiating hours to reach mutually satisfactory outcomes. If anything, the excessive sensitivity was rather more on the side of those doomsayers who threw up their hands and said that Aborigines would soon claim Australian backyards. They were wrong, of course.

Summing Up the Case

For a modern company the case for corporate social responsibility is entirely rational and compelling. Communities can and will punish organisations that fail to meet the modern expectation that right must be done to everyone. Interest groups, via the Internet among other things, have a vastly strengthened capacity to mobilise community opinion. The punishment might be via a consumer boycott. It might be via legal action through the courts. Or it might be via legislated restrictions passed by Parliaments or local councils. These are the tools modern communities use to restrain those corporations perceived to be irresponsible.

By contrast, businesses that do recognise their foundation in, and responsibilities to, their communities are seen as modern and responsive. When they act with conviction and professionalism, costs are reduced, regulatory risks are lowered and brands enhanced. However, the biggest and most enduring benefit of all lies in their heightened appeal to potential employees. The best people - the people that companies want to attract and keep - are the people who like to feel proud about going to work every day. I am not just talking about the top business graduates, although they certainly fall into this category, but also the many thousands of working people answering phones or serving at counters or in back-office processing centres. They come to work to earn a living - but they also want to feel good about it. A company that exists in warm companionship with its community is one that people want to work for.

It is my view that the transition to a culture of corporate social responsibility is inevitable, and it's underway. Those corporations that fail to adapt will also fail to succeed. And their employees, customers and investors will reward those corporations that embrace this new era. Indeed, it's already happening.

At Westpac today, through our staff-volunteering program, two thirds of our staff are involved in their local communities as volunteers. Through our dollar for dollar Matching Gifts program, \$3.8 million of donations have been distributed to some 300 charities across the nation. Westpac staff are financial mentors to Aboriginal kids in Redfern, raise funds for Surf Life Saving, and put their backs and shovels to work in support of Landcare Australia. These and other programs make our staff feel good about working for Westpac - and consequently have a positive effect on the work environment and in dealings

with our customers. At Westpac we know we have a long way to go as a company - as part of a financial services sector that is held in such low esteem - to restore the trust and respect of the community. But we have no doubt that we are on the right path.

The Methodology

Now it's all very well to assert the imperative of corporate social responsibility. It's quite another thing, however, to develop the right strategy and implement it effectively. After all, how do firms develop the skills to build bridges to communities? What are the limits of community expectations? And how do individual companies know whether their behaviour is socially responsible - or at least, sufficiently responsible? These are fair questions, for we are just at the beginning of exploring the potential for corporations in their communities.

It is here that corporate social partnerships become powerful vehicles for achievement. A corporate social partnership exists when a business and a community organisation come together to create positive long-term outcomes for the environment or community as well as the corporation. Only when the fundamental values and aspirations of both parties are clear can such a relationship occur. And the expected benefits must be mutual.

In a true partnership each side gains access to the other's skills and knowledge. Strong community or not-for-profit organisations have a deep knowledge and understanding of the issues and concerns facing their constituents. They can provide that bridge between a business and a community.

Westpac, for example, has a very large and close partnership with the Smith Family's Learning for Life program that provides financial scholarships and teaching support to assist educationally disadvantaged children. Working with Westpac has enabled the Smith Family to expand the program to nine new rural areas. A Westpac advertising campaign raised awareness, support and additional funds for the program. The Smith Family is now confident of reaching its target of 70,000 scholarships for disadvantaged Australian children by 2004.

Here's a more pertinent example. Westpac is partnering directly with the indigenous communities of Cape York, through the Indigenous Enterprise Partnership, to help create economic independence. Two schemes have been piloted: one is to help families and clans manage everyday finances, and the second is to create business hubs to support the professionalism and success of indigenous business people. Early reports from both sides have been extremely positive. But this relationship is very much in its infant stages. It is going to take time and patience to grow. We now have a three-year plan for the project and a strong commitment from both sides.

I know from experience in two major industry sectors that corporate partnerships for social responsibility create wins all round. But let me stress that real success comes from rigorous management, just as it does in any other

part of the business. Corporate responsibility programs must be part of a fundamental shift in business culture, not a neat add-on. Top-level management must take direct responsibility for the strategy and success of the programs.

Adherence to some sensible guiding principles dramatically increase the effectiveness of corporate social partnerships:

- The partnership must be based on agreed values and clearly identified, mutually beneficial outcomes;
- The partnership must be strictly professional and all plans and assessments should be scrutinised by corporate management with the same rigor it applies to other areas of the business; and
- The partnership must be close and hands-on, which raises the risks for both sides and increases the benefits. It must be about people and skills as much as money.

Of course, the hardest part of all is simply getting started. But the examples are now out there for people to follow. Increasingly, and appropriately, communities and community organisations will take the initiative and tell companies how both sides can benefit from a specific arrangement.

Conclusion

In conclusion, let me talk about history for a moment and how important it is to our country - indeed to any country.

British historian Simon Schama had said that history is the fabric of the building and the furniture with which we live. Above all, he said, history is not fixed or immutable but can both serve and hobble the present and the future.

There are parts of our history that unless put right are hobbling our present and future. There are other parts where we were once a world leader on social and democratic development. With the latter, history can serve and inspire us to be at the forefront of human development.

Surely, one of the major questions of our age is how corporations and societies can live and develop together. In considering this, Australia is in advance of many other countries, and we have the opportunity, if we want to take it, to once again lead the world on an important social development. Our success will make our corporations progressive, relevant, great to do business with and to work for. But to do this, we must first remove the hobbles of our history so that we can confidently use the best parts to serve as an inspiration for the future.

Getting down to grassroots, let me conclude by quoting the remarks of one Westpac employee involved in our Cape York partnership pilot. She said "I went there thinking I could teach the Indigenous people what I know, I came back learning a lot more from all the people I met. To be honest, the whole experience changed my view of Westpac - it actually made me proud to be part of this company."

Remarks like that renew my sense of conviction and purpose about what we can achieve, together. And why it will lead to a stronger community and a better economy for all Australians.