

Corporate Social Responsibility

Current Trends in Australia and New Zealand
A Manpower White Paper

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Introduction

Corporate social responsibility (CSR) has become an increasingly significant phenomenon in Australia, New Zealand and around the world, as it gains acceptance as both a business tool and social contribution.

CSR is defined as the commitment by organisations to balance financial performance with contributions to the quality of life of their employees, the local community and society at large. In a world characterised by globalisation, it is important for corporations to actively consider and manage the social and environmental impacts of their business decisions, and evolve to focus on more than just the financial bottom line.

Corporate social responsibility includes a broad range of practices and activities, including charitable donations, cause-related branding, and business strategies that address community and environmental issues. How organisations demonstrate corporate social responsibility and the rationale behind such practices may vary according to the industry, sector and country in which they operate.

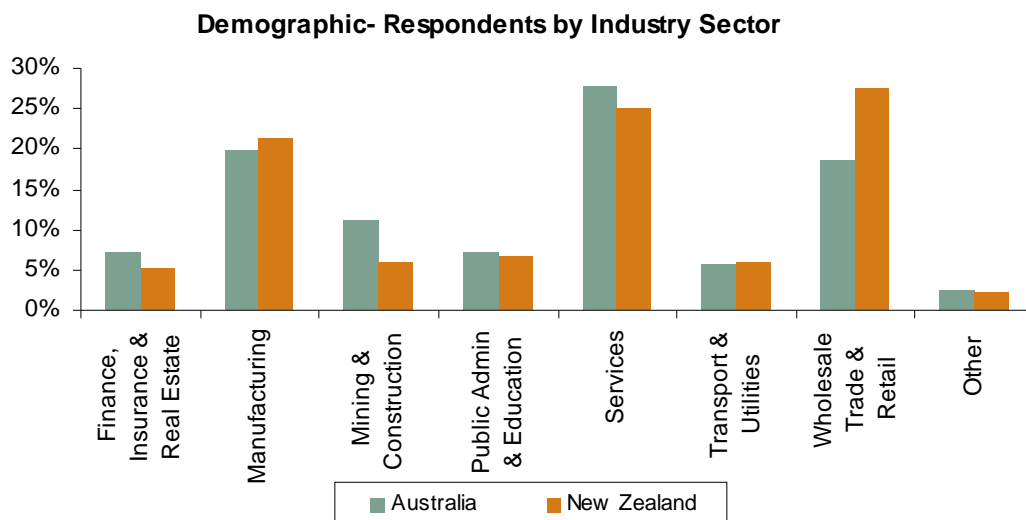
Throughout this report, the responses of HR professionals from Australia and New Zealand will be compared to illustrate what corporate social responsibility means in a downturn and how it is implemented in organisations operating in different industry sectors and economies.

Methodology

A sample of HR professionals located at companies in Australia and New Zealand was randomly selected from an ANZ HR professional database. A telephone survey was conducted in mid April 2009, the survey was fielded for a period of two week and 10,000 surveys were successfully delivered. A total of 3,669 HR professionals responded, yielding a response rate of 36%.

Key Demographics

Of the 3,669 people who responded to the survey, 76%, or 2,804 HR professionals currently reside in Australia. 24% or 865 HR professionals currently reside in New Zealand. Industry Sector distributions are shown in the graph below.



About this paper

As the global economic downturn continues, will corporate social responsibility (CSR) and sustainability struggle to stay on the agenda – particularly when companies are focused on delivering greater value for money while cutting back on everything that isn't a business essential? While some cuts in CSR budgets are inevitable in a downturn, what are the current trends in the Australian and New Zealand economies?

In April 2009, Manpower Australia and New Zealand conducted the Corporate Social Responsibility Survey, a study that asked HR professionals in Australia and New Zealand about the practices and policies that their organisations implemented to demonstrate corporate social responsibility in the current downturn. HR professionals reported on the types of activities their organisations engaged in or sponsored, their corporate social responsibility policies or plans to develop such policies, top three drivers of corporate social responsibility programs, the outcomes achieved as a result of corporate social responsibility programs and the return on investment for corporate social responsibility programs.

This research was undertaken by utilising a panel of 3,669 HR professionals in Australia and New Zealand. The purpose of the research was to gain insights into CSR developments and trends in both countries, especially in the current economic downturn.



Corporate Social Responsibility

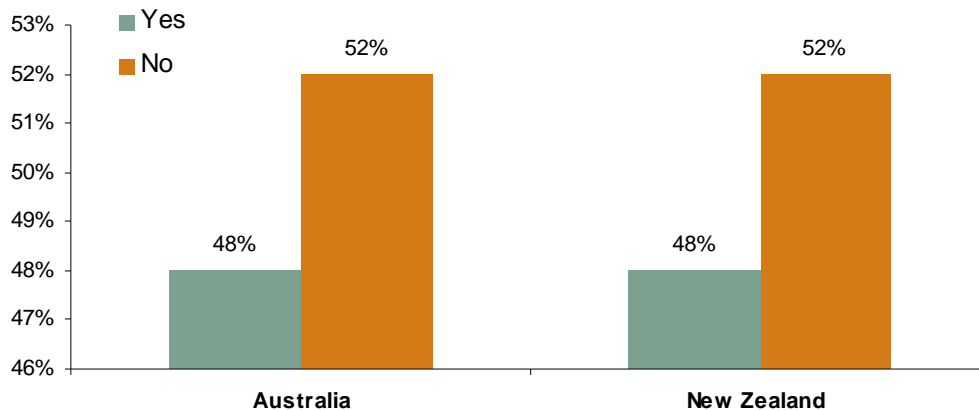
Current Trends: Australia and New Zealand

When times get tight, companies may be tempted to cut their CSR budgets – meaning environmental targets, charity partnerships and community initiatives fall by the wayside. Can CSR survive in a downturn?

According to surveyed HR professionals, less than five out of ten organisations in Australia (48%) and New Zealand (48%) participated in practices considered as corporate social responsibility in current economic climate (Figure 1). The results might indicate a decrease in overall CSR participations and CSR budget cuts in both countries which have been affected by the current downturn. However, due to lack of historical survey data, this is only a hypothesis based on the findings in this report and on the analysis of recent economic indicators.

One interesting finding was that there were significant differences in CSR participation depending on the size of the organisation in Australia and New Zealand. HR professionals employed by large organisations (more than 1001 employees) in Australia (75%) were more likely than those employed by small (between 1 to 100 employees), medium (between 101 to 500 employees) or medium-large organisations (between 501 to 1000 employees) to indicate that their organisations participated in practices considered as corporate social responsibility in current downturn (Table 1).

Figure 1- Corporate Social Responsibility (by Country)



Source: Manpower Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Large organisations may benefit from a greater reserve of financial and volunteer resources that allow them to support a larger number of corporate social responsibility activities. With a similar trend in New Zealand (73%), HR professionals employed by medium-large sized organisations (between 301 to 1000 employees) were more likely to report that their organisations participated in corporate social responsibility practices (Table 2).

Table 1		CSR Practices in Australia (by Company Size)								
No. of employee	Overall	1	2-10	11-20	21-50	51-100	101-300	301-1000	1001+	
Yes	48%	21%	35%	42%	51%	56%	59%	67%	75%	
No	52%	79%	65%	58%	49%	44%	41%	33%	25%	

Table 2		CSR Practices in New Zealand (by Company Size)								
No. of employee	Overall	1	2-10	11-20	21-50	51-100	101-300	301-1000	1001+	
Yes	48%	29%	39%	38%	42%	51%	53%	73%	59%	
No	52%	71%	61%	62%	58%	49%	47%	27%	41%	

Note: HR professionals who responded "don't know" were excluded from this analysis. The sample sizes and percentages shown in the staff size categories are based on the actual number of respondents who provided organisation staff size and information about participation in corporate social responsibility practices. The overall sample size is the total number of responding HR professionals for this item.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Organisations' policies pertaining to corporate social responsibility may influence their commitment to participating in corporate social responsibility programs and the frequency of selected activities or practices. Organisations with formal policies (i.e., written goals and reports pertaining to CSR; CSR tied directly to organisational goals and/or mission) will have higher internal and external accountability for establishing and participating in corporate social programs than those with informal policies (i.e., typically undocumented, for which there is no accountability, but the organisation strives to be socially responsible). Although organisations with no corporate social responsibility policies may feel a demand for it from external sources, such as the communities in which they operate, consumers and potential business partners, they will have less intra-organisational pressure to participate in corporate social responsibility activities compared with organisations with either formal or informal corporate social responsibility policies.

According to the survey results, the percentages of respondents who reported that their organisations had formal/informal corporate social responsibility policies did not differ significantly among Australia and New Zealand (Table 3).

Table 3			Types of CSR Policy (by Country)	
	Australia	New Zealand		
Formal Policy	26%	24%		
Informal Policy	21%	18%		
No Policy	53%	58%		

Note: HR professionals who responded "no CSR practices" were excluded from this analysis

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Table 4			Plans of organisations without CSR policies to develop policies in the future (by country)	
	Australia	New Zealand		
Yes	14%	11%		
No	71%	79%		
Don't Know	15%	10%		

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

HR professionals from organisations without corporate social responsibility policies in place were asked about their organisation's plans to develop corporate social policies. However, the vast

majority of respondents from Australia (71%) and New Zealand (79%) indicated that they had no plans to develop such policies (Table 4). Does this trend indicate that growth in CSR has stopped as a result of the current downturn?

CSR: Building Long Term Success

A view is emerging that corporate social responsibility can contribute to the financial performance of a company. This approach, which has been described as the 'enlightened shareholder approach', suggests that corporate decision-makers must consider a range of social and environmental matters if they are to maximize long-term financial returns.

A recent study conducted by the Australian Centre for Corporate Social Responsibility shows that, as a whole, Australian companies have not cut CSR budgets and continue to expand CSR activities despite the downturn¹. In fact, a downturn provides an opportunity for companies to leverage greater non-financial resources. CSR experts suggested that just handing over money to support charities might not be as effective as helping people to build their own livelihoods by giving them the skills and education they need. Companies should consider investing in the communities in which they operate and be clear about how CSR initiatives contribute to organisational success and efficiency.

Current economic conditions have created an environment in which Corporate Social Responsibility has become both increasingly challenging and acutely necessary. Companies need to develop new and creative ways to win business in a flat economy. During tough times, companies should take a targeted long term approach and see CSR is an investment, not expenditure. When a company evolves its social strategy, CSR can actually drive the business, contributing to the organisation's financial success as well as its corporate image. CSR can also help a company to thrive in an economic downturn by enhancing customer loyalty and employee retention.

However, tough decisions have to be made, and many organisations have been more concerned with protecting profits than on balancing them with social and environmental targets. Often, they view CSR as a fringe activity and not a business essential. In fact, CSR and sustainability principles often result in improving the efficiency of an organisation during tough times.

HR professionals were asked to identify the corporate social responsibility practices in which their organisations participated. Table 5 shows the variations by country in the percentages of HR professionals who indicated that their organisations participated in each selected corporate social responsibility practice. In general, donating money to charities is the most common CSR practice reported by surveyed HR professionals in Australia and New Zealand. Partnering with environmentally friendly companies and reducing their carbon footprint are becoming increasingly important in CSR programs, especially in sectors with a high potential for environmental impact e.g. manufacturing, mining & construction, transport & utilities etc (Table 6 & 7). Attention from customers and shareholders will reinforce policy signals about efficient energy and resource use, underlining normal sound business principles, and draw new attention to insights from 'corporate social responsibility' or 'eco-efficiency' into profitable business opportunities. New Zealand companies were less likely to have participated in donating money for natural disasters (33%)

¹ CSR Vietnam Forum, "The State of CSR in Australia", May 2009

compared with Australian companies (74%), while the Australian Public Admin & Education sector was more likely to have participated in donating money for natural disasters compared with other sectors in Australia and New Zealand. Overall, the survey results show that donating money to charities is still the most common CSR initiative in the current economic downturn.

	Australia	New Zealand
Donate Money - Charities	81%	77%
Donate Money - Natural Disasters	74%	33%
Support Community Through Volunteer Projects	62%	63%
Partner With Environmentally Friendly Companies	66%	68%
Reduce Carbon Footprint	62%	64%
Monitor Global Fair Labour Standards	43%	41%

Note: The sample sizes and percentages shown are based on the actual number of respondents who provided information about participation in selected corporate social responsibility practices. Percentages do not total 100% due to multiple response options.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Industry Sector	Overall	Finance, Insurance & Real Estate		Mining & Construction		Public admin & Education		Transport & Wholesale Trade	
		& Real Estate	Manufacturing	Construction	& Education	Services	Utilities	& Retail	
Donate Money - Charities	81%	89%	78%	82%	76%	80%	81%	85%	
Donate Money - Natural Disasters	74%	78%	72%	71%	84%	74%	75%	73%	
Support Community Through Volunteer Projects	62%	70%	55%	58%	75%	62%	67%	65%	
Partner With Environmentally Friendly Companies	66%	62%	64%	89%	75%	66%	65%	66%	
Reduce Carbon Footprint	62%	58%	62%	81%	69%	64%	69%	60%	
Monitor Global Fair Labour Standards	43%	38%	47%	42%	44%	42%	40%	43%	

Note: The sample sizes and percentages shown are based on the actual number of respondents who provided industry sector and information about participation in corporate social responsibility practices. Percentages do not total 100% due to multiple response options.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Industry Sector	Overall	Finance, Insurance & Real Estate		Mining & Construction		Public admin & Education		Transport & Wholesale Trade	
		& Real Estate	Manufacturing	Construction	& Education	Services	Utilities	& Retail	
Donate Money - Charities	77%	81%	74%	81%	54%	81%	67%	83%	
Donate Money - Natural Disasters	33%	33%	25%	14%	50%	36%	33%	37%	
Support Community Through Volunteer Projects	63%	71%	64%	76%	75%	53%	74%	64%	
Partner With Environmentally Friendly Companies	68%	57%	69%	81%	71%	65%	81%	65%	
Reduce Carbon Footprint	64%	52%	58%	71%	88%	71%	78%	52%	
Monitor Global Fair Labour Standards	41%	48%	45%	48%	38%	37%	30%	46%	

Note: The sample sizes and percentages shown are based on the actual number of respondents who provided industry sector and information about participation in corporate social responsibility practices. Percentages do not total 100% due to multiple response options.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Strategic CSR during Tough Times

As discussed above, during times such as these, senior management has to be convinced that CSR is an investment and not expenditure. Any investment in the form of an initiative should be able to demonstrate clear returns and value for money. This may mean more focused targeting of projects, and using new tools for evaluation to better measure the outcomes and impact of those projects. For example, companies can put CSR into their product and service strategies by focusing on green initiatives or factoring environmental concerns into their manufacturing processes. And, as the contribution of cash and goods for the charities are mostly likely to decrease in tough times, companies should encourage employees to stay involved in community activities/volunteering and management should provide support if possible with transportation and scheduling allowances.

According to surveyed HR professionals from Australia (67%) and New Zealand (59%), recognition of employee participation in volunteer programs was the most frequently cited means of involving employees in corporate social responsibility programs (Table 8). Providing company-

sponsored volunteer events after work hours/during work hours and providing paid leave for employees who participated in volunteer events were less commonly cited by HR professionals in Australia and New Zealand (results were under 50%). These results might indicate that the downturn has affected the methods used to engage employees in CSR initiatives, as organisations are more likely to be focusing on productivity and profit. Organisations and CSR practitioners should keep in mind that CSR can also play a powerful part in recruiting/retaining talent and keeping up morale. Real investment of time, expertise, and professional guidance will help people become self-sufficient and communities more sustainable.

Table 8 Methods used to Engage Employees in CSR (by Country)

	Australia	New Zealand
Recognise Employee Participation In Volunteer Programs	67%	59%
Encourage Senior Management To Participate In Volunteer Programs	55%	53%
Provide Company-Sponsored Volunteer Events After Work Hours	40%	44%
Provide Company-Sponsored Volunteer Events During Work Hours	47%	41%
Volunteer Participation Is Reflected In Performance Reviews	31%	27%
Provide Paid Leave For Employees Who Participate In Volunteer Events	48%	44%

Note: Percentages do not total 100% due to multiple response options. HR professionals who indicated “not applicable; we don’t have such programs” were excluded from this analysis.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

CSR needs to be more strategic during an economic downturn

Green Initiatives and Cost Savings

Sustainability initiatives often fit well with saving money and improving efficiency. For example, energy costs often represent a large proportion of a company’s expenditure; energy efficiency measures (e.g. using low energy light bulbs, waste reduction) therefore make sense both economically and environmentally.

Even though some sustainable initiatives require an initial investment, they should reap long-term benefits if they are well thought through, become part of company culture, and are based on clear targets. Companies focused on understanding and implementing good economic, environmental and social practices will be in a much better position to survive the downturn, as they benefit from improved staff engagement and lower overheads from environmental initiatives.

Volunteering Gains Importance

Providing opportunities for employees to make a difference in their communities has become increasingly important way for employers to provide non-financial benefits.

In addition, a reduced level of customer demand may free up resources, who can make a difference to communities by donating their time.

This could also tie in to personal volunteering goals of these employees, and enable them to make a difference to the community while participating in an organisational initiative.

Companies should be cautious about reducing the budgets of CSR projects that employees feel proud to be associated, as such a move could have a detrimental effect on employee morale and engagement.

Does CSR drive business outcomes and performance?

It has been argued that CSR is the most important measure of corporate success², and there are a number of drivers which encourage organisations to participate in CSR. These include achieving cost and efficiency savings, enhancing reputation and attracting and retaining talent. HR professionals in Australia and New Zealand were asked to identify the top three drivers of CSR programs, and Table 9 shows that contribution to society was ranked as the top driver of CSR programs by respondents from Australia (70%) and New Zealand (77%). Public relations strategy was ranked second driver in Australia (53%) and was ranked third in New Zealand (36%). Environmental considerations ranked as the third driver of CSR programs in Australia (40%), suggesting a direct impact from the recent carbon emissions and climate change policies. On the other hand, New Zealand organizations were more concerned about employee activism and ranked it as the second driver of CSR programs.

	First	Second	Third
Australia	Contribution to Society 70%	Public Relation Strategy 53%	Environmental Considerations 40%
New Zealand	Contribution to Society 77%	Employee Activism 48%	Public Relation Strategy 36%

Note: Sample sizes and percentages are based on the total number of respondents by country who answered this question. Percentages do not total 100% due to multiple response options.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Outcomes of Corporate Social Responsibility Programs

Respondents were asked to identify the positive outcomes of their organisations' corporate social responsibility programs. The largest percentage of respondents from both countries (Australia 32%, New Zealand 33%) indicated that their organisations have improved employee moral as a positive outcome of their corporate social responsibility programs and the second largest percentage of respondents (Australia 29%, New Zealand 28%) indicated that their organisations achieved strong public image. Table 10 depicts that positive outcomes of organisations' corporate social responsibility programs were similar in Australia and New Zealand.

	Australia	New Zealand
Stronger Public Image	29%	28%
Improved Employee Morale	32%	33%
Increased Employee Loyalty	9%	7%
Increased Customer Confidence	7%	7%
Increased Brand Recognition	5%	10%
Position As Employer Of Choice	2%	1%
Increased Employee Retention	4%	2%
Increased Recruitment Of Top Employees	1%	2%
Competitive Advantage	1%	6%
Increased Workforce Productivity	5%	4%
Positive Financial Bottom Line	3%	8%
Benefit To The Environment/ Sustainability/ Reduce Carbon Footpri	8%	11%
Benefits The Community/ Community Involvement	11%	1%
Benefits Charities/ Give To Charity	2%	3%
Increased Staff Awareness Of CSR	3%	2%

Note: Sample sizes and percentages are based on the total number of respondents by country who answered this question.

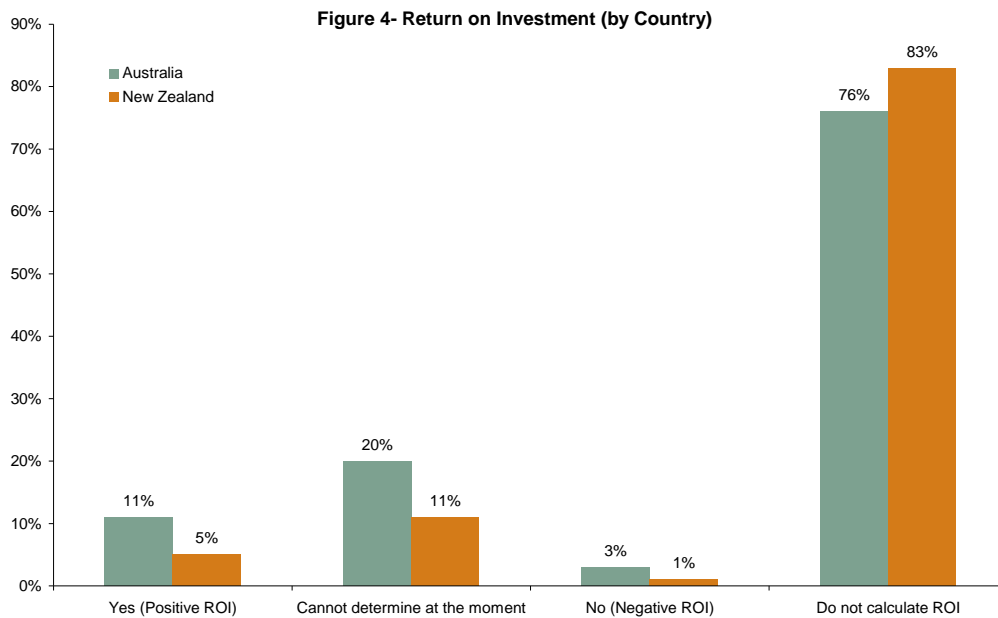
Percentages do not total 100% due to multiple response options. HR professionals who indicated "not applicable; we do not have corporate social responsibility programs" were excluded from this analysis.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

² Economist, 2004

Return on Investment for CSR

The majority of organisations with corporate social responsibility programs do not calculate return on investment (ROI) for these programs, according to HR professionals. As shown in Figure 4, HR professionals in Australia (83%) and New Zealand (76%) reported that their organisations did not calculate ROI. The organisations that did calculate ROI for their corporate social responsibility programs either reported a positive return on investment or indicated that it was too soon to determine if ROI was positive or negative. Very few respondents reported that their organizations calculated a negative ROI for their corporate social responsibility programs. These results suggest that most organisations are not basing their corporate social responsibility initiatives on particular measures or achieving a specific bottom line. This supports the earlier finding that contribution to society was the main driver of corporate social responsibility in Australia and New Zealand.



Note: Percentages do not total 100% due to rounding. HR professionals who reported that their organizations did not have corporate social responsibility programs and who were not sure if return on investment was calculated were excluded.

Source: Manpower 2009 Corporate Social Responsibility Survey, April 2009, Australia and New Zealand

Conclusion

Current economic conditions have created an environment in which Corporate Social Responsibility has become both increasingly challenging and acutely necessary. Social programs are in need now, more than ever, since the crisis hits the economically vulnerable sections of society more severely.

The present circumstances point to the need for companies to embrace strategic CSR programs that are tied to their core competencies and designed around long-term commitments to deliver social change. Strategically managing CSR during tough times requires a bold approach, which will only deliver the most effective and efficient social programs, but also provide the strongest returns to the business. Ultimately, the more integrated CSR is into the business, the greater chance it has to be able to achieve maximum impact even in the midst of changing economic circumstances. Instead of cutting down on their community activities Australian and New Zealand organisations need to use this opportunity to strengthen and streamline their CSR agenda.

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Research Sources

Manpower Corporate Social Responsibility Survey 2009:

This research was undertaken in partnership with Roy Morgan Research by interviewing 3,669 HR professionals in Australia and New Zealand during April 2009.

Other research sources have included in footnotes

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