

# Advancing Collaboration Practice

Practical paper: Corporate social responsibility and collaboration—  
a changing landscape

(Collaboration, the future of social funding and advancing the social agenda)



Australian Research Alliance  
for Children & Youth



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ABN 68 100 902 921

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ISBN: 978-1-921352-59-1

## The Australian Research Alliance for Children and Youth (ARACY)

ARACY is a national non-profit organisation working to create better futures for all Australia's children and young people.

Despite Australia being a wealthy, developed country, many aspects of the health and wellbeing of our young people have been declining. ARACY was formed to reverse these trends, by preventing and addressing the major problems affecting our children and young people.

ARACY tackles these complex issues through building collaborations with researchers, policy makers and practitioners from a broad range of disciplines. We share knowledge and foster evidence-based solutions.

### Advancing Collaboration Practice

The Advancing Collaboration Practice program has been established to support ARACY's work building cross-sector collaborations capable of implementing action that addresses the complex problems impacting the wellbeing of children and young people in Australia. The program builds stakeholder capabilities to establish and manage long-term joint working relationships and collaborative efforts.

**For more information please contact ARACY on 08 9476 7800**

## GHD

GHD is an international network of professional and technical consultants serving clients in the global markets of water, energy and resources, environment, property and buildings, and transportation. GHD is an employee-owned company, operating a network of more than 6000 professionals including engineers, architects, planners, scientists and project managers, in more than 100 offices across 16 countries.

This paper has been authored for ARACY by Bill Grace, a Fellow of the Institute of Engineers with over 25 years experience in infrastructure and development projects. Bill is GHD's Manager, Sustainability with an overarching international role to provide a corporate focus for sustainability, both in GHD's services to clients and internal performance. Bill leads GHD's service provision globally in a wide range of sustainability related areas to help public and private sector organisations integrate sustainability principles into their operations and address issues of greenhouse management and climate change. His role involves providing strategic advice on sustainability to corporate and government clients, developing sustainability assessment frameworks, and implementing GHD's corporate social responsibility strategy across the organisation.



CLIENTS | PEOPLE | PERFORMANCE

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# 1 Introduction

The support that most not-for-profit organisations (NFPs) receive from the corporate sector arises from companies' Corporate Social Responsibility (CSR) programs. In the past these relationships have been largely transactional, ie the company provides what the not-for-profit organisations asks for. However, such relationships are on the wane.

**Companies are increasingly interested in developing CSR programs that align with their business objectives and staff interests rather than simply making donations.**

This paper seeks to describe the changing landscape from the corporate perspective, and explore the ramifications for NFP organisations.

## 2 A history of Corporate Social Responsibility

The term 'corporate social responsibility' (CSR) was coined by Howard Bowen in his book *Social Responsibilities of the Businessman* published in 1953. Bowen is credited with one of the first definitions of CSR:

*'[CSR] refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.'*

A further definition was added in 1963 by Joseph W. McGuire in his book *Business and Society*:

*'The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations.'*

Both quotes indicate a gradual understanding that the responsibilities of business go beyond the interests of shareholders.

However these were certainly not universal views. In 1970 the economist Milton Friedman wrote an article in *The New York Times Magazine* entitled the 'Social Responsibility of Business Is to Increase Its Profits'. The title says it all. Friedman wrote:

*'In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility*

*is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.'*

Ever since, the debate about CSR has wavered between these two opposing views about the role of business. However it is fair to say that overall CSR remained, and probably still remains, a peripheral interest for most managers and most shareholders.

Accordingly CSR has traditionally been a sidebar to core business and the responsibility of the Corporate Affairs or Public Relations department of a company with little connection to day-to-day business operations.

**The activity that has occurred has generally been philanthropic in nature, largely in the form of donations or sponsorships to cultural, community or environmental non government organisations (NGOs). The extent to which such relationships illustrate 'collaboration' is questionable, if collaboration means 'working together'.**

Of course there have always been firms that have taken a broader view but these have been in the minority.

This traditional view of CSR is because of the perceived dichotomy between the core (ie profit-making) activities of business and responsibility for the broader social and environmental consequences of those activities.

Because CSR initiatives have generally been unconnected with core profit realising activities (nice to have add-ons) they suffer during periods of economic stress and/or low profitability. This leads inevitably to unpredictable expenditure patterns and consequent difficulties for recipients of donations.

### 3 Corporate social responsibility and the corporate sustainability agenda

In 1987 the Bruntland Commission's report *Our Common Future*<sup>1</sup> first introduced the concept of sustainable development and the changes required to achieve the now famous definition:

*'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'*

This seminal work has had a major impact on how the relationship between the economy, business, society and environment is seen, leading (inter alia) to the formation, on the eve of the 1992 Rio Earth Summit, of the World Business Council for Sustainable Development (WBCSD). The WBCSD (the brainchild of the Swiss industrialist Stephan Schmidheiny) was founded to involve business in sustainability issues and give it a voice in the forum.

WBCSD is a CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development. It has Energy & Climate, Development, Business Role and Ecosystems as focus areas and has projects in a range of sectors. According to the WBCSD:

*'Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.'*

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<sup>1</sup> *Our Common Future, Report of the World Commission on Environment and Development, World Commission on Environment and Development, 1987. Published as Annex to General Assembly document A/42/427, Development and International Co-operation: Environment. 2 August, 1987.*

The Tomorrow's Leaders group of the WBCSD produced an important paper in 2006 entitled 'From Challenge to Opportunity – The role of business in tomorrow's society'<sup>2</sup>. In this paper the WBCSD states:

*'We believe that the leading global companies of 2020 will be those that provide goods and services and reach new customers in ways that address the world's major challenges—including poverty, climate change, resource depletion, globalization, and demographic shifts.*

*If action to address such issues is to be substantial and sustainable, it must also be profitable. Our major contribution to society will therefore come through our core business, rather than through our philanthropic programs. We see shareholder value as a measure of how successfully we deliver value to society, rather than as an end in itself.'*

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<sup>2</sup> [www.wbcd.org/web/leaders.htm](http://www.wbcd.org/web/leaders.htm)

## 4 The changing business environment

This emerging management perspective, that business needs to become more directly involved in resolving societal problems, is reinforced by other influences on business strategy.

In the book *Leading Through Values* Michael Henderson et al discuss another emerging business phenomena—the role of values and culture in achieving strategic objectives. In the past employees were (generally) satisfied with clear instructions about the ‘how’ and ‘what’ of their role, in other words what they were supposed to do and how to do it. Henderson et al explain that answering the ‘why’ question is now a prerequisite to obtaining serious employee commitment to a company’s strategy.

*‘Performance goals without a compelling ‘why’ are quite simply doomed to mediocrity. Because people increasingly no longer work just for the money, the why factor has grown as a dominant consideration and driving factor of individual performance in the workplace.’*

The answer to the ‘why’ question is determined mainly by the company’s culture and values, rather than written policies and procedures. If these don’t align with the personal values of employees then commitment and discretionary effort will suffer, and with it business performance. Surveys of staff including in my own company, indicate that personal values (not surprisingly) reflect their aspirations towards family and society rather than narrow corporate financial outcomes per se.

Management is therefore being squeezed between the changing face of CSR from above, ie the need to articulate business goals in a societal context, and the growing need to align business practices with the personal values of their employees.

This has led to a more encompassing definition of CSR emerging in recent times. The WBCSD definition of CSR is:

*'the continuing commitment by business to behave ethically and contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.'*

The Australian Standard AS 8003 (2003) defines Corporate Social Responsibility as:

*'a mechanism for entities to voluntarily integrate social and environmental concerns into their operations and their interaction with their stakeholders, which are over and above the entity's legal responsibilities'*

This definition is based on the European Union standard which also identifies 'environmental concerns' as part of the growing CSR agenda.

What we are essentially seeing is the inevitable expansion of the corporate agenda to respond to increasing societal concern about core global problems such as climate change, poverty, biodiversity loss and population pressures. The terms 'sustainability' and 'CSR' are becoming synonymous in the corporate vocabulary.

If we look to human history as a guide, this is an unsurprising development. We can see that people have constantly innovated to improve their relations with others in a way that improves outcomes for all. In his insightful analysis of cultural evolution, the US journalist and writer Robert Wright sets out how increasing cooperation between people has given rise to the social complexity of modern human society, mirroring and reflecting the biological evolution of all life. His book *Nonzero—History, Evolution and Human Cooperation* is about how people have achieved 'win-win' (non-zero-sum) outcomes that, on balance, have overcome our parallel competitive urges to move us inexorably towards higher levels of social complexity and interdependence. He does not argue this has been, or will be in the future, a smooth ride.

**Thus what is now (slowly) emerging is recognition that the role of all organisations (government, business and non-government) must be seen in, and reflect, a broader societal context. This is starting to create a clearer nexus between profit making core business and contributions to the society in which businesses operate.**

As leading companies begin to re-imagine themselves in this light, their attitude to investment of resources in CSR activities is changing. As one of Australia's leading corporate luminaries Leon Davis (then Chairman of Westpac) said to the Philanthropy Australia Conference in 2003:

*'Companies like Rio and Westpac are increasingly directing their community contributions towards activities that more directly align with the companies' interests in strengthening their social license to operate and outcomes for stakeholders. While their total social and community contributions have increased significantly, there is proportionally less direct philanthropy or straight gift giving. To put it bluntly, if the*

*business case for the community involvement is not there, it is difficult to justify that the company is acting in accordance with their fiduciary responsibilities and longer-term interests of all stakeholders.'*

Engaged companies want to see their contributions linked more directly with social and/or environmental progress and their own business goals. They want to see outcomes they have been part of creating. Also important is the desire to have their staff directly involved.

**A staff motivation dividend is required, and this is not attainable via the provision of cheques alone. This means there will be potentially less interest in 'uninvolved' activity and more interest in engaging the staff in activity that is allied, and relevant, to the company's core business.**

## 5 GHD's CSR activities

My own company's agenda reflects these developments. Established in 2001, the GHD Foundation aims to enhance the lives of people living in disadvantaged communities through the provision of pro bono services and financial support.

GHD process engineer Dale Young established a volunteer organisation to provide safe drinking water to people in regional Tanzania. The Maji Safi kwa Afya Bora Ifakara (MSABI) project is empowering communities in Africa to secure their own safe water supply through training in the installation of water points and pit latrines, and community education programs. GHD provided financial support for the purchase of rope pumps in two villages that previously had access to only one operating hand pump each, and funding the training of villagers. The GHD Foundation, in conjunction with the Women in GHD group, also supported the construction of a children's playground at a hospital in Hanoi, Vietnam.

The benefits of direct involvement are clear from the following quotes from our people involved in our GHD in the Community program:

*'The smiles on the children's faces were extremely rewarding.'*

Fraser Watt, Manager, GHD Philippines, following a Christmas visit to the rural community of Sacyud to deliver t-shirts, sandals and toys donated by people at GHD Manila.

*'Last year we flew more than 900 children and their families across the country on their own private local joy flight. This year, we are hoping to increase national participation and expand internationally.'*

Amanda Dorhout Mees, pilot and GHD Marketing Campaigns Manager, who gives up her time to take children and their families on joy flights with FunFlight.

*'They had bulldozed an emergency fire break on the side of a hill and there was concern that any rain would wash away the chance of the area regenerating. The best feeling was when we drove away and it started pouring with rain, knowing that all the work we'd done would stop the soil from washing away.'*

Ed Tiplady, asset management consultant and member of GHD's Victorian Young Professional Group. In the aftermath of the Victorian bushfires, the group spent hours carting loads of wood to prevent further environmental damage.

## 6 Collaboration in this new world of CSR

So where does collaboration fit in this emerging model of CSR? Indeed what do we really mean by collaboration?

ARACY has recently published an excellent document<sup>3</sup> that elegantly answers this question. Collaboration is explained as the highest level and most complex of the 3C 'continuum of joint working relationships', explained in the table below.

Cooperation	Coordination	Collaboration
<ul style="list-style-type: none"> <li>• Loose connections, low trust</li> <li>• Tacit information sharing</li> <li>• Ad hoc communication flows</li> <li>• Independent goals</li> <li>• Adapting to each other or accommodating others actions and goals</li> <li>• Power remains with organisations</li> <li>• Resources remain with organisation</li> <li>• Commitment and accountability to own organisation</li> <li>• Relational timeframe short</li> <li>• Low risk/low reward</li> </ul>	<ul style="list-style-type: none"> <li>• Medium connections, work-based trust</li> <li>• Structured communication flows, formalised project-based information sharing</li> <li>• Joint policies, programs and aligned resources</li> <li>• Semi-interdependent goals</li> <li>• Power remains with parent organisations</li> <li>• Commitment and accountability to parent organisation and project</li> <li>• Relational timeframe medium – based on prior projects</li> </ul>	<ul style="list-style-type: none"> <li>• Dense interdependent connections, high trust</li> <li>• Frequent communication</li> <li>• Tactical information sharing</li> <li>• System change</li> <li>• Pooled, collective resources</li> <li>• Negotiated shared goals</li> <li>• Power is shared between organisations</li> <li>• Commitment and accountability to network first and community and parent organisation</li> <li>• Relational timeframe—long term (3 years)</li> <li>• High risk/high reward</li> </ul>

<sup>3</sup> [www.aracy.org.au/index.cfm?pageName=adv\\_collaboration\\_fact\\_sheets](http://www.aracy.org.au/index.cfm?pageName=adv_collaboration_fact_sheets)

The paper points out that as we move from Cooperation to Collaboration the risks and rewards both increase. Using Wright's terminology, this means the 'non-zero-sumness', or net social benefit, increases. While cooperation, coordination and collaboration all have their place in relationships between corporates and NFPs, a shift towards more collaboration is required if we are to meet the challenges of society's most intractable social and environmental ('wicked') problems. Put quite simply, now more than ever society needs the expertise and resources of the corporate sector to address these problems.

Our take is that collaboration will increase as companies become more committed to being part of the solution, and strive to realise their expanding CSR goals.

However, company executives, already weighed down by complexity within their own organisations, will be both wary and selective about who to collaborate with, and how quickly they will commit resources.

Collaboration is likely to manifest itself in a range of partnerships: within companies (to bind disparate elements of a business), between companies (with different skills and resources) and between companies and NFP organisations.

**Collaborations will increasingly be based on matching a company's CSR objectives and internal resources with a partner or partners who can 'value add'. This will lead to companies seeking suitable partners, a reversal of the traditional trend whereby NFPs seek companies.**

So far this all sounds like nice-to-have stuff for large corporates. However, it is clear that small and medium enterprises can and do have working relationships with NFPs, albeit usually at the simpler end of the 3C continuum. Their relationships are usually at the local level, limited (along with their resources) and focused. They will also be increasingly drawn into the net by the larger corporates to which they provide goods and services, as the supply chain initiatives of the larger companies become more sophisticated.

## 7 The NFP organisations' response

How do NFP organisations respond to this emerging trend? The essence of this is to identify win-win (company-NFP) forms of collaboration, so that value is added to all participants and, of course, the broader community.

Some ideas on tactics for NFPs follow.

1. Research emerging trends in CSR and identify leading models of collaboration (the table above provides a ready checklist). Use the findings to find potential corporate partners with similar attributes, and examine your own models of working. Can you make the adjustment to work in a similar way to the leading models?
2. Identify firms whose core business (ie their products and services) are relevant to your activities. Undertake some analysis of their place in the supply chain of service delivery to the community, and discuss this with senior management. Use this dialogue to understand what their drivers are and how these can align with your objectives.
3. Help articulate what the firm can 'actively do' to participate in a collaboration. This includes not only participation of the staff but also incorporation of activities within day-to-day business.
4. Understand who else (including other NFPs) could play a role. Although this may mean a loss of control, collaboration is complex and will require multi-stakeholder involvement to be effective in many cases.
5. Get together with potential partners and prepare a non-financial business case for collaboration between the parties. Remember for most firms true collaboration will be new. It will be necessary to assist firms to understand what medium to longer terms benefits will accrue from the relationships. Accept that this is a learning curve for all parties.

6. Be flexible—try to fit in with a company's aspirations rather than 'sell' a fixed concept. Many companies will have been through an internal dialogue to devise a CSR strategy. Being consistent and staying true to directions set through such internal dialogues is important. Can you be flexible enough to adjust to their ideas?
7. Look for opportunities to jointly recognise and celebrate incremental success. Most companies will respond positively to good news stories, as such publicity improves their profile with clients and staff (the latter often being more of a focus). Help your partner enunciate the benefit to their business, your organisation and the community at large.
8. Seek long term partnerships but consider short term projects as a starting point. Although collaboration is likely to involve an ongoing relationship, this doesn't mean continually doing the same thing. Particularly in the early stages, companies will desire flexibility and the ability to test the relationship. Accordingly a phased program of linked shorter term activities may be the most palatable way to start a relationship.

The world we live in has become extremely complex and its problems increasingly intractable.

**Improving the prospects for future human wellbeing requires increased collaboration between the various actors: government, business, NFPs, activists and the community.**

The achievement of a sustainable future will rely increasingly on the alignment, and complementary efforts of these actors. The challenge is to develop new collaboration models that shift the emphasis from the achievement of individual organisational outcomes to jointly owned societal contributions that reflect well on all involved parties. Innovative thinking by both companies and NFPs is needed to devise these new models.