Business Social Investment Activity in New Zealand

A Scoping Report

by

The Institute of Public Policy AUT University
and McKinlay Douglas Ltd

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TABLE OF CONTENTS

THE STORYLINE

The Project

This project was undertaken for the purpose of identifying options for encouraging and supporting cross-sector collaboration between business and community organisations with the aim of building mutually beneficial relationships between business and the community.

There was an explicit intention that the project should be action oriented, providing recommendations for the Tindall Foundation on what activities could be undertaken to increase awareness and the practice of business social investment with the objective of improving community outcomes. We conclude in our report that there is a genuinely New Zealand approach to social investment emerging that presents a major opportunity for the Foundation.

Defining Business Social Investment

Our study found a very diverse range of activities covered by the term 'corporate social responsibility'. Within that, it is the more specific concept of 'business social investment' that became the focus of our work. The investment is seen as 'social' because its primary purpose is to add value to social outcomes, generally by building capability in the voluntary, community and not-for-profit sector. It is seen as 'investment' because the organisations involved seek a 'return' on the effort and resources they contribute. Longer-term 'return on investment' consists of improved community outcomes, enhanced reputation and standing in the community for the business, increased awareness of the role of business in the community, staff development, business sustainability and profitability.

Business Ownership

Underlying the study is the difference between businesses where ownership and management are separated (the 'corporate' business), and businesses where ownership and management are combined (typically the small and medium sized enterprise, or 'SME'). The difference is crucial for understanding the motivations that drive business involvement in social investment, and in turn the forms it takes. The key difference is the shareholder-value focus of businesses with separated ownership and management (where managers are required to account for decisions in terms of shareholder interests) and the much simpler accountability in the owner-managed firm, where the manager has a large degree of freedom as to how the company's resources are used. There are also obviously issues around size and access to resources but in terms of active community engagement these lines are blurred with examples at both ends of the scale on both sides of the fence.

The International Context

The theory and practice of business-community engagement has become widely accepted internationally. International trends in corporate social responsibility increasingly recognise that business is part of the community, that business processes have important impacts on the community beyond 'the business of doing business'. Companies are located within the community and the impacts of business processes have implications for shareholders, employees, customers, unions and the market place, as much as they do on the work place, the environment, government, local communities, local economies and cultures, not-for-profit organisations and other public and private institutions. The quality of a company's management can therefore now be judged, in part, on its recognition of the business-community-environment nexus and how the company's activities enhance the overall objective of building an inclusive and equitable society and sustainable economies.

Public Perceptions

There is nevertheless still a degree of public cynicism about business involvement in social and community affairs. This highlights the importance of working with a sense of mutual collaboration, acknowledgement and respect, recognising that both the company and the community bring special skills and resources to the partnership. It also challenges companies, community organisations and brokers, to develop strategies that build linkages, establish dialogue that enhance collaboration and partnership, recognising that working together creates community outcomes that are much more sustainable than individual entities or institutions acting independently.

Business Social Investment in New Zealand

In New Zealand, patterns of social investment activity in the larger corporate sector tend to follow international practice. This can be attributed partly to the active role multinational corporations have played in developing social investment strategies, and partly to the growing acceptance of corporate social responsibility (and within that social investment) as an element of good business practice. The context for business social investment within New Zealand has, however, some important features that should be taken into account in considering the role it can play in New Zealand. These include:

- the scale of New Zealand business as compared with other jurisdictions, and the implications for ownership and decision-making;
- New Zealanders' somewhat ambivalent attitude towards business and wealth generation;
- the funding framework for the voluntary, community and not-for-profit sector; and
- the opportunity to reflect New Zealand's unique blending of Western and indigenous values in business.

Valuable insights into the experience of New Zealand business with social investment, and how this might be influenced, are to be found by looking at businesses in the two distinct categories of the “separated” business and businesses that combine ownership and management. The approaches that might be taken to developing business-community relationships are different in each case.

The Business Experience

The larger corporate businesses we interviewed had well-developed understandings of the rationale for, and benefits of, their roles in social investment. What was significant for our study were the ways their approaches appear to be evolving, in particular, towards taking a longer-term, multi-objective and outcome-oriented perspective; a considerable degree of creativity in how businesses contribute to the business-community relationship; and a clearer emphasis on the “investment” perspective, going beyond shareholder value to adding value for the community that in turn provides the business with a license to operate.

The SMEs in our interview sample offered different insights, in particular, an example of a substantial family-owned company with a history of involvement in social investment, the other a case study of a community organisation and its commercial partnerships. Both have taken approaches that are strongly in harmony with New Zealand's societal values in relation to business.

The SME Cases

The case of the family-owned business revolves around the blending of the company and a charitable trust established by the company's founder, and the focus on building capability in both entities to pursue community initiatives. It is an example of a business that is consciously serving dual objectives: growing as a significant and commercially successful enterprise providing income and wealth for its family shareholders; and at the same time consciously seeking to use its skills and tangible resources, including specifically its commercial and technical knowledge, to enhance the quality of the community in which it operates. The company is also now seeking to engage its suppliers and customers in community initiatives – in a sense a 'cluster' approach which we see as having very considerable potential as a more widespread practice.

Our other example was a non-profit organisation providing support, employment and training for people with disabilities. The organisation has a long history of partnership with business and a strong sense of being more than the provider of government-funded services. A unique feature has been the successful generation of commercial income through joint ventures with business, freeing the organisation from endless concerns about government funding and building a self-sustaining flow of activity to support the organisation's community service objectives. A commercial focus has played a key role in allowing the organisation to build common ground with business – providing, in the words of the Chief Executive, a "basis for a conversation with business". In essence this is about the organisation recognising the need to be "investment ready" to form relationships with businesses partners. One of its business partners is a whole business based on a social investment philosophy. This has the potential to provide a means of reconciling the need to grow business activity with the somewhat ambivalent attitudes of most New Zealanders toward business.

In both these SME examples we see the emergence of what can be thought of as a New Zealand model for social investment by small and medium business in that there is less of a divide between business owners and the community. They are in fact an integral part of the community.

Brokers

In the case of both the larger corporates and SMEs, but especially the former, we identified a significant role for brokers in building cross sector collaboration, and in providing the opportunity for better engagement by business in the community and non-profit sector. A broker may be defined as a person or agent that acts as an intermediary or third party in building a bridge and laying the way for mutually beneficial outcomes in negotiations between two parties. The role of a broker in corporate social responsibility is to reduce imbalance, or perceived imbalance of, information and capability (or power) between a corporate, large foundation or donor, and not-for-profit or community-based organisations.

In the course of our research we observed both a shift, and a desire, amongst the business sector to become more strategic and outcomes-focused in their business-community relationships. There is in this an important link to the purpose of the project: longer term more meaningful engagement, concerned with delivering better social outcomes and a return on investment for both the community and business. It was at this end of the scale of engagement, more closely defined as social investment, that we were interested in exploring the role of brokers.

The benefits of using brokers are several-fold and include:

- opening the business or community organisation to new and wider networks;
- reducing the time and cost spent in identifying organisations that have a strong fit with their values and expectations;
- expertise and the broker's ability to 'think outside the square';
- the broker's role in helping define the outcomes;
- managing the process to a successful outcome; and
- the external credibility of having an independent third party.

Brokers can be divided into three groups: in-house (those that are employed by a business entity, and are often performing other roles within the business such as human resources); independent for-profit brokers; and independent not-for-profit brokers (those that operate as intermediaries but are funded by other sources). We posed the question of whether independence is important? We concluded that it was, on the whole, but that there are certain advantages to other models and there is room for flexibility. Our preference would be to change the terminology for "in-house" brokers and "fee-for-service" brokers (where it is clear who is paying), as the role of a broker by definition requires third party independence.

We concluded that there is a role for brokers in both the corporate and SME arenas. For the larger corporate, a broker may be an effective way to 'match up' the company and the community organisation best suited to their mutual interests. This may be particularly valuable for community organisations that are not fully aware of the benefits of partnering with a business, and needing capacity to engage in a partnership. We also see an opportunity for independent brokers to facilitate the engagement of [networks of] SMEs and community organisations that are interested in cross-sector collaboration to become more strategic in their approach, create critical mass and identify opportunities for more outcome-focused projects.

When considering strategies that might enhance business social investment in New Zealand, it is important to recognise that the business sector in New Zealand already plays a significant and diverse role in social investment. It is also important to be realistic about what signal is sent to business about business social investment. Only a minority of businesses in New Zealand will have the resources and motivation to engage at the level that an ideal world might suggest. These points serve to emphasise that there is no 'one way' to 'good' business social investment.

Enhancing Business Social Investment

The Corporate Sector

It can reasonably be assumed that among the larger corporates social investment will continue to evolve in line with international practice, albeit adapted to the New Zealand context. One area we think has potential for enhancing business social investment in the corporate sector is access to information: information to help businesses identify the community investment opportunities they are best placed to engage in; and information to help community organisations become more aware of the ways business involvement might assist them achieve their objectives and to help them position themselves to take advantage of the opportunities. Effectively this is about bridging the space between the corporate and the community organisation. We believe this is an ideal role, and an important opportunity, for brokers.

The SME Sector

SMEs, by comparison, need to find their own path to effective social investment activity. While some have clear policies and systems, the social investment activity of most SMEs is characterised by a degree of serendipity. We believe the greater untapped *potential* is to be found at the SME level, and particularly, a *New Zealand* approach, one that recognises and builds on the unique "New Zealand-ness" of business in this country and of the environment in which business, communities and community organisations operate.

The strategy, as we see it, is to build on the emerging experience of businesses of the kind we have identified in our SME examples. Does their experience suggest a set of transferable approaches that could be adapted for wider use? We believe it does. We would see the target for this approach, in the first instance, as being SME businesses that come with a clear idea of the skills they can bring to community initiatives. They would be businesses that are commercially profitable, have resources to offer and, as part of their core mission, have a commitment to building a strong community.

The question is how this emerging experience might translate into enhancing business social investment in the SME context. What is it that might be replicated, and how? Part of the answer can be found in identifying key elements in the preconditions for effective business social investment, incentives for business social investment, critical factors in successful business social investment and mechanisms that could be used to activate business social investment.

Three areas in which strategies might be developed are:

- finding ways to build and nurture the networks that bring together businesses and community organisations, and like-minded businesses in local areas;
- engaging a wider range of players in the quest to encourage and enhance business social investment; and

- the development of some kind of resource to enhance knowledge and understanding of business social investment.

Increasing Awareness

In the course of research and inquiry for this report it became apparent that raising the awareness of business social investment activity will go part of the way to understanding and improving the role of business in social investment activities. This took us to our central argument, that increasing awareness – knowledge, understanding and opportunity – is key to enhancing business-community collaboration and overcoming barriers. We do not see these as separate things – they are mutually reinforcing means to achieving increased awareness. Tangible ways by which greater knowledge understanding and opportunity could be achieved, particularly for promoting the role of SMEs in business-community collaborations, include information forums, the collation and dissemination of research and information, greater availability of independent brokers, building on existing networks and facilitating the formation of new ones and different ways of applying funding sources for enhancing business social investment.

Conclusions

Four conclusions emerge strongly from our work, each reflecting the nature of the New Zealand business and community landscape:

1. Corporate social responsibility activity is now seen as serving an important purpose in the overall pattern of business social investment in New Zealand and can be expected to lead corporate businesses towards continuing their involvement, and to improving it in accordance with international practice.

2. The most sustainable impact of enhancing social investment activity in the corporate sector is most likely to come from improving the quality of business-community partnerships, rather than in the overall level of activity per se. This creates an important role for brokers, including a role in supporting community organisations towards "investment readiness".

3. Often beneath the business-community relationship radar screen is the extensive role SME businesses play in social investment - the owner-managed firm where the owner acts both as the driver of the business and as a citizen of his or her community. For

a great number of SME businesses, involvement in the community comes naturally but is often serendipitous. There is scope to assist in developing their role.

4. The SME arena incubates a small but potentially significant group of businesses for which social investment **is** the business. Their point of difference as a business is how they work with the community. They offer the community organisation a source of independent and sustainable income and a whole new source of capability to support the organisation's social objectives. We see considerable potential to build on this as a model to enable the emergence of like businesses. They will not be a large group, but we believe, would have a strong presence and positive impact on the social investment scene in New Zealand.

These conclusions represent, we believe, significant opportunities for the Foundation, with the latter two offering a genuinely New Zealand approach to business social investment activity.

Recommendations

Our recommendations cover:

1. A greater role for brokers
2. Showcasing owner-managed business-social investment models
3. Strengthening communities as a business opportunity
4. Raising knowledge, understanding and opportunity.
5. We also suggest roles for The Tindall Foundation in progressing these opportunities.

PART ONE: INTRODUCTION AND APPROACH

1.1 THE BACKGROUND TO THE PROJECT

This study was commissioned by the Tindall Foundation (Tindall; the Foundation) from the Institute of Public Policy at the Auckland University of Technology (IPP -AUT) in association with McKinlay Douglas Ltd (MDL).

The Foundation's interests were to scope "social investment activity" within New Zealand, seen in this context as the product of corporate social responsibility, and to encourage and support cross-sector collaboration between business and community organisations with the aim of building mutually beneficial relationships between business and the community.

The brief was to produce a scoping report that would:

- take a snapshot of current business social investment activity in New Zealand;
- explore the role of brokers in encouraging and facilitating mutually beneficial partnerships between business and the community;
- identify some of the key elements (practices) that enhance effective business social investment;
- identify strategies to remove barriers to positive associations between business and communities; and
- make recommendations on how to increase awareness and participation of business social investment.

There was an explicit intention that the project should be action oriented. It should be well-grounded in an understanding of current practice locally and internationally. Its primary purpose however was to identify, and make recommendations for the Foundation on, what activities could be undertaken to increase awareness of, and the practice of, business social investment with the objective of improving community outcomes.

The starting point for the project was a literature review which deliberately cast its net widely. This ensured that the study started from an appreciation of the very rich and diverse range of business-community involvement as context for focusing on those areas the Foundation might wish to develop. Focus groups and key informant interviews provided information on what was actually happening in New Zealand. The study found a very diverse range of activities: in the case of the larger corporates, developed from overseas experience and reflecting internationally accepted 'good practice' in corporate social responsibility; and in the case of smaller New Zealand owner-managed firms (SMEs), growing out of our uniqueness as a small economy, physically distant from the rest of the developed world and with our own perceptions of the role of business within the community.

From the latter, we conclude in our report that there is a genuinely New Zealand-approach to social investment emerging that presents a major opportunity for the Foundation. We suggest that it is here that the Foundation should focus in order to significantly enhance business social investment activity in New Zealand.

That is not to say that the activities of the larger corporates are not important. The contribution they make through their role in social responsibility is a vital part of business-community relationships. However, simply because these companies have well developed practices and policies, and because these are often substantially determined offshore, we believe that the scope for the Foundation to add value to the totality of business social investment in New Zealand through the larger corporate sector is relatively limited. The most sustainable impact is most likely to come from the quality of business-community partnerships rather than in the overall level of activity per se.

1.2 DEFINING SOCIAL INVESTMENT

In our literature review we canvass numerous definitions that are used internationally and in New Zealand. To set the scene, the following is a short explanation of the meaning we have attached to the term social investment in this project.

1.2.1 Corporate Social Responsibility

The literature review shows that the term "corporate social responsibility" covers a wide range of activities. It includes a range of practices that businesses use to manage shareholder value, recognising that the long term success of business requires at least some minimum level of community acceptance that business objectives and activities undertaken to attain those objectives are consistent with community values. This approach is often summed up in the expression "licence to operate", the sense that the community has the potential to regulate business environment and influence business degrees of freedom.

1.2.2 Socially Responsible Investment

Corporate social responsibility also encompasses investor practices of selecting investments not just for their expected financial return but on judgments about the contribution (negative or positive) which the firm makes to achieve non-financial objectives. Firms engaged in what may be regarded as socially detrimental activities, such as tobacco and armaments are screened out in favour of firms whose activities are seen as adding value to society. There has been a significant trend for both individual and institutional investors, especially those with a quasi-social purpose, to place part of their portfolio in funds that are specifically targeted to communities or groups which have difficulty in accessing conventional capital markets. In New Zealand the best example of this approach is the Steiner related Prometheus Foundation.

1.2.3 Business Social Investment

Many businesses use their non-financial resources to build capability in the voluntary, community and not-for-profit sector. It is this practice that is the focus of this study, and that we refer to as 'social investment'[1]. Both words within this term are significant.

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[1] This is not to suggest that other aspects of corporate social responsibility are unimportant in the New Zealand context. There is a very good case to be made that New Zealand is seriously lagging in the community investment area; developing ways of encouraging individuals and institutions to target part of their investments to communities or groups which have difficulty in accessing conventional capital markets. The nature of New Zealand's capital market, and the presence of a number of major publicly "owned" trusts, both suggest that this is an important area which merits further development.

The investment is seen as ‘social’ because its primary purpose is to add value to social outcomes, generally by building capability in the voluntary, community and not-for-profit sector. It is seen as ‘investment’ because both the business and the organisations involved seek a ‘return’ on the effort and resources they contribute. Longer-term 'return on investment' consists of improved community outcomes, enhanced reputation and standing in the community, community awareness of the role of business in the community, staff development and business sustainability. Therefore, business social investment goes beyond the cheque-signing practice of traditional corporate charity, to business wanting to 'make a difference' through active engagement with the community and community-based organisations.

1.3 THE ‘CORPORATE VERSUS THE SMALL AND MEDIUM SIZED ENTERPRISES [SME]

An important factor in our study was the difference between businesses where ownership and management is separated (which we loosely refer to as the ‘corporate’ business), and businesses where ownership and management are combined (typically the small and medium sized enterprise or ‘SME’).

We go into this distinction in more detail in our discussion of the New Zealand context for business social investment (Part THREE). We simply note here that understanding the difference is crucial for understanding the motivations that drive business involvement in social investment, and in turn the forms it takes. The key difference is the shareholder-value focus of businesses with separated ownership and management (where managers are required to account for decisions in terms of shareholder interest) and the much simpler accountability in the owner-managed firm, where the manager knows that if he or she is committing resources to social investment, it is his or her own resources that are involved.

These are important differences in the New Zealand context because the majority of businesses are SMEs.

1.4 THE SCOPE OF THE PROJECT

This study is necessarily limited in scope. Its primary purpose is to focus on identifying areas where the Foundation could make a real difference to the level of activity and/or to improving the focus of business social investment in New Zealand.

Recognising this purpose, the report acknowledges the value of social investment activities by corporates reflecting international practice, but concentrates on the potential of a genuinely New Zealand approach to social investment. For this reason we have drawn on what we learned from leading examples of approaches evolving in the SME sector.

1.5 METHODOLOGY

1.5.1 The Advisory Group

An important component in the project was the convening of an advisory group consisting of key industry players in the area of business social investment in New Zealand. This was attended by twelve people representing a wide range of constituencies from brokers (such as Robin Hood Foundation), large corporates (such as Vodafone) and small and medium scale enterprises (such as Holistic Business Solutions). A full list of members is provided in **Appendix THREE.**

The objective was to engage these different perspectives in the study from the beginning, to help frame the research questions and identify key participants, in order to have a broad representation of interests in the study. A series of questions were explored that helped form the basis for the design of the study. The active engagement of the group also helped to make the findings of the study much more relevant to the business and community sectors.

As a result of the initial meeting the scope of the study was expanded to include questions that would identify practices that enhance effective social investment and recommendations on how to increase awareness and participation in social investment.

At the suggestion of the Advisory Group the information gathering was also extended to include interviews with persons in government departments and the community voluntary and not-for-profit sector.

The Advisory Group was also invited to comment on the draft report.

The project team is grateful for the interest members of the Group took in the study and for their valuable contributions.

1.5.2 Information gathering

Information for this report was collected from three main sources: a literature review; face to face interviews; and focus group discussions.

1.5.21 The literature review

The objective of the literature review was not simply to find out who else had undertaken research in this area of study, but to understand what were the practices and activities in social investment internationally and in New Zealand. The review was important in sharpening the focus of the study, invariably focusing on business social investment activities rather than general corporate social responsibility which we found to be rather all-encompassing, with the range of activities much less well defined.

The literature review also helped to identify some of the key themes that shaped the direction of inquiry for the interviews and focus group discussions.

We note that much of current research on corporate community investment consists of reports written from the perspective of business by companies as part of periodic reporting on the benefits to both business and the community of corporate social responsibility [IBM 2005; World Bank 2005]. Methodologies used to measure corporate community investment include the *Corporate Responsibility Index* (CRI) designed by United Kingdom businesses in partnership with the BITC, now used in the UK, Australia and New Zealand to measure business' socially responsible performance in the community [http://www.corporate-responsibility.com.au]. There is also the *Dow Jones Sustainability Index* which reports on companies' attempts to become more sustainable through:

> Integrating economic, environmental and social factors in business strategy and place[ing] particular stress on innovative technology, corporate governance, the interests of shareholders, industry leadership and corporate responses to changes in society [http://www.mallenbaker.net/csr/CSRfiles/djsgi.html]

Similarly, the *FTSE4Good Index* measures the performance of companies and how they meet globally recognised corporate responsibility standards in areas such as environmental sustainability, developing positive relationships with stakeholders, and upholding and supporting universal human rights [http://www.ftse.com/ftse4good/index.jsp].

We concluded that measuring the impact and value of business activity in social investment was outside the scope of the project, although it is an issue of much interest.

1.5.22 Interviews

To understand the level of business community investment activities, a number of interviews were conducted with key players in the business sector. These ranged from chief executives of companies such as the Perry Group, WEL Networks; persons in large corporations such as IBM, Fonterra, Mainland Products; and senior managers in three government departments: the Department of Labour, Ministry of Social Development and the Treasury. A full list of participants interviewed for the report is provided in Appendix Three.

The purpose of each interview was to explore participants' understanding and practices of business social investment, motivations, activities, and the elements that enhance effective social investment. In the case of government departments, the interviews also explored participants' understanding of Government's role in business social investment.

What became clear was the wealth of knowledge in the business and government sectors about business social investment activity. The interviews also pointed us to other prospective participants.

1.5.23 Focus Groups

A critical aspect of the study was to understand the role of brokers in facilitating mutually beneficial partnerships between business and the community. Very little is written in the literature about the role of brokers, so this became an important aspect of the contribution of the study to current practice.

The concept of 'broker' as a relationship builder between two parties in the context of business-community engagement can be problematic because the broker may often not be independent of the parties they are facilitating into a partnership or engagement. Often brokers are employed by the business as corporate-community relationship managers, or employed within the community not-for-profit sector in similar roles.

Two focus groups were conducted with brokers to understand their role, what they saw as the key elements that enhanced social investment, community engagement and mutually beneficial arrangements. A full list of participants in the two focus groups is provided in Appendix Three.

1.6 THE STRUCTURE OF THE REPORT

Our report broadly follows the project brief outlined on page 14 above. The only modification has been the merging of the discussions on key elements that enhance effective social investment and strategies to remove barriers to positive associations between business and communities. There was a strong synergy between these sections which made it logical to treat them together.

PART TWO: THE CONTEXT OF SOCIAL INVESTMENT ACTITITY IN NEW ZEALAND A REVIEW OF LITERATURE

Corporate community investment is an integral part of corporate social responsibility and business social investment. The terms used to describe this activity vary across countries, depending on where it is practiced, monitored and evaluated. This includes terms such as corporate philanthropy, strategic philanthropy, mission based investment, ethical investing, values investing, social value maximization, amongst others. What ever the term used to describe these activities, corporate community investment is more than corporate goodwill. It is a genuine attempt by companies to engage in meaningful, productive and effective partnership relationships between the business sector and the rest of society to maximise both business objectives and community outcomes.

The Business in the Community [BITC] of the United Kingdom defines corporate community investment as:

> A practical set of programmes and processes which enable companies to bring the skills and time of their employees to areas of community need. Along with other resources such as donated goods and services, matched giving and use of premises [BITC, 1997:]

Corporate community investment programmes address stakeholders' desire for a positive return on investment as well as meeting community needs with the expectation of mutual benefits to the community and the company.

The Business for Social Responsibility [BSR] in the United States defines corporate community investment as:

> a wide range of actions companies take to impact on communities with their invested or donated money, time, products, services, influence, management knowledge and other resources [BSR, 2003:]

Corporate community investment in the US often includes product donation or giving of philanthropic cash to non profit organisations, encouraging company employees to sign up in volunteering activities and corporate incentives to employee giving. Companies use corporate community investment and philanthropy to bring about positive change in the community. BSR suggests that:

> by donating executive time to non profit organizations, sourcing from local businesses, hiring and training people from local communities, playing a positive role in public policy debates, investing in local banks and other financial vehicles that impact communities, or siting facilities in ways that contribute to local economic development, companies can bring a range of resources to bear on community, economic and social development [BSR, 2003:]

In Hong Kong, corporate community investment is also referred to as community involvement, structured philanthropy or context based philanthropy [Welford 2005]. Welford suggests that community investment demonstrates companies' social responsibility in local communities. The process consists of the conscious integration of social development objectives in business strategies of companies through the design and implementation of investment policies that meet both the business objectives and community needs.

In Japan, corporate community investment activities are generally undertaken in partnership with dedicated local community based organizations. Some activities are straight forward philanthropy aligned to the normal business activities of the company aimed at bringing significant business advantage to the company while at the same time meeting the needs of local communities. The stated objectives include giving the company improved goods and service offerings, providing new skills for employees and increased customer loyalty [Community 2003].

Corporate community investment has become an integral part of business undertakings in most Australian companies as a growing body of evidence suggests that a company's role in its community can be a factor in increasing profitability, strengthening company brand and reputation, elevating employee morale and customer loyalty, increasing market knowledge, attracting and retaining employees, and encouraging product innovation, among other benefits to companies. The ASrIA [2003] study identifies four key reasons for companies' increased interest in community investment. These are:

(i) growing external pressures from the non government organizations for companies to practice transparency and accountability in their business activities;

(ii) increasing consumer preferences for companies that are actively engaged in their local communities;

(iii) employee pressure for companies to initiate positive relationships with local organisations in their areas of operation; and

(iv) the realisation by companies that social policy and the provision of social services are no longer exclusive responsibilities of the government, thus, collaboration with the corporate sector through alliances and partnerships is necessary [ASrIA 2003].

Business investment in programmes that address issues of poverty in the community therefore come from the understanding that poverty at both the local and national levels is a social problem with serious implications for society, affecting business profitability and in fact the sustainability of businesses at the local community level. Businesses therefore, have a stake in addressing community social issues, such as poverty, crime, skills shortages and community violence. Thus, by aligning their business objectives with community needs, corporate community investment enables companies to increase their competitive advantage, reduce overall costs and increase business profitability.

Corporate community investment activities in the US are particularly strong in the financial sector. These consist of funds invested in community development or micro-enterprise activities that contribute to the growth and well-being of marginalised communities. The objective of such activities is to reverse capital flight from low-income communities. The Canadian Social Investment Organisation [CSIO] estimates that in 2002 alone social investment funds amounted to over CAD52billion. Such investment creates resources and opportunities for disadvantaged communities who may be underserved by traditional financial institutions, who are less likely to take the risks associated with capital needs of small business ventures, community housing projects and education services to underprivileged communities. Corporate social investors therefore consciously put their funds to work in ways designed to achieve specific financial goals, while at the same time addressing some of the social issues in the recipient communities.

Corporate community investment must be understood within the overall framework of corporate social responsibility. A number of definitions of the term corporate social responsibility have been adduced by a number of writers. For example, Holme and Watts suggest that:

> Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large [Holme and Watts, 2003:]

This definition suggests that beyond simply operating for the profitability of companies and their shareholders, businesses recognise that there are issues of accountability outside of the company's profit bottom line. This is what has become increasingly referred to as 'managing beyond the bottom line', making social, environmental, and ethical considerations part of doing business [Time Inc, 2005]. The argument developed by those who see corporate social responsibility as the core business of business is that the process actually adds value to business not only in terms of increased profits, market share or even quality of life issues for employees and local populations, but that it creates an environment for businesses to become more innovative in creating models that are not traditionally business practice [Gryson and Hodges; 2004]. It is in this context that Birch, quoting also from Cannon and Davis, argues that:

> The crux of the matter with respect to sustainability is that if business seeks greater freedom of action to perform economically then this freedom must be used responsibly. In other words there is a moral dimension to corporate social responsibility and performance which involves 'building systems of corporate ethics and values into the enterprise, tackling questions of compliance and governance, meeting the needs of the economically and socially disadvantaged, satisfying responsibilities to the environment' [Birch 2003A:20]

Within this framework then it may be suggested that corporate social responsibility is the sharing of responsibility for society's wealth creation, which has been entrusted to companies to manage. When managed properly corporate social investment becomes part of the process of wealth creation which does not only maximise market profits, but enhances the value of wealth creation to society.

In this respect therefore, the active engagement of business with the community becomes a partnership between business, the community and even government. Consequently, some businesses that see their role in this way have taken the lead in addressing those issues in which they have an interest, and in some cases, even those issues that national governments have not provided adequate solutions. The way in which solutions have been sought by business to community needs such as poverty, include direct investment in infrastructure development, investment in community employment development, community capacity building activities, micro-enterprise initiatives that contribute to the growth and well-being of particular communities, corporate advocacy on behalf of poor communities, socially responsible banking, amongst many other forms of locally-based investments targeted to meet the needs of particular communities and groups.

Thus Rio Tinto, a trans-national mining operation in Australia, argues that business-community partnerships are their strategic means to build better relations with the communities in which they operate. Partnerships enable better understanding between corporations and local communities:

> Partnerships enable us to learn new cultures and to share new experiences with communities, enabling us to better hear, and attend to, the voices and concerns of communities in which we live and work.
>
> Business has an important role to play in partnership with others in the public and private sectors and civil society, to help spread the benefits of development more widely by the manner in which we pursue our primary business activities. We believe that a commitment on our part to listen and

to work with these other groups makes sound business sense and will enable us to better serve the interest of shareholders and other key stakeholders, especially over the long term [Birch 2003:3-4]

The theory and practice of business-community engagement has become widely accepted internationally. This is demonstrated by the growing active engagement of companies and trans-national business organisations including the World Bank. The World Bank for example recently published an extensive study of the Bank's engagement with civil society organisations to enhance the corporate objectives of the Bank and better outcomes for global development [World Bank 2005]. Similarly, Jensen argues that attaining maximum value for stakeholders of any business is more than simply profit maximisation. Whereas profit maximisation might deliver short-term profits to the business, the longer-term interest of the company is better served where the overall objective of the company's value maximisation includes 'social value'. This demands that companies must take into account their broader constituencies, namely their customers, employees, suppliers, financial backers, and local communities [Jensen 2001:16]. Thus Birch [2003] suggests that shareholder value and societal value are intrinsically linked.

In New Zealand Von Tunzelmann argues that business has traditionally actively engaged in the community by investing their resources to 'benefit society at the same time as meeting the requirements of business profitability [Von Tunzelmann (1996:3). She defines corporate social responsibility as:

> The distinctive contribution a company makes actively and voluntarily to the advancement of society or alleviation of social concerns, usually through some form of investment in partnership with the community [Von Tunzelmann, 1996: 107].

Although there is a substantial amount of community investment activity in New Zealand, there appears to be very little written about it. Von Tunzelmann's book was pioneering work that charted the course of new thinking on issues of corporate social responsibility, and dispelled some of the arguments prevalent within sections of the New Zealand business sector of the 1980s and 1990s which purported that discussions of corporate social responsibility was a demonstration of negative attitudes towards business. This was encapsulated in the paper presented to the AIESEC Seminar by Roger Kerr, executive director of the Business Roundtable in 1996 where he questioned why businesses were singled out for social responsibility more than other institutions of society:

> Why is there more interest and debate about the social responsibility of business than about the social responsibility of other institutions? I think because it tells us something about the current attitudes at least in New Zealand towards business. We argue that the activities of private business are socially beneficial so long as they are conducted under the rule of law and within the framework of open competition. In some broad sense, all institutions are

> entrusted by the community with their special functions. It follows that the business of business is business [Kerr 1996:1-2]

Kerr went on to argue strongly that the only social responsibility of business was to increase its profits, quoting from Friedman's work, particularly the article published in the *New York Times Magazine* in 1970, that:

> The social responsibility of business is to increase profits subject to the constraints of conforming to the basic rules of society, both those embodied in law and those in ethical customs [Kerr 1996:2]

He further contended that, corporate community investment activities that are conventionally described as the social responsibility of business:

> Are not typically social responsibilities, but remain discretionary activities for which managers should be held responsible only to the shareholders who employ them. The more competitive the environment in which a business operates, the less scope it has to indulge in social activities that are not strictly instrumental in enhancing its profitability or implicitly supported by shareholders willing to accept lower returns on investment [Kerr 1996:3]

The growth of business social investment in New Zealand and internationally in the past decade following the publication of Kerr's thesis demonstrates that business social investment is not simply for 'commercial reasons' nor only out of a feeling of an obligation 'to give something back to the community at the expense of the corporation'. Corporate social responsibility is the active engagement of business in the community, and how companies manage the wealth creation processes in such a way that it produces overall positive impact on society. This is demonstrated in a number of ways including business community investment and business-community partnerships.

The active engagement of New Zealand businesses in the community was highlighted in a study by Louise Lee in 2002. She found that corporate-community engagement was perceived as part of the company being a 'good citizen'. Sixty-one percent of the companies she surveyed reported that the outcome of corporate-community engagement was 'long-term business sustainability and initiatives that provide long-term benefits to business as well as the community' [Lee 2002].

Lee's findings were collaborated by a number of companies and community based organisations that attended the New Zealand business council for sustainable development seminar in 2003. The seminar was attended by 30 participants who identified 33 different forms of business-community engagement activities that businesses across New Zealand were involved in. These ranged from long-term partnership between businesses and community organisations, through to community projects that provided income generation for organisations to address specific community needs, to supporting local schools' governance and management initiatives such as sponsoring 'principal for a day' programmes [NZBCSD, 2003]. The participating companies ranged from trans-national banking operations such as the ANZ bank who offer employees one volunteer annual leave day to enable employees spend time with a community group of their choice, to Trustpower that donates five dollars to community organisations for every customer, and Fonterra who, amongst other things, offers a 12 week technology in industry fellowship [TIF] to local universities for students to undertake research into specific methods of improving company and community identified issues.

In terms of the motivation for corporate community engagement AC Neilson [2004] found that 85% of New Zealanders think more highly of businesses that are actively engaged within their communities than those that do not. About 94 percent of respondents reported that they would support New Zealand companies that took this position. Consumers increasingly factor companies' community engagement practices into their patronage decisions. Businesses associated with community-focused, community friendly practices are perceived as good corporate citizens and this has a differentiating factor with other businesses. Nielson Media Research report *Good is Gold: The Consumer Who Cares* reports that on the average more than 16 percent of New Zealand consumers in the age groups between 10 and 50years have bought products or service from companies because they support charities or worthy causes [11.6% - 19.9%]; and a similar [15%-18.1%] percent of consumers feel more loyalty to companies that align themselves to charities or worthy causes. These findings are even stronger in the metropolitan areas as shown in the table below:

Table1: Customer Loyalty Survey

	I have bought a product or service fro a company because it supports a chari or worthy cause	I feel more loyalty to a company tha aligns itself with a charity or worthy cause
10-49 years old age group	16.3 %	16.5%
Living in the metropolitan areas	51.7%	55.5%
Main Household Shopper	52.2%	42.6%

Metropolitan areas are: Auckland, Wellington, Hamilton, Christchurch and Dunedin
Source: Nielson Media [2004]

Thus corporate-community engagement is not just about companies providing charitable donations, but actively incorporating community investment as part of their strategic business planning in direct response to the demands of their customers.

While there are only few published papers on corporate social responsibility and corporate [business] community engagement and social investment in New Zealand, a number of articles have been written in the national newspapers such as the *New Zealand Herald* and the websites of a number of companies describing business community investment [engagement] activities. For example in 2001 the *New Zealand Herald* published an article by Vicki Jayne describing Urgent Couriers' support for Westpac Helicopters not only because it serves an important community function, but that its couriers may one day need the helicopter's service. The websites of companies such as the ANZ Bank, Carter Holt Harvey, IAG, New Zealand Post and Vodafone outline their activities and the rationale for their community engagement. Tower New Zealand for example states that they take:

> Pride in the communities in which we operate. We believe in creating opportunities that enhance and colour our lives and add dynamism and energy, and this is certainly the Arts! It goes deeper than pure commercial investment. It is appreciating and valuing the support that the community gives to Tower. [Tower NZ, 2005].

Despite the obvious benefits of business-community engagement, there is still some level of public scepticism of the motivation for business-community engagement. Some sections of both the business and community sectors view business-community investment with some level of scepticism. Lee reports that some community sector managers view business community engagement as marketing and public relations.

> Suggestions were made that many small community groups in communities like Glen Innes would never be seen as good marketing or public relations opportunities and were therefore only likely to receive limited support from business. The following comments by one community sector manager indicates a degree of scepticism: 'while the stories of what has happened in the UK were quite inspiring, the lack of local examples and experience left me a little cynical. Unless there is increased activity within the business sector in terms of changing mindsets, raising awareness and possibly a collaborative pressure group created amongst community organisations, the examples of X seems to be a lonely existence'[Lee, 2005:11-12].

The public cynicism underpins the importance of working with a sense of mutual collaboration, acknowledgement and respect, recognising that both the company and the community bring special skills and resources to the partnership. It also challenges companies, community organisations and brokers, and to develop strategies that build linkages, establish dialogue that enhance collaboration and partnership, recognising that working together creates community outcomes that are much more sustainable than individual entities acting independently.

Corporate social responsibility demonstrated through business social investment in New Zealand therefore follows the international trends that increasingly recognise that business is part of the community, that business processes have important impacts on the community beyond 'the business of doing business'. Companies are located within the community and the impacts of business processes have implications for shareholders, employees, customers, unions and the market place, as much as they do on the work place, the environment, government, local communities' economies and cultures, the not-for-profit organisations and other public and private institutions. The quality of management of the company must therefore reflect how they recognise the business-community environmental nexus and how their activities enhance the overall objective of building inclusive, equitable society and sustainable economies.

PART THREE: NEW ZEALAND CONTEXT, EXPERIENCE AND OPPORTUNITIES

This section explores the New Zealand context for, and the emerging experience with, business social investment, drawing on a combination of findings from literature search, interviews with a range of businesses, case studies and previous work carried out by IPP/MDL.

Part of the context for the project (not in the first instance a concern of business) is government policy. We include in this section a brief commentary on issues raised in our interviews with three policy Ministries.

We conclude the analysis by:

- Highlighting opportunities for future development.
- Raising the question of what conversation might be had with government in furthering social investment in New Zealand.

3.1 NEW ZEALAND IN THE INTERNATIONAL CONTEXT

In one sense, business social investment activity within New Zealand – at least among the larger corporate businesses – can be seen as a subset of social investment activity internationally. As our literature review shows, patterns of social investment activity have a high degree of commonality. Factors contributing towards this include:

- The extent to which multinational corporations have been active in developing social investment strategies.

- The growing acceptance of corporate social responsibility and, within that, social investment, as elements of "good business practice".

However, there are also important differences in the context of social investment within New Zealand as compared with other jurisdictions including the United Kingdom, United States, Canada and Australia which need to be taken into account in considering the role which business social investment can play in New Zealand. The differences include the scale and ownership of New Zealand business as compared with other jurisdictions, New Zealanders' attitude towards business, the funding framework within which the voluntary, community and not-for-profit sector functions, and New Zealand's bi-cultural heritage.

We discuss each of these influences in turn, but before doing so, we consider another contextual issue which is central to the way businesses approach social investment in New Zealand. This is the question of the nature of business ownership.

3.2 BUSINESS OWNERSHIP AND SOCIAL INVESTMENT

The majority of the literature and research on business social investment is concerned with companies in which ownership and management are separate. The companies concerned may be publicly listed, they may be the subsidiaries of listed companies as with one company in our study, or they may be community owned but within a governance and accountability structure which imposes the same constraints on management as exist within a listed company.

We found it was important to divide businesses engaged in social investment into two categories: those where ownership and management are separated and those where these are combined.

In the "separated" business category:

- Management is accountable to the owners of the business, represented by the board of directors, for maximising shareholder value. It is this view of business which has commentators such as the New Zealand Business Roundtable arguing that "the business of business is business"[Kerr 1996:1].

- Social investment activity is commonly justified in terms of its contribution to long-term shareholder value. This can be both a strength in terms of providing an underpinning rationale and a weakness because it has at least the potential to encourage a view that business is acting not out of a genuine commitment to the interests of the wider community, but out of self-interest, albeit enlightened.

The "combined" business category presents a quite different context for social investment. When ownership and management is combined, management has the freedom to determine (subject only to the claims of creditors) what should be done with the company's resources. As the chief executive of one company in this category commented "I can choose to be 'irresponsible'" by which he meant that so long as he satisfied the expectations of family shareholders he could really do what he wished with the balance of the company's profits.

In considering social investment activity, this category is not only differently placed, it also raises different and quite complex questions about the nature of the activity itself. Is it being undertaken, as is typically the case of companies in the "separated" category in order to maximise long-term shareholder value? Is the company being used as a vehicle for the owner's philanthropic interests because it is more convenient or tax effective to work through the company rather than through the owner's private interests? Is it being undertaken simply because that is what people do? In other words without any specific rationale or analysis other than a wish to support some aspect of community endeavour?

We return to this issue shortly when we discuss the interview findings and case studies undertaken for this report.

3.3 CHARACTERISITCS OF NEW ZEALAND BUSINESS

3.3.1 Business scale and ownership

New Zealand is commonly regarded as an economy dominated by small and medium-size business. As business demographic data demonstrates, the more significant difference between New Zealand on the one hand and the United Kingdom and United States on the other is the relative dominance of larger scale businesses in those two economies (although the US does have a significantly lower proportion of businesses in the smallest scale category than the UK). This can be seen from the following tables taken from a report on SMEs on the web site of the Ministry of Economic Development.

Table 2: Percentage of Employees by Size Class

Country	Year	**Employment Size Class**				
		0-19	**20-49**	**50-99**	**100-499**	**500+**
New Zealand	2004	29.1	14.0	9.0	18.0	29.0
United Kingdom	2003	30.6	6.5	4.4	10.8	47.7
United States of America	2002	18.0	10.0	7.0	14.0	50.0

Source: SMEs in New Zealand: Structure Dynamics 2005 - section on SMEs International data: http://www.med.govt.nz/irdev/ind_dev/smes/2005/2005-14.html)

The table shows that small-scale firms in New Zealand account for over 52 percent employment compared with 41 percent in the UK and 35 percent in the US. Given the structure of SMEs in New Zealand it is reasonable to suggest that a high proportion of New Zealand SMEs would be owner managed. Larger firms are more likely to have separated ownership and management, and more likely overseas ownership. The implication is that the decision-making regarding social investment by a significant number of larger businesses in New Zealand may be done, or at least strongly influenced from, outside of New Zealand.

3.3.2 New Zealanders' attitudes towards business

New Zealanders appear to have a somewhat ambivalent attitude towards business. It is widely believed that New Zealanders have a quite different attitude towards wealth generation than Americans for example. Stories such as the following provide anecdotal accounts of the differences in business attitudes. When the average American makes her first $10 million she becomes focused on how to make her first $100 million. The average New Zealander will go to the beach after the first one million.

To provide some robust understanding of the substance of anecdotal views of New Zealand attitudes, in 2002 New Zealand Trade & Enterprise commissioned BRC Marketing & Social Research to undertake the "Business Enterprise Culture Project: Benchmark Survey". The overview to the survey report notes that "business and the economy in general is not a high interest subject for most New Zealanders". It goes on to present a number of the survey findings. For the purposes of this report the most significant finding reads:

> When New Zealanders do take an interest in business, **they frequently do so with a negative attitude.** For example, nearly half (46%) considered business to be a '*necessary evil*'. In the extreme, 16% were willing to 'strongly agree' with this view. However, although substantial proportion of the population held such a negative view of business, **many appeared to believe that business could be better if it was more socially-oriented.** Illustrating this, nearly all (89%) of the general public believed that '*business is good, as long as it contributes to the well-being of communities*'. Reinforcing this, only 37% thought that ' *businesses should be mainly concerned with making profit for their shareholders*', meaning that about two thirds of the general public thought that businesses should be concerned with more than just making profit [BRC Marketing and Social Research, 2002:27]

This is an important context-setter for businesses operating in New Zealand. It strongly suggests that businesses generally can expect to find much greater difficulty with being able to do as they see fit than may be the case in otherwise comparable jurisdictions offshore – conversely, that finding effective ways to improve attitudes will be beneficial to the business.

3.3.3 The funding framework for the community sector

Since the reforms of the late 1980s and early 1990s, the New Zealand public sector has often been described as a 'contractual state'. Whether it is the relationship between a minister and his or her department, or between a government department or agency on the one hand and an external entity, whether for profit or not-for-profit, on the other, typically it is now expressed through a contract. This contrasts with the ministerial/permanent head relationship through delegation more typical of the Westminster system, or the pre-reform relationship between government and the voluntary/community sector which was normally mediated through grants.

The significance for the voluntary/community sector of this change is considerable. Previously voluntary and community sector organisations typically received funding as a grant towards their activities. Although the amount may often have been based on scale of the service being undertaken, or calculated in relation to specific measures, such as the number of people receiving the service, or the cost of capital items being acquired, typically accountability was minimal so long as the organisation appeared to be carrying out the expected activity without attracting any significantly adverse public comment.

In contrast, under the contractual state approach, voluntary and community sector organisations now are contracted to deliver specific outputs to meet government's key performance outcomes. The result is a significant change in accountability requirements which demands a much higher level of capability in areas such as governance, financial management, health and safety and much more.

At the same time, both government and other financial support for voluntary and community sector organisations has been declining, at least in relation to need as perceived by the voluntary and community sector. The competition for scarce financial support is intense. One consequence is a still relatively small but growing interest in the possibility of generating viable commercially based revenue streams. One case study in this report illustrates that trend and the role of social investment in supporting it.

3.3.4 Bi-cultural heritage

New Zealanders are increasingly called on to come to terms with the demand that the country should be recognised as a bi-cultural society. This is not to deny the fact that modern New Zealand society is made up of people from a wide range of cultures, societies and ethnicities. The resident population of Manukau City consists of about 165 different ethnic groups. Rather it is to emphasise the pre-eminent role of Tangata Whenua and to respect the demand that Maori cultural values should play an integral part in New Zealand society. Maori are not just an interesting historical curiosity and tourist attraction, but a treaty partner that provides the potential for a unique blending of Western and indigenous values. Examples of the emerging perspective of reflecting New Zealand's bi-cultural heritage in business are demonstrated in this report.

3.4 THE NEW ZEALAND EXPERIENCE: INSIGHTS FROM THE INTERVIEWS

The principal literature on the New Zealand experience with corporate social responsibility/social investment (von Tunzelmann, 1996; Lee, 2002) concentrates on what we have described above as the "separated" category: corporates in which ownership and management are in different hands. While the range of activities these larger businesses engage in is diverse, the underlying rationale for social investment is one they hold in common, which is that it is motivated by the need to serve the long-term interests of the company.

As the literature review highlights, this is a consistent pattern in reported material on business social investment in New Zealand. As might be expected, reasons for this include the ownership structure of the New Zealand business sector – many of the corporates that are prominent in social investment are overseas-owned and acting in conformity with strategies developed offshore, and with "good practice" promulgated by advocates for social investment (including a number of business organisations dedicated to this purpose).

In the work undertaken for this project we also sought to gain insights into the practice of social investment by businesses in the "combined" category. To tap into the experience of businesses in both categories:

- Participants in the "separated" category were selected from both locally-owned and overseas-controlled companies. The majority were companies whose ultimate parent was publicly-listed, and all were ones with tradeable equity, with the exception of a company from the electricity distribution sector which is 100% owned by an energy trust.

- Those for the "combined" category were selected from New Zealand-owned companies (effectively, by definition, as combining ownership and management inevitably means that the ownership is New Zealand resident).

3.4.1 The "Separated" Businesses

Our examples for businesses in the category of separated ownership and management are IBM, the Body Shop and WEL Networks Ltd.

3.4.11 IBM

Within New Zealand, IBM has discretion in how it goes about community-based initiatives, but within a framework set from offshore and focused on enhancing IBM's business, including community (government) recognition of IBM as a technology provider. Benefits to the business include greater recognition of the company's capabilities, especially on the part of key target clients (government; the education sector) and enhanced staff development/satisfaction/loyalty.

IBM operates a number of programmes designed to promote access to technology, based around a philosophy of educational achievement and on recognising that the future of the company is tied to information technology-skilled workers, as is the health of economies around the world. It makes long-term business sense for IBM to encourage the development of technology-related skills.

The links between the global programmes and those IBM adopts in New Zealand is illustrated by two of IBM New Zealand’s community initiatives:

- The first is the innovative global IBM programme "KidSmart", providing access to technology in early childhood/preschool. It targets kindergartens and early childhood centres in disadvantaged areas (normally decile one to five) that otherwise would not have the opportunity. The approach is one of making technology part of the overall curriculum and a learning tool for teacher training, giving teachers the confidence to explore technology with children. It helps to integrate technology into the teaching environment and deal with how teachers feel about technology. It also seeks to engage parents.

  To advance the programme in New Zealand IBM has partnered with the New Zealand Kindergarten Association for regional teacher training and with the New

Zealand Childcare Association. The company consciously chose to partner with organisations having national-level capability combined with regional networks, a factor central both to the concept of the programme and to its success.

KidSmart is formally evaluated offshore, with an evaluation covering the Asia-Pacific region. This has revealed a positive impact on children's' learning. Government benchmark research was done prior to establishing KidSmart to provide the basis for an ex-post comparison.

- IBM New Zealand has also recently embarked on another IBM program, the "On Demand" community. Its purpose is to start building a volunteer workforce from within IBM's own employees, with an emphasis on generating solutions to social problems. The focus is partly internal – fostering a culture of "a great place to work" and of involvement in the community – and partly external. The range of activities undertaken is broad, from school board/effective board management to project management and technology planning to kids in science and technology.

3.4.12 The Body Shop

The Body Shop operates in New Zealand as a franchise, the New Zealand stores being locally owned. The parent company is well known for operating on the basis of a set of core values which include:

- Community trade support (40% of products have local ingredients).
- No animal testing for products (but the Body Shop does not oppose animal testing for medical purposes).
- Self-esteem – body imaging.
- Human rights – promotion of the rights of refugees, women, etc.
- Protection of the planet - reuse, recycle, reduce.

An important part of the Body Shop's approach world-wide is that every store adopts a community project and that staff are able to identify the projects they wish to take on. All staff are involved. Projects focus on issues that affect the company's client community. As examples:

- The Body Shop has been a key partner with Women's Refuge, raising about $250,000 for Refuge over the past two years.
- It has campaigned for the repeal of section 59 of the Crimes Act (which provides a defence to parents for using reasonable force against their children).

The Body Shop identifies considerable benefits from its involvement in social causes both for the company and staff and for the community.

- For the company and staff, the strong values base provides sustainability because customer loyalty is based on support for the company's values. Sales increase when the Body Shop support campaigns. Staff become passionate about the issue and clients see this as part of the campaign rather than as a sales pitch. Staff growing self-confidence through involvement in successful campaigns and staff retention is also improved.

- The community benefits through support for important but often difficult issues.

As with other "separated" examples, in our interview with the Body Shop the same theme of shareholder value as a predominant factor came through. The drive for shareholder returns is seen as a constraint on the full expression of company values. We note that this has become evident with the shift in the ownership of the business from its founders to its present status as a publicly listed company, highlighting the influence of ownership on a company's role in social investment.

3.2.13 Fonterra

The Fonterra Dairy Cooperative and its subsidiary Mainland Products Limited provided a New Zealand-owned example of a "separated" business. Most of the community-focused activity within both organisations is more in the nature of cause related marketing than of social investment as such. Perhaps reflecting that Fonterra has only recently emerged from a very significant restructuring of the marketing and manufacturing arms of the dairy industry, driven by a need to increase both the scale and transparency of returns to shareholders, the primary focus of both organisations is shareholder equity and returns. There appears to be a general sense within both companies that because of their geographic coverage, and the nature of their business, managers, staff and shareholders are closely involved with the local community in any event and so have a variety of ways in which they can respond to community need.

3.4.14 WEL Networks Ltd

WEL Networks Ltd offers a different set of insights into business social investment.
The company has been in business under its current ownership structure (a commercial business owned by a community trust) for more than a decade. During that time the objectives of its trust owners have gone through a number of changes, reflecting the changing composition of a trust board which is elected once every three years. Trust objectives have shifted from the view that the surpluses generated by the company should be applied to community projects to a stronger emphasis on returning benefits to consumers, through either reduced prices or an explicit rebate.

This has gone hand-in-hand with a changing approach at a governance level. In its early years, WEL Networks Ltd management had a significant measure of discretion to act in ways which, in their judgment, were appropriate for a community owned company. This was supported by a board of directors who were as much representative of a community perspective as they were of a purely commercial focus.

The current board regards itself very much as a commercial board with a primary focus on maximising shareholder value. This has changed the context for the chief executive and senior management in terms of their social investment activity. The chief executive is now required to justify explicitly any significant expenditure against the overarching objective of shareholder value.

This has not prevented the company's management from being involved in some quite innovative social investment activity. The chief executive has, for example, adopted a policy of encouraging each of his direct reports to take a governance role in a community organisation. The motivation for this is two-fold:

- Building community capability, especially in areas of activity related to the company's core business. The company recognises that it is in business for the long haul and so has a vested interest in helping build a strong community.

- Staff development. This policy provides senior staff who, in their management role, report to the governance level of the organisation the opportunity to experience, in a governance role, the other side of the governance/management relationship. It also provides senior staff with additional job satisfaction through a sense of contributing directly to the community.

The Huntly Energy Efficiency Trust provides an example. This trust was established to manage a retrofit program within the Energy Efficiency and Conservation Authority's Energy wise homes initiative. The community, which is relatively disadvantaged, lacks the skills and experience required to fulfil the governance roles of the Board of Trustees. WELL Networks provides a senior manager from the company to Chair the Board of Trustees. This practice provides valuable experience for that manager, and profiles the company as actively supporting not just of energy efficiency in the community, which is the primary focus of the project, but also provides employment within the community.

The Chief Executive of WEL himself chairs Catalyst, the local economic development agency, and the company has contributed $70,000 towards its funding. At one level, this is an important community initiative working on strengthening the local economy. At another, it has a direct commercial rationale. As the Chief Executive puts it, if 10 new businesses are attracted to the region, that is 10 new customers for WEL Networks Ltd and for a Telco, property owners and other service providers.

An overriding rationale for this company's social investment activity is the importance which it attaches to its community profile. Quite often, in its business, it will need to undertake activities which are likely to encounter public resistance, for example erecting power poles in positions that may impact on community aesthetics. With active community engagement public perception of the company's action will be much more favourable. Rather than public reaction being: "there they go again trampling on the community's rights", it will be "if they are doing it, they must have done their homework and satisfied themselves that this is the least intrusive option."

AC Nielsen research suggests that the approach adopted by WEL Networks described above is part of business risk management. Explaining risk management as it relates to their research business, AC Nielsen says:

> So I think it is in some ways another word for risk management. We say the single biggest risk for us is people shut the door in our face, put down the phone or don't answer the e-mail. So we have to manage that to be seen as a more responsible and corporately and socially responsible organisation. And that has a return for us directly.

3.4.2 Summary of the experience of the "separated" businesses

The firms considered in the "separated" category come from a diverse range of industries but highlight a number of characteristics in the ways they are developing their roles in the community:

- Taking a longer-term perspective with a clear sense of an outcome, and not simply one-off projects supported by the company. This is reflected in an emphasis on building strong communities, a skilled future workforce etc.

- A multi-objective approach. Firms engaged in social investment seek a number of outcomes including enhanced reputation, increased "degrees of freedom" in business operations, community profile for the firm's products and services with target customer groups. The firm's social investment activity also enhances staff capability, and staff retention as staff perceive the company as contributing as "a great place to work".

- Creativity in the range of activity and the contribution the business makes to business/community relationships, as for example in having company executives sit on the governing bodies of organisations in their communities.

- An emphasis on "investment" which goes beyond a requirement that social investment activity must make a net contribution to shareholder value to a recognition that it must also be value adding for the community.

One particular factor which stands out is the extent to which social investment activity by firms in the "separated" category may be contributing to an enhanced sense on the part of staff of their role as citizens within their communities. This is an issue which merits study in its own right to try and determine its actual significance. One possibility is that it amounts to something of a "conscience salver", enabling staff to feel that they are playing their part without the need to make any real sacrifice in terms of time or personal resources. Another possibility is that it is genuinely enabling a reconnection between staff and community with the prospect that it will shift staff attitudes and lead to one or both of greater demands for company engagement with the community or staff looking for alternative areas of employment better able to satisfy that new need.

3.4.3 The "combined" businesses

For this section we have selected two examples, each offering distinct insights: first, the evolving practice of a substantial family-owned company; and then a case study of a community organisation and its commercial partnerships. We have deliberately chosen these examples as we believe that they have within the seeds of a genuinely New Zealand approach to social investment, and one which has the potential for replication.

3.4.21 The Perry Group

The Perry Group is a major Waikato-based group of companies engaged in construction, engineering, building materials (including quarrying) and environmental management. It is family-owned and in the second generation of family management.

The Group's engagement with corporate social responsibility/social investment began with the philanthropic activities of its founder who, on the 21st anniversary of establishing company, set up the Perry Foundation to promote community initiatives. It began with the development of a retirement village and then moved on to other projects including the establishment of Sport Waikato, New Zealand's first regional sports trust. In the early 1980s the Foundation became involved in gaming in response to a proposal from a third-party, an initiative that was essentially a function of New Zealand's gaming laws requiring that poker machines be owned by a charitable trust.

For a number of years the Foundation and the Perry Group went their separate ways despite their strong linkages at a governance level. The Group focused on developing its commercial businesses and the Foundation on philanthropic activities. The principal linkage between the two was the financial support for the Foundation from the Group's principal shareholder, coupled with the Foundation being the owner and lessor properties occupied by the company.

If the relationship between the Group, its principal shareholder and the Foundation had remained on this basis, then there would be nothing exceptional about it; it would simply be just another, albeit admirable, example of private philanthropy. However, the relationship and the respective roles have moved on significantly in recent years. It is now much more in the nature of a partnership with a focus on community. The Group remains a substantial source of funding for the Foundation, provides technical expertise for Foundation projects and encourages staff involvement. In turn, the Foundation has built up its expertise in community projects. It has a chief executive and a staff of 4-5 people with the capability to assess community projects and provide guidance to their proponents.

To support the company's involvement, the Group has designated a position within the company with responsibility for community projects from the company's perspective. The purpose is to create a more strategic and structured way of building the company's social investment activity and generating more leverage from projects for the community's benefit.

The company's Chief Executive commented that it can be very time-consuming to bring a community organisation on board and achieve a well-run project. He clearly sees that part of the company's role is working with community organisations to build their own capability so that they are able to carry out their part of a project effectively. He doubts whether it would be easy for a small company to do this – it would be too much of a distraction from the actual running of the business.

A striking feature of the Perry Group approach is that it is evolving as a company that is quite consciously serving dual objectives: growing as a significant and commercially successful business which provides a substantial source of income and wealth for its family shareholders; and at the same time consciously seeking to use its capabilities, including specifically its commercial and technical knowledge, to enhance the quality of the communities in which it operates.

One further aspect to note is the way the company is moving to widen its sphere of community involvement. Historically, the Group has tended to operate on its own or in partnership with the Foundation. More recently, it has been moving towards a deliberate strategy of seeking to engage its own suppliers and customers in community initiatives. Its Chief Executive spoke in terms of the value of using "clusters" to network for community benefit and saw this as a particularly effective way of working in provincial centres. He has also focused on encouraging entities such as major trusts (particularly community, energy and gaming trust) to work more collaboratively with each other and with the corporate sector.

There is a parallel between the Perry Group/Foundation example and those we discuss in the "separated ownership/management" category. The Group clearly values the community recognition which comes from its social investment activities, and increasingly sees the value in areas such as staff development, satisfaction and retention. The crucial difference is that although the Group is well focused on acting commercially, the overriding motivation in its social investment activity is community benefit.

From this perspective the Perry experience can be seen as developing a business model which is strongly in harmony with New Zealand's societal values in relation to business, and a long way from the conventional "the business of business is business" model.

3.4.32 Avalon Inc

Avalon Inc, a non-profit organisation providing support, employment and training for people with disabilities, has a long history of partnership with business and a strong sense of being more than the provider of government-funded services.

A unique feature of the Avalon experience has been the successful generation of commercial income through joint ventures with business, freeing the organisation from endless concerns about government funding and building a self-sustaining flow of activity to support Avalon's service objectives. This includes Avalon Industries, a division of Avalon Incorporated.

We have devoted some space to detailing the Avalon case as we believe it provides an excellent example of one way in which social investment can add very real value to New Zealand's communities. In the paragraphs below the history of Avalon is briefly described, followed by the key learnings we draw from the partnerships Avalon has formed with two businesses in the local community. Appendix **ONE** details the background to these business ventures.

The Avalon History

Avalon was established 30 years ago in Tauranga on the initiative of a group of community-minded businessmen who saw a need to provide work opportunities for people with disabilities. It was set up as a sheltered workshop adjacent to the Port of Tauranga, producing pallets for the horticulture industry.

The workshop employed about 20 people with disabilities and produced approximately 2 million pallets a year. It had a number of challenges in its early years including the fact that some of its trainees were epileptics, creating real problems in working around machinery. The board decided that a rural environment would be better, so sold the property, bought the Avalon Citrus Orchard on the outskirts of Te Puna (a significant horticultural area) and adopted the orchard name. This was seen as a real plus: it had no association with disability - the origin is the mythical island to which King Arthur sent his wounded soldiers to recover.

At the time of the move Avalon had a waiting list of approximately 60. Being able to offer these people opportunities for training and employment meant undertaking a quite significant building programme, which they were able to do with a one off special-purpose grant through the Ministry of Social Welfare.

Avalon now operates a range of business units including the orchard (kiwifruit and avocado), plant propagation, arts and craft & sewing. A focus throughout its activities is teaching skills for independent living to enable people with disability to live in the community.

Avalon is recognised as a sheltered workshop for the purposes of the Disabled Persons Employment Promotion Act. This legislation exempts registered sheltered workshops from the obligation to pay commercial-rate wages. Instead, trainees working in a sheltered workshop environment are entitled to a benefit and receive a nominal payment from the workshop operator.

This is about to change. The legislation is being amended so that when a trainee is in a situation akin to an employment relationship, the workshop is obliged to pay wages. Initially, this was seen by Avalon and other sheltered workshops as a significant threat to their viability. With the aid of business partners, Avalon now sees this as an opportunity to improve the quality of life of those trainees capable of carrying out economically productive activity.

Two business partners in particular have been central to achieving this shift: Accolade Packaging Ltd and The Action Stations Ltd (now operating as The Sustainable Business Company Ltd).

The first, Accolade Packaging, worked with Avalon to develop a commercial packaging enterprise. Accolade's Chief Executive, who has a very good knowledge of the packaging business and its customers, helped in identifying the opportunity. He knew that there were no other providers of this type of packaging service in either the Bay of Plenty or Waikato. He also had contacts within the printing and advertising industries which allowed him to provide introductions for Avalon Industries to potential clients. This has become a long-standing commercial relationship between Avalon and Accolade.

The second, The Sustainable Business Company Ltd is an ecotourism company which brings American students to New Zealand. Students come not just for the tourist experience but as an opportunity to make a social or environmental contribution to the communities they visit. A number of the students work at Avalon alongside trainees in its native plant propagation activity. The Sustainable Business Company Ltd not only provides the students, it also purchases the propagated plants which it then uses, for example, for replanting the land alongside an expressway under contract with the local Council.

The Avalon Learnings

The Avalon experience illustrates the value to successful social enterprise of the partners being "investment ready", and the emergence of what can be seen as a New Zealand model for social investment by small and medium business.

The Sustainable Business Company Ltd example shows this being extended to the development of whole businesses based on a social investment philosophy. This has the potential to provide a means of reconciling the need to grow business activity with the somewhat ambivalent attitudes of most New Zealanders toward the role of business. Avalon's Chief Executive sees this as a classic example of triple bottom line activity but driven by a commercial approach from each party.

A commercial focus has played a key role in allowing Avalon to build common ground with business – providing, in the words of the Chief Executive, a "basis for a conversation with business". She sees this as a precondition for developing effective relationships with businesses, underpinning successful contracting with business and helping attract business people to act as mentors, advisers, board members and supporters.

In essence this is about the organisation needing to be "investment ready". Avalon recognised this as partly a training issue which had to be addressed if they were to move to a more commercial approach – particularly, whether staff had the skills and awareness to deal with business. One response to this was to provide staff with training in negotiating skills so that they were better equipped to deal with commercial partners.

Other essential elements in establishing Avalon Industries have been:

- Advice and mentoring from the business sector.
- Leadership within the organisation, at both management and governance levels.

3.5 OPPORTUNITIES FOR FUTURE DEVELOPMENT

Both the literature on corporate social responsibility/social investment, and New Zealand experience is strongly biased towards the role of what we have termed the "separated" corporate category in which ownership and management are separated and social investment activity commonly needs to be justified in terms of shareholder value. For the purposes of this report, we have taken the view that future developments in this area will continue to be driven primarily by a combination of policies and strategies set from offshore (in relation to corporates which are controlled from offshore) and/or by the continuing development of "best practice" by business organisations supportive of social investment.

In relation to the "separated" category, the main area that might benefit from initiatives that could be supported by the Tindall Foundation is information. Are there gaps in the ability of corporates to identify those social investment opportunities which they are best suited to support? Our assessment is that most corporates are well placed in this respect. It is quite common for social investment activity to be influenced by corporates' own research. If there is a gap, it is much more on the side of the voluntary and community sector. How do they become aware of the potential for corporate social investment to assist them, and how do they ensure that they are well placed to gain that investment? This seems uniquely a role for brokers - perhaps supported by the development of a "best practice" guide not just as a means of providing information on "how to do it" but as a tool for enabling greater co-operation amongst those responsible for producing the guide. For example, the Ministry of Social Development, may co-sponsor such a project with corporates such as IBM and Vodafone, in partnership with community funders, such as The Tindall Foundation.

The greater potential in enhancing the benefits of social investment for New Zealand communities appears to be building on what is emerging from the experience of New Zealand firms in the "combined" category -- where management and ownership are in the hands of the same people.

The experience of the Perry Group provides a model of the larger business able to take a strategic approach to strengthening communities. It is developing a model of business/philanthropy cooperation. The term philanthropy is used here to encompass all significant community-focused grant-making or wealth holding bodies, whether explicitly charitable trusts or not. Essentially what the Perry Group is expressing in its own work is the value to be gained from achieving cross-sector cooperation.

This is not something which can be easily replicated for example, through the development of a "best practice" guide. It is something which could be significantly enhanced by further work looking at both the barriers to that type of cross sectoral cooperation, and the opportunities for enabling more of it. Opportunities range from leveraging off the community outcomes process now required by local government legislation, to working with major philanthropic trusts to encourage them to think more strategically. There is currently a growing interest within a number of trusts in shifting from a response of grant-making mode to more strategic community enhancement mode to showcasing the business and other benefits for businesses engaged in this type of activity.

The Avalon experience demonstrates the importance of being "investment ready". Investment readiness is a combination of factors such as the capabilities and experience of board and management, their understandings of the role of business, and their openness to innovation. Strategies for enabling community-based organisations to become "investment ready" range from capability development such as training programs, conference events, seminars, mentoring, etc. to greater involvement of business people in the governance of community-based organisations and collaboration between government agencies and other funders to develop commercial initiatives that are consistent with the organisation's mission, vision and values.

Finally, there is clearly a case for considering whether and how to support the further development of what appears to be a unique New Zealand approach to social investment. This is covered later in our report and in our recommendations.

5.6 GOVERNMENT POLICY

Before moving on to the next section of our report it is worth noting that this project is being undertaken at a time when government agencies are themselves going through quite significant change in the way in which they operate with an increasing emphasis on different ways of engaging the community. The Ministry of Social Development and the Ministry of Economic Development are starting to take a "shared problem" approach which argues that 'if you don't get it right socially, you won't get it right economically'. This has the potential to set a parallel for the relationship between New Zealand business and the voluntary, community and not-for-profit sector.

As part of its new approach, the Ministry of Social Development is putting an increased emphasis on working regionally, with a high level of discretion granted to Regional Commissioners and an encouragement to them to undertake collaborative work at a regional/local level designed to improve social outcomes. Reflective of this, the Ministry has indicated informally that it could be prepared to contribute to the development of a best practice guide for social investment.

The Treasury raises a different set of issues. Its interest is in terms of both how government can facilitate social investment by removing unintended barriers, and in implications for government of the consequences of social investment. In the former category is the question of whether existing government policies and frameworks unwittingly inhibit social investment activity or overlook opportunities for enhancing it, perhaps through the way the tax system operates, compliance requirements, or through encouraging government agencies to think of business as partners in areas where the government is an active funder/promoter of community-based activity. In the latter category is government's concern that equity considerations might put pressure on it to intervene to assist communities that see themselves left behind as a consequence of effective business social investment elsewhere. One example cited was of a Christchurch electronics firm that had successfully introduced technology into local schools. Does this expose government to additional demands to "level the playing field" between those schools and others which do not have a similarly advantageous relationship with a business partner?

The question this raises is what, if any, kind of conversation might it be useful to have with government in developing approaches to enhancing business social investment in New Zealand.

PART FOUR: THE ROLE OF BROKERS IN BUILDING CROSS-SECTORAL COLLABORATION

During the course of this research we have been asking all groups what they considered to be the role of brokers in building cross sector collaboration and in providing the opportunity for better engagement by business in the community and non-profit sector. A broker may be defined as a person or agent that acts as an intermediary or third party in building a bridge and laying the way for mutually beneficial outcomes in negotiations between two parties. The role of a broker in the areas of corporate social responsibility is to reduce the imbalance, or perceived imbalance, of power between a corporate, large Foundation or donor, and not-for-profit or community-based organisations.

Brokers perform various roles and work for various organisations. This role may therefore also be seen in the context of who the broker is working for. In some instances a broker may be seen as working for and on behalf of a corporate entity, or a community organisation, or indeed be seen as an independent third party offering various services to both groups. In some cases the 'broker function may be only a fraction of someone's work within an organisation.

For the purposes of this report we have defined brokers into three groups (where the role is a defined one):

- In-house; those that are employed by a business entity (as this role is most often included in a corporate structure rather than in a community organisation and they are often performing other roles within the business such as human resources)
- Independent for profit; those that operate in the business sense and are endeavouring to operate profitably and
- Independent not-for-profit; those that operate as intermediaries but are funded by other sources.

The influence that these different groups may have on how brokers behave will be discussed further below.

Another theme that sits alongside this, and related to the purpose of the research, is that there are the various layers and levels within business organisations of what we might call business social investment or community engagement. For example a partnership may be seen as strategic through an alignment of values, and through what those things might represent for both the business organisation and the community organisation in the public arena. A partnership then in this context is mutually beneficial and reinforcing for both entities.

At the other end of the scale various activities within a business organisation may be purely philanthropic or charitable giving by individuals within the organisation and that does not have any particular alignment with strategic goals or values. Overall however, we have noticed during the course of this research both a shift and a desire amongst the business sector to become more strategic and outcomes focussed; with measurable objectives attached to the activities and/or funding that businesses see as building or enhancing the community sector. Another group of activities which perhaps sits between the two mentioned above might be termed organic. That these activities are organic (i.e. they originate as a natural part of employee interaction with the community) does not mean that they are not strategic or add value to a particular positioning statement, more that they are most often initiated by the staff within the business entity. Once such example of this could be the volunteer days run by the ANZ Bank where the general positioning statement for the ANZ Bank is one of providing the opportunity for staff to engage in community and volunteer activities but that these activities are driven by the staff members themselves with only general criteria as to which sorts of activities are acceptable and in line with the overall goals of the bank.

Added to these layers of engagement are the notions of time and scale and scope, giving the impression of a rich diversity of business engagement in social investment.

The purpose of this research was to uncover those activities that looked towards longer term more meaningful engagement concerned with delivering better social outcomes and a return on investment for both the community and business. Business and community organisations would therefore be more pro-active and goal oriented, be more outcome-focussed, seek to empower communities, community organisations, businesses and their staff, seek to build mutually beneficial relationships and projects, seek to share power and responsibility, seek to build capacity and capability, and seek to learn from one another.

It is at this end of the scale of engagement, broadly defined as corporate social responsibility, but more closely defined as social investment activities, that we were interested in exploring the role of brokers. It is here that their role becomes more apparent and in our view important.

With this in mind some key themes have come out from the research with regards to the benefits of using brokers in building cross sector collaboration and increasing SIA.

4.1 INCREASED NETWORK OPPORTUNITIES

Brokers are seen to be people that have wide networks both in the business and community sectors and as such are expected to have a good understanding of the particular culture and values that various organisations bring and/or represent. By utilising the services of a broker a business or community organisation opens itself up to new and wider networks and reduces the time spent in identifying organisations that will fit or have a better fit with their own values and expectations in a partnership. This can save time and money for both sectors where in the day to day running of their own organisations do not have the time, or finances, or resources available to explore and pursue network opportunities.

4.2 EXPERT

Brokers in this context are professionals with the ability to promote "a good fit" in values and objectives between business and community organisations. They create an environment where business and community engagement can respond to each other with appropriate systems and processes, and facilitate the negotiation of mutually beneficial projects and outcomes. Brokers also enable business-community engagement to address more effectively external pressures and public scrutiny of the partnership. Key skills for brokers then are project management, negotiation, facilitation, capability and capacity assessment.

4.3 COST EFFECTIVE

By engaging the services of a broker businesses and community organisations may be reducing the actual cost of exploring, negotiating and facilitating a partnership with another organisation, thereby reducing uncertainty. This process can take time especially if the respective organisations are unfamiliar with organisations in another sector and need time to build up information, databases and contacts in order to facilitate that engagement, and then to proceed with negotiating projects.

4.4 DEFINE TERM, SCALE AND SCOPE

As part of the brokerage process, a broker would be expected to have an understanding of the optimal outcome for projects that could be negotiated between the two parties. This means that an in depth understanding of the community organisation and the business organisation will be required in order to facilitate a meaningful engagement that will produce desirable outcomes. An optimal outcome in this context may mean different things to different parties and in different partnerships. For example a partnership between Vodafone and the Foundation for the Blind will look quite different to one that is forged between a small to medium sized business in West Auckland (such as Heron Plumbing) who is an ongoing funder of volunteer coaching awards (amongst a myriad of other community activities). These two may vary in all 3 elements of time, scale and scope. The broker therefore plays an integral part in finding the right match or fit between businesses and community organisations and in facilitating the right project. This may seem more appropriate at the corporate level at first glance, but when one delves deeper it is apparent that there is scope for broker activity at the SME level as well (discussed further below).

4.5 BROKER EXPECTATIONS

A broker could also reasonably be expected to manage the differing or unforeseen expectations by both parties. It is assumed therefore in this context that a broker is able to predetermine the expectations of both parties and to facilitate mutually beneficial pathways and projects. This in best practice terms would happen early in the facilitation and negotiation process and would therefore minimise the chances of negative outcomes, misconceptions, unforeseen expectations, feelings of insecurity or worry about how a partnership may be perceived in the wider public arena, and ongoing public relations.

4.6 SAFETY

Related to the points above, utilising the services of a broker should reduce risk and increase the safety in engaging in the partnership for both [or all] parties. It should also reduce the risk of parties talking past each other and assuming that the other knows what the respective intentions for the partnership are. This assumes a better outcome for having engaged the services of a broker.

4.7 THINKING OUTSIDE THE SQUARE

Brokers or third party intermediaries who are able to move in two worlds - so to speak - and across sectors are more likely to be able to think of entrepreneurial or creative partnerships and projects having a much wider view of the organisations and their respective goals, values and expectations.

4.8 INCREASED MEDIA EXPOSURE

Engaging the services of an independent broker increases the chances to gain media exposure through credibility. The perception by media in receiving media releases from one firm or another about the good things that that Company has been doing as part of their corporate social responsibility seem to have less weight than when an independent third party reports on a partnership that has public good outcomes, and a certain feel-good factor about it. The fact that a media release or report comes from an independent third party as opposed to coming from either a business organisation or community organisation lends credibility to the information.

4.9 IS INDEPENDENCE IMPORTANT?

The theory does not always match the reality. In-house brokers, those that work for a particular corporate or business organisation or community organisation, in the end owe their employment to that organisation. In this situation an in-house broker would be expected to explore mutually beneficial relationships between their own organisation and another. However their allegiance must still lie with their own organisation and therefore seek to promote its particular values and objectives. There will also be many dynamics within the organisation that the broker works for that have to be dealt with, these may include different sub-cultures and factions that may or may not support engagement with an external party. The relationship may also be undermined if it is being led from the top and /or seen as tokenistic. Equally if it is a staff led initiative and it is not supported by management then it is just as likely to have less than optimal outcomes. Therefore an in-house broker will have to work hard at the internal politics and dynamics of the organisation they work for to ensure that there is buy-in by both staff and management within the organisation; and if the engagement is to be a long-term one this will be all the more necessary.

Having said that the internal dynamics and the culture and influence of the organisation that the broker works for will have a very strong influence over how the broker operates, he/she does still have the opportunity of organisational resources at their disposal. Resources that an independent not-for-profit or for-profit broker may not. These resources could include for example, legal departments, advertising, media, communications or public relations departments, website development skills etc, etc. An additional benefit that an in-house broker may have over an independent broker is that they may have access to anecdotal evidence where staff have been involved in community collaboration or partnership experiences and how this effects productivity, creativity or innovation that otherwise may not be immediately apparent to an outsider. This may serve to reinforce the needs of, and benefits to, both organisations. Of course an interesting dynamic in this type of brokerage is that they are not able to be seen as third party independents. In this context the fear of an imbalance of power between a corporate entity and a community organisation will still be apparent as in most cases in house brokers are working for large corporates. This reinforces the need for a community organisation to be "investment ready", with appropriate systems and governance in place in order to ensure both parties gain from the relationship.

Independent brokers that operate in a consultancy capacity will likely be paid by either the business organisation or the community organisation and thus a similar argument could be mounted against their independence in the brokerage role. In both cases brokers may enter into negotiations with honourable intentions but there still may be tensions over whom they are working for. This tension is reduced where an independent broker may operate as a non-profit organisation or a charitable trust supported either through membership or donation. Independent brokerage of this type unfortunately is not well established in New Zealand with only limited examples like the Robin Hood foundation where there is a separate funding source. There are however examples in other countries such as Britain and Holland where this brokerage role is funded by independent third parties such as local government or economic development associations or chambers of commerce or business networks. This is perhaps an area that needs further research; for example into the functional role of independent brokers and their requisite skills, knowledge and attributes, professional ethics (where issues around trust and transparency could be explored) and how they might be funded. This could lead to some best practice guidelines or recommendations.

Ideally business organisations look for a balance of projects and programmes, ranging from strategically focussed long-term projects that line up with corporate strategic objectives and goals, to organic staff-led activities that may be short-to-medium term, and ad hoc donations of time and money. A skilled in-house broker may build such a range of activities into a coherent strategic programme. Such a task may be much more challenging for an independent broker who has limited knowledge of the organisation's objectives and may often be limited by resources.

In response to the posed question at the start of this section – is independence important? – the response is on the whole yes; but there are certain advantages to other models and there is room for flexibility. Our preference would be to change the terminology for "in-house" brokers and "fee-for-service" brokers (where there it is clear who's paying) as the role of a broker by definition requires third party independence.

4.10 SMEs, SOCIAL INVESTMENT ACTIVITY AND BROKERS.

A further dynamic found by this research is the seemingly different approaches between business organisations with the separation of management and ownership (mainly large corporates) and SMEs where there is either no separation or an intimate link between ownership and management. In these organisations issues of scale, governance, project management, strategic objectives and degrees of freedom become important.

SMEs seem to have greater freedom to engage in social investment activities of their own choosing. Leadership in many of these activities comes from the owner/manager of the business. A substantial proportion of these activities is ad hoc, and often not strictly related to business objectives. However, there is ample evidence of a deeper business-community engagement in which the objective is either "give back" to the community or to ensure the sustainability of that community, and therefore the sustainability of the business. Another set of activities arise from purely philanthropic, emotional and/or personal objectives. There is very little evidence of the role of brokers in this group of activities.

Most activities seem to be on a one to one basis either between the proprietor of the business and/or a key staff member and a community organisation. In that sense much of this activity is left to serendipity, response to requests from community organisations or charities, or altruistic motives by the business owner. However it is easy to underplay the importance of SME's in social investment as research has indicated there is both breadth and depth in this area, and there are examples of long term, goal oriented and strategic community engagement. In many cases SME activity in social investment goes unnoticed in the public arena and therefore is under the radar as far as the media or wider public is concerned (and it is here we suspect there are certain cultural factors at play; i.e. New Zealander's prefer not to be publicly recognised for their philanthropy and/or it is not acceptable to "blow your own trumpet").

Therefore there does seem to be an opportunity for independent brokers to facilitate the engagement of [networks of] SMEs and community organisations that are interested in cross sector collaboration and social investment activity to become more strategic in their approach, to create critical mass, and provide opportunity for more outcome- focussed projects. On the community side there is an opportunity to work with community organisations to provide "investment opportunities". This would entail ensuring that community organisations are investment ready with the capacity to engage in a partnership (including the ability to manage projects) and with appropriate governance arrangements, all of which could equally apply to SMEs.

Essentially a broker's key role is to strive for good outcomes. To do so must means responsibilities and expectations are clear and the appropriate project management mechanisms are in place.

PART FIVE: ENHANCING BUSINESS SOCIAL INVESTMENT ACTIVITY IN NEW ZEALAND: KEY ELEMENTS AND STRATEGIES

5.1 INTRODUCTION

In this section of the report, we identify some of the key elements and strategies that might enhance business social investment in New Zealand, with the ultimate objectives of:

- first, encouraging more community investment activity by business and,
- second, helping achieve its full potential to be *effective* investment.

It is important to re-emphasise the point that the business sector in New Zealand already plays a significant role in community investment. Many firms, across the spectrum of large corporate to small enterprise, actively contribute time, skills, money and other resources to enhance social outcomes in the community. The aim here is not to underplay this, but rather to look to a future where more businesses feel able to move more surely into the arena of active engagement with communities in order to improve social outcomes.

It is also important to be realistic about what signal is sent to business about business social investment. Only a minority of businesses in New Zealand will have the resources and motivation to engage at the level that an ideal world might suggest. As highlighted in the discussion above on the New Zealand context, there are constraints both on large companies (in the form of shareholder interests) and SMEs (the constraints of scale and day-to-day pressures on owner-managers) on what is achievable. For these reasons, any approach to enhancing business social needs to offer businesses a range of ways, and levels at which, they might engage.

This serves to emphasise that to have any prospect of success, moves to enhance business social should allow for diversity in how a business might embark on community investment, what it then does and how outcomes are assessed. There is no 'one way' to 'good' business social investment.

5.2 RECAPPING THE MEANING OF BUSINESS SOCIAL INVESTMENT

We start by re-capping what is meant by 'business social investment': what is it we are wishing to see 'enhanced'.

From the various definitions in the literature review, the one that sits closest to the approach we have taken to this project is from Business for Social Responsibility (BSR) in the United States which defines business social investment as:

> … actions companies take to impact on communities with their invested or donated money, time, products, services, influence, management knowledge and other resources [BSR, 2003:3].

To this we would add a purpose. Interpreted from the literature, this can be expressed as:

> *an intention to engage in meaningful, productive and effective relationships with community organisations to maximise both business objectives and community outcomes.*

5.3 OUR APPROACH IN THIS SECTION

A discussion of enhancing business social investment could range widely. Rather than trying to be exhaustive, we have tried to draw out the key ideas from our work and present these in a sufficiently structured way to set the scene for future development. In particular, our work has led us to the view that the most interesting and fruitful prospect for enhancing business social in New Zealand lies in the arena of small and medium-sized enterprise (SMEs).

The extensive studies of corporate social responsibility in large trans-national corporations reveal a highly advanced understanding of, at least, the principles of business social investment, and largely of what would be regarded as conventional practice. Many of New Zealand's largest companies have fairly well developed business social investment programmes based on clear ideas of where and why these fit with their corporate strategy and with the constraint of shareholder interests. Information on their activities is found in publicly available sources and indeed is promoted as part of the company's marketing and communication. Such companies often base their social investment strategies on detailed sampling of public and customer opinion and will have clear criteria as to the benefit to the company. As highlighted in Part Three: The New Zealand Context above, the policies of overseas-owned companies are likely to be set offshore, with the New Zealand business translating the concepts into the New Zealand environment. It can reasonably be assumed that among the larger corporates, social investment will continue to evolve in line with international practice, albeit adapted to the New Zealand context.

Local SMEs, by comparison, need to find their own path to effective social investment activity. While some have evolved quite systematic approaches, the social investment activities of most SMEs is characterised by a degree of serendipity, around both how they become engaged in community endeavour and how they then go about it.

This is not to say that enhancing business social investment activity is not an important consideration in the larger corporate arena. Rather, it is to say that the greater untapped *potential* is to be found at the SME level.

The dominance of New Zealand business by SME firms suggests that the volume and quality of business social investment could grow significantly by increasing the participation of SMEs. Therefore an important strategy for significantly enhancing business-community engagement in the long-term will be incremental growth in the number of SME firms participating in business social investment.

Further points on our approach to this section of the report are that.

- We have not attempted to present a finely-tuned "how to" guide to enhancing business social investment. Nor would that be useful or possible, given the inevitable (and desirable) diversity of business responses to opportunities for community involvement, the equal diversity of the community organisations and the innovative and inventive spirit that is the hallmark of New Zealanders.

- Neither have we sought to disaggregate the possible ways for enhancing business social investment according to the type of business: large, medium, small; publicly or privately owned; separate or combined ownership and management. Being able to do that would in itself be a major step towards a business social investment, enhancing strategy, and is the subject of one of our recommendations.

- We are writing primarily from a business perspective – that is, what businesses can and might do. For what may proceed from this report, the perspective of the community organisations cannot be neglected. They are the co-players in business social investment. Any approach to enhancing business social investment must build in the realities for community organisations with limited resources. Strategies must reflect the investment-readiness of community organisations, their ability to maximise the opportunity of working with business, the time they can commit to building and sustaining the relationship, taking risk and getting the support and engagement of their own constituencies – and also, critically, the independent mission of the community organisation.

5.4 INSIGHT FROM LITERATURE REVIEW

To aim for more, and more effective, business social investment is not a vain expectation. Work by Louise Lee primarily on the corporate sector suggests larger businesses are already developing new methods of community involvement that is proactive, longer-term and strategic – that is, in the nature of *investment*. She identifies a distinct trend towards more strategic thinking by businesses about their community involvement. By this, the businesses she surveyed meant "adopting tight business objectives and applying business disciplines to community involvement" [Lee, 2005:4].

While this might indicate more a more selective approach on the part of business, it does not imply less activity or less commitment. On the contrary, it is reasonable to assume that businesses that are clear about what they are doing and why, and have a clear framework to work to, are more likely to be open to the opportunities for business social investment and to engage more consistently in business social investment, compared with the business whose involvement is spasmodic and reactionary.

It is this assumption that underpins the case for considering how to enhance business social investment, reinforced by Lee's survey finding that as a proportion of all social responsibility activity, active community investment still plays a relatively small part in business involvement in the community – and therefore, has the scope to grow.

5.5 INSIGHT FROM THE NEW ZEALAND CONTEXT

The analysis of the New Zealand context for business social investment in Part Three above produces some important insights into how business social investment might be enhanced. Particularly, it stresses the case for taking a **New Zealand** approach, one that recognises and builds on the unique "New Zealand-ness" of business in this country and of the environment in which business, communities and community organisations operate. In summary:

Context	The Lead into Enhancing Business Social Investment
The scale and ownership structure of NZ business The need to reflect the distinguishing features of business in NZ: ▪ The lack of concentrations of large corporate businesses and the greater extent of overseas control of the larger companies. ▪ The vast number of SME-sized businesses often embedded in their communities and with a sense of 'giving back'.	This suggest a case for tailoring business social investment to the NZ context, focusing on the strengths of NZ's business demographics. For large corporates, the opportunity for enhancing business social investment lies in continuing the focus on strategic fit; also strengthening the 'connectors' between community organisations and potential corporate partners. For SMEs, the opportunity lies in drawing from the experience of firms that are leading new approaches that grow out of their local environments.
Attitudes to, and expectations of, business Increasingly, business is viewed favourably by the wider community when it is seen as having more than 'just' a profit motive.	From a business perspective, this presents a 'point of difference' that can be achieved through genuine and effective BSI, turning around negative attitudes New Zealanders have towards business and wealth.
Government contracting with community organisations Two decades of Government contracting as the primary source of funding for, and delivery of services by, community organisations, and declining financial support, has highlighted the changing requirements for community organisations to survive. At the same time it has strengthened the capacity of many community organisations to be a 'good partner' for business: improved governance, financial management and regulatory compliance.	The quest by community organisations for alternative revenue streams includes viable commercially-based ventures with business. There is a unique role for business that cannot be provided by government agencies - bringing business perspectives, resources, skills and networks. These are capabilities increasingly required to shift community organisations towards greater economic self-sufficiency and longer term sustainability, and thus improve community development outcomes.
NZ's bi-cultural heritage This is gaining an increasingly higher profile in the business arena, and in the case of one of our case studies is a key driver of the business-community partnership on which the business is founded.	The arena of Maori business has not been explored in any depth in this project but has the potential to be, in its own right, well worth work focused around the business community investment link.

5.6 THE KEY ELEMENTS

In identifying the key elements to be considered in enhancing business social investment, we have distinguished between business in the corporate sector (short-hand for businesses where ownership and management are separated) and the SME sector (businesses that are owner-managed).

5.6.1 The Corporate Sector

We have taken the view that for corporates, future developments in business social investment will continue to be driven by the controlling interests (offshore, for a growing number of our major businesses) and the well-articulated theories and practices pertaining to large businesses.

For this reason, we believe that while there is value in seeking to enhance business social investment through the larger corporates, it is the SME arena that offers the most potential for an organisation such as the Tindall Foundation.

That said, one area we think has potential for enhancing business social investment in the corporate sector is access to information:

- Information to help businesses identify the community investment opportunities they are best placed to engage in.
- Information to help community organisations become more aware of the ways business involvement might assist them achieve their objectives; and information to help them position themselves to take advantage of the opportunities.

Effectively this is about bridging the space between the corporate and the community organisation. We believe this is an ideal role, and an important opportunity, for brokers: partly in helping corporates identify the most appropriate opportunities from their perspective, but perhaps more importantly in assisting the voluntary and community sector partner with the corporate sector. The latter will be a combination of information and the organisation's investment-readiness, attitude and understanding of how to prepare themselves for successful partnership with business.

5.6.2 The SME Sector

It is in this area that we see the greater potential for enhancing business social investment in New Zealand, taking advantage of the scope for New Zealand-style innovation and of the attachment SMEs often have to their local communities and their local networks.

The strategy, as we see it, is to build on the emerging experience of businesses of the kind we have identified in our SME examples. Does their experience suggest a set of transferable approaches that could be adapted for wider use? We believe it does. As we have observed earlier, there are here the seeds of a genuinely New Zealand approach to BCI and the potential for replication. The direction in which they lead is not so much a "how to of best practice business social investment" as a basis for looking into the 'enablers' for businesses seeking to actively help shape the communities around them and to combine this with the drive to be commercially successful.

For this to become an avenue for enhancing business social investment requires, first that the underlying strands of a strategy be identified. It is then a matter of thinking what the catalysts might be (including who might be possible players) to shift the ideas in a framework that can be made accessible to businesses across the SME sector, and to community organisations.

We would see the target for this approach, in the first instance, as being SME businesses that come with a clear idea of the skills they can bring to community initiatives. They would be businesses that are commercially profitable, have resources to offer and, as part of their core mission, have a commitment to building a strong community.

5.7 THE UNDERLYING STRANDS OF THE STRATEGY

The common characteristics in the approaches taken by the larger corporates we interviewed regarding business social investment are summarised as increasing focus on:

- A longer term perspective
- Multiple objectives
- More creativity in the range of activity and the contribution to the business-community relationship

- An emphasis on "investment": generating returns for shareholder value and added value for the community.

These characteristics are mirrored in our SME examples, with the important difference being that they are not derived practice, but rather characteristics that are growing out of the experience of particular business people who are highly connected with their communities and have the skills to be effective 'investors' in community initiatives.

The question is how this emerging experience might translate into enhancing business social investment in the SME context. What is it that might be replicated, and how?

We consider this question in terms of:

- preconditions for effective business social investment to occur
- incentives for business social investment
- critical factors in successful business social investment
- mechanisms that could be used to activate business social investment

5.7.1 Preconditions

Our SME examples show that the most significant factor for a business becoming an effective business social investor is the existence of a highly committed individuals or group of business people with a vision, and the skills and resources at their disposal, to identify an opportunity and become the catalyst for action.

'Having resources' may mean that the investing business needs to be operating profitably (as with the Perry Group). If it is a group of business people, that they have the time, skills, local knowledge and finance to put into the initiative (as with Avalon). Or that the vision is held by a person with the insight and knowledge to create the vehicle that is both the business and the community investment (as with The Sustainable Business Company Ltd).

Bringing these together is not something that can be prescribed. It may be that there are incentives that can be identified to encourage more businesses and business people to take the first step into social investment and sustain it through to a successful outcome.

5.7.2 Incentives

Incentives are typically thought of as some factor (financial or non-financial) that provides a motive for a particular course of action – some form of material reward; or a coercive force, or negative consequence, that deters failure to act in a certain way – and that is created externally.

In philanthropy, the incentive is a moral one - where a particular choice is widely regarded as the 'right thing to do'.

The most powerful incentive for business social investment in the SME sector is, arguably, awareness of the benefits to both the business and the community. Business owner-managers who are active in community investment are so because of a strong sense of contributing value to the community. They will very often go into it with a clear idea of the outcome (even if it is not formally articulated). An appreciation of the benefits to the business may not emerge until later, and as a result of experience. By way of example, we found businesses that saw very clearly the benefits to the business of high staff motivation and loyalty flowing from the business engagement with the community, and from having staff involved in community projects, but not as yet a focus on community investment as part of the company's human resource strategy. In other words, business benefits are not always seen immediately as straight "bottom line" as they are, typically, in the larger corporate sector.

A strong incentive arises from businesses having an understanding of the importance of well-functioning communities: the motivation to help create thriving, capable communities that the owner of the business (very often family owners) can take pride in. This is partly a matter of great personal satisfaction (and fulfilment of philanthropic values) and also recognition that the success of the business will depend, perhaps quite directly, on a community that is a good place for employees to live, and one that generates custom for the business. As we argued in the literature review (page 30):

Companies are located within the community and the impacts of business processes have implications for shareholders, employees, customers, unions and the market place, as much as they do on the work place, the environment, government, local communities' economies and cultures, the not for profit organisations and other public and private institutions. The quality of management of the company must therefore reflect how they recognise the business-community environmental context and how their activities enhance the overall objective of building inclusive, equitable society and sustainable economies.

For the community sector, the incentive to engage with business will be stronger the greater the level of community understanding of the business role in community investment. This is not something that can be decreed. It is rather about building knowledge and awareness in the community sector of the link between business as wealth creators and as players in the shaping and development of communities – in the case of SMEs and often larger corporates, of local communities.

5.7.3 Critical Success Factors

A recurring theme in our work for this project was "investment-readiness": on the part of the business and, equally, the community partner. This was well illustrated in the case of Avalon and its investment readiness to work with commercial partners in commercial ventures. Most important was the fact that Avalon was able to see commercial firms as natural partners to work with, bringing complementary skills. This contrasts with situations where businesses are seen not so much as partners, as organisations that have a moral responsibility to support the community in order to offset the negative impacts of profit-making on the community.

The success factor here was from the outset a relationship of mutual respect which underpinned the changes Avalon needed to make in work attitudes and practices to enable it to operate successfully in a commercial environment. The absence of this is a significant limitation on achieving successful business community investment and also a potential deterrent to businesses that wish to be more 'community investment' active.

Business itself plays a role in developing this kind of understanding in community organisations, through contributing at the governance level. It is at this level that the skills and experience of business on the one hand, and of community organisation management and mission on the other, can come together. In turn this will bring other success factors into the equation – clarity of expectation as to the role of the business and community partners, awareness of risks and how these can be effectively managed, putting a structure around the relationship and so on.

On the business side of this relationship, a further factor underpinning both the success in getting social investment started, and in achieving a successful outcome, is the role of the business person as a citizen, and seeing themselves as such. A sense of citizenship, and especially being a citizen of the community the business operates in, allows the firm to take a wider view of the purpose of community investment and of the benefits to that community. It is also more likely that the way the social investment initiative is developed and implemented will be in tune with the needs of that community.

5.7.4 Mechanisms

One theme that came through strongly in our discussion with smaller businesses was the value of forming connections among businesses and business people to expand knowledge and understanding of community investment, and from which community investment initiatives could arise. This is particularly relevant to businesses in physical proximity to one another, as is a feature of smaller cities and towns.

A good example is the way Avalon was formed. Other examples cited to us by leading local business people of the role played by informal networks 'surfacing' ideas and having them take hold. Also providing the people who will lead the idea and see it to fruition. We are aware too of business entities that talk to each other through the informal connections the owners and senior executives have with each other.

Particularly interesting is the move being taken by the Perry Group towards forming a 'cluster' of businesses in their supply and customer chain willing to come on board and support projects the company, and the Perry Foundation, is pursuing. This offers the opportunity to create strongly coherent, well resourced and sustainable community investments and in turn more goodwill, more sense of success and more future activity. There would seem to be quite considerable scope to develop the idea of networks and clusters – including investigating more fully than we have been able to do the extent to which these are already operating and how they can be nurtured.

5.8 STRATEGIES

The above analysis highlights the importance of awareness in the development of business social investment in New Zealand, something that is at the same time an 'enabler' of business social investment if it is present, and a barrier if it is not. It suggests that strategies for enhancing business social investment should focus on the owner-managed, small/medium sized enterprise, with an emphasis on the special strengths these businesses can bring to social investment.

We suggest three areas for strategies to be developed:

- First, ways to build and nurture the networks that bring together businesses and community organisations, and like-minded businesses in local areas.
- Second, engaging a wider range of players in the quest to encourage and enhance business social investment. These potentially are the major trusts and local authorities who at the least could have a significant role in growing awareness and knowledge in their communities of the part business can play, and breaking down perceptions that stand in the way of businesses and community organisations coming together.
- Third, the development of some kind of resource to enhance knowledge and understanding of business social investment – what business social investment is (by reference to examples) and identifying the core, transferable features, the potential for business social investment to support community development and well-being, how it can happen and what makes it work. The 'product' would be a tool for business engagement with the community. We are advised that the Ministry of Social Development might support such a project, in partnership with others who could be the Tindall Foundation and possibly one or more key businesses already proving to be leaders in business social investment.

Each of these needs to be thought through and fleshed out in more detail, as we recommend later in the report.

5.8 INCREASING AWARENESS OF, AND OPPORTUNITY FOR BUSINESS SOCIAL INVESTMENT ACTIVITY

In the course of research and inquiry for this report it became apparent that raising the awareness of business social investment activity will go part of the way to understanding and improving the role of business in social investment activities.

We suggest in this report that one of the most powerful incentives for both business and the community in engaging in cross-sector collaboration is that there are benefits to both in doing so. However, there is also a lot of misconception and preconception, in both the business and the community sectors. Typically one hears from the community sector that "business is only interested in what it can gain" from any relationship, and that the profit motive is all consuming "profit before people". Like-wise, business perceptions of the community sector go something like this: "if only they would be more business-like and come to us with realistic expectations" or "they need to present a complete package outlining the benefits to us (the business) not just their needs" - and so on. Neither of these positions is helpful if they remain common perceptions. While in some cases these positions may be true, we are concerned here with improving and increasing cross sector collaboration, building strong communities, and asking how business can be a part of that. In that respect we are concerned with better community citizenship and the proactive role both business and community sectors can play in achieving that goal.

The first point we would make is that business and community are inextricably interlinked. Demarcations are not helpful and serve to reinforce misconceptions. Many business owners and their staff are intimately involved in their communities; and communities rely on business to supply jobs, pay taxes and support the communities of which they are part. Obviously the degree to which businesses and business owners are responsible citizens is contested. Nonetheless, to relegate the local business person that sponsors the local sports team or school's computers, or serves on the school board or community trust to that of a self serving capitalist allows the prejudice to go before the fact. As is the case with this research we have been looking for examples of business social investment activities and are therefore more aware of the breadth and depth of that engagement, however we are encouraged rather than discouraged by what we have found.

This takes us to our central argument, that increasing awareness is key to enhancing business-community collaboration and overcoming barriers. It has three components:

- knowledge
- understanding, and
- opportunity.

We do not see these as separate things – they are mutually reinforcing means to achieving increased awareness. For example increasing knowledge may involve making research on BCI more readily available to business and community organisations. Understanding differing perspectives and expectations will come from good research and case studies. And networking and swapping information may provide increased opportunities for business social investment activities.

There are a number of tangible ways we believe greater knowledge understanding and opportunity could be achieved. Those we have identified as having the most potential, particularly for promoting the role of SMEs in business-community collaborations, are:

- **Holding Forums and/or seminars.** These often take on an academic form, but we suggest could be made more practical and relevant by including research presentations, case studies, discussion and networking opportunities for researchers, businesses and community organisations.

- **The collation and dissemination of research and information.** One idea that could underpin the forum/seminar/network opportunities is to create a clearing house for research and information on cross-sector collaboration, corporate social responsibility and social investment activities.

- **Greater availability of independent brokers.** Developing the role of independent brokers stands out as a potentially strong catalyst for business-community collaboration. As well as providing a mechanism for matching businesses and community organisations, brokers have a role in adding credibility to, and raising the profile of, good news stories and best practice examples – along with the benefits to business and the community.

- **Building on and utilising existing networks.** Organisations like the Sustainable Business Network, Businesses for Social Responsibility, Chambers of Commerce and Business in the Community have a vast array of contacts, as do community/volunteer networks. These networks could be systematically canvassed to support business social investment activities and to aid in building cross sector collaboration. They could also be encouraged to disseminate information and research and to support forums and seminars on business social investment.

- **Facilitating the formation of new and different kinds of networks.** New kinds of networks could be formed that are, for example, 'place-based' addressing local needs with local networks. If a mechanism could be provided whereby community investment opportunities were presented and partnerships brokered, this may provide the opportunity for multiple partners and for more formal and strategic community projects to be undertaken. This role could conceivably be one for independent brokers.

- **Different ways of applying funding sources for building community investment.** All of the above offer a possible role for trusts (of various kinds, for example energy, community, gaming and charitable trusts), foundations and central, regional and local government in raising awareness of, and facilitating better, BCI and cross-sector collaboration. Importantly, it also offers funding organisations the opportunity to become more outcome focussed and strategic with their own activities. Each of our above suggestions are essentially about empowering and enabling business and community organisations to engage in a constructive way.

In line with our emphasis on the potential for enhancing business social investment through the SME sector, we envisage these possible activities being packaged in a form tailored to the owner-managed, smaller scale enterprise.

The list is not exhaustive. Rather, we have highlighted some aspects that merit attention, and that might form part of a strategy for enhancing business social investment.

PART SIX: CONCLUSIONS AND RECOMMENDATIONS

In this section we draw together the main conclusions reached in our examination of the questions contained in the brief for the project. We then recommend courses of action the Foundation might wish to consider.

6.1 CONCLUSIONS

Four conclusions emerge strongly from our work, each reflecting the nature of the New Zealand business and community landscape:

1. We recognise the contribution of larger business corporations to business social investment through corporate social responsibility. Many of these companies have well developed practices and policies. Because their policies are often determined offshore, the scope for the Tindall Foundation to add substantive value to the totality of social investment by trans-national corporations operating in New Zealand will be relatively limited. Corporate social responsibility activity is now seen as serving an important purpose in the overall pattern of social investment in New Zealand and can be expected to lead corporate businesses towards continuing their involvement, and to improving it in accordance with international practice.

2. The most sustainable impact of corporate social investment activity among the larger corporates in the future would most likely come from the quality of business-community partnerships rather than in the overall level of activity per se. In this regard we see an important role for brokers, filling the 'information gap' to enable corporate businesses to identify those social investment opportunities which they are best suited to support. But even more important is the role of brokers in assisting community organisations become aware of the potential for engagement with business, and how they can ensure they are well placed to secure and benefit from business social investment. This may consist of supporting community organisations towards becoming "investment ready".

3. Often beneath the business-community relationship radar screen is the extensive role SME businesses play in social investment – the owner-managed firm where the owner acts both as the driver of the business and as a citizen of his or her community. The examples presented in this report consist of firms where the

business is a profitable enterprise and the owners have the resources to enjoy their chosen lifestyle as well as to give something back into the community to improve community social outcomes. For a great number of SME businesses, involvement in the community comes naturally but is often serendipitous. There is scope to assist in developing their role. We see great potential for enhancing the benefits of business social investment by building on the emerging experience of the examples discussed in our report.

4. The SME arena incubates a small but potentially significant group of businesses for which social investment **is** the business. Their point of difference as a business is how they work with the community. They offer the community organisation a source of independent and sustainable income and a whole new source of capability to support the organisation's social objectives.

   We see considerable potential to build on this as a model to enable the emergence of this cluster of businesses. They will not be a large group, but we believe, would have a strong presence and positive impact on the social investment scene in New Zealand.

These conclusions represent, we believe, major opportunities for the Foundation with the latter two offering a genuinely New Zealand approach to business social investment activity.

6.2 RECOMMENDATIONS

We present our recommendations in two tiers. First, we make recommendations on the areas of greatest opportunity to advance business social investment activity in New Zealand, drawing on the above conclusions. We then suggest means by which these opportunities might be progressed within the resources of the Foundation.

The Opportunities

6.2.1 A greater role for brokers

We recommend that the Foundation considers:

- How best to fill the role of champion for the development of brokers for business social investment (options including the Foundation itself or identifying a third party).

- Options for resourcing broker development. This may involve further work to establish the case for brokers for potential funders who might include the Ministry of Social Development (related to its role in social development), the Department of Internal Affairs (related to its role in community development), the Department of Labour (related to its role in labour force development) and the philanthropy sector (related to its role in capability development for community organisations).

6.2.2 Showcasing owner-managed business-social investment models

We recommend that the Foundation considers the merits of developing pilots to further explore the potential of the SME owner-managed business to become involved in social investment.

6.2.3 Strengthening communities as a business opportunity

We recommend that the Foundation considers the scope for further work to identify the potential for the development of commercially viable businesses - established as partnerships with community organisations, with the objectives of generating independent income streams for the community organization, building capability and advancing the social mission of the organisation.

6.2.4 Raising knowledge, understanding and opportunity

We recommend that the Foundation considers developing the suggestions in Part Five (5.8 Strategies: Pages 74-77) for raising knowledge and understanding of the opportunities for business social investment activity, with a view to ascertaining the feasibility of an action programme based on awareness-raising forums, information dissemination, building on existing networks and facilitating new ones and identifying ways of channeling existing community funding sources into business social investment activity with cross-sector collaboration.

The Means

6.2.5 We recommend that The Tindall Foundation uses its role in funding programmes for strengthening the community, voluntary and not-for-profit sector, and promoting generosity and giving to:

(a) Promote the sharing and dissemination of the findings in our report with a wider audience through such means as:

- Revising this report for publication for the general public audience
- An official launch
- Distribution to, and coverage by, the media
- Presentations to the business community, philanthropic organisations and community, voluntary and not-for-profit sector.

The research team is available to carry out at least some of this work.

(b) Convene a group of potential funders and enablers (for example, government agencies, Community Trusts, business and private foundations and brokers) to receive a tailored presentation from the research team, with a view to moving forward on selected strategies identified in our report.

The research team is available to prepare and front the presentations, to work with the Foundation on designing and implementing the session and to contribute to any follow-up.

6.2.6 Meeting between the research team and The Tindall Foundation

As a first step, we suggest a meeting between the research team and The Tindall Foundation to discuss ways forward and possible plan of action that target the most worthwhile (highest priority) actions that progress the recommendations in this report.

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APPENDIX ONE

THE NEW ZEALAND EXPERIENCE: TWO CASE STUDIES

Part Three of our report introduces two case studies on business partnerships with a com-based organisation, Avalon Inc. The following provides background to the two businesses concerned.

Accolade Packaging Ltd

Accolade packaging is a specialist supplier of films and packaging machinery to the horticulture and printing industries (amongst others). The founder/owner established the business whilst he was a business studies student at Massey University. Initially, the business not only supplied other packers but also operated a business packaging greeting cards. As the packaging supply business developed this was both a distraction from the core business and a potential conflict with its main customers.

After graduation, the founder/owner returned to live in Te Puna, coincidentally quite close to Avalon's base. A chance meeting with Avalon's contracts manager, who happened also to be an old school friend, resulted in the greeting card packaging business being taken over by Avalon but, at the time, within the standard sheltered workshop framework.

Several years later, in 2004, Accolade Packaging, which had now become a significant player in the packaging supply business, identified an opportunity within the Waikato/Bay of Plenty area to establish a specialist packaging business servicing the printing industry (an opportunity based on the need, in a just-in-time environment, for a specialist packaging firm to be close to the printers who would make use of its services).

Accolade Packaging decided that it would be inappropriate to take up the opportunity itself -- this would risk a conflict of interest with other customers. Instead, it decided to find a local provider which could do so. Accolade turned to Avalon as a possibility.
This required Accolade to work closely with Avalon's management and trainees not just to scope the opportunity but also to identify the changes that would be necessary in Avalon's own operations in order to work effectively with the printing industry.

This included working with Avalon's staff to upgrade their skills and familiarise them with operating the packaging machinery, lending them equipment, reviewing their processes, introducing them to potential clients and helping them adapt to the demands of working in a "just-in-time" commercial environment. Accolade commented that Avalon and similar entities have changed their philosophy. As training entities, they had been accustomed to closing over the holidays. This is unacceptable to clients paying commercial rates.

This example provides not just a very good illustration of social investment in practice but also a model for those elements which need to be working together if this type of social investment is to succeed. First, Avalon itself needed to be "investment ready". This means that the organisation had to be able to adapt to working in a commercial environment despite years of operating in an environment which was a combination of state dependency and community support. Its ability to do so came from a combination of a governing board which itself had people with good commercial skills, a chief executive who herself had significant commercial experience (she had previously worked as a commercial lawyer in a major firm) and awareness of the need to change as a consequence of the pending withdrawal of the sheltered workshop exemption.

Next, Accolade packaging was prepared to "go the extra mile" in working with Avalon to ensure that it had the capabilities required to operate a successful packaging business. In discussion with Accolade's chief executive, this was partly justified in terms of Accolade's commercial interest in ensuring that any significant user of its products and services was commercially successful. However, it became very clear in the interview with him that the motivation was much more than just commercial. There was an obvious level of satisfaction in being able to assist a significant community organisation providing a valuable service move to a new level in meeting the needs of its trainees. Accolade technical staff who had worked with Avalon and gained a great deal of satisfaction in seeing the success of their endeavours.

The Accolade experience with Avalon can be seen as an example of a New Zealand model of social investment drawing on the skills experience and nature of small and medium business (owners are not just shareholders; they are citizens of their communities and normally have a commitment to community as well as commercial success). It could also be seen as an important and very appropriate response to New Zealand attitudes towards business -- one of the findings of the research cited above is that nearly 89% of the general public believed that "business is good, as long as it contributes to the well-being of communities".

Equally important was Avalon's "investment readiness". This was not just that Avalon management and staff had the basic capabilities needed to operate in a commercial environment. Perhaps more important was the fact that Avalon was able to see commercial firms as natural partners with whom to work, bringing complementary skills. This can be seen as a contrast with what appears, all too often, to be an attitude within the voluntary and community sector that businesses should be seen not so much as partners, as organisations that have a moral responsibility to support the voluntary and community sector in order to offset the damage that profit-making activity does to the fabric of the community.

This attitude on the part of Avalon both supported a relationship of mutual respect and underpinned the changes needed in work attitudes and practices to enable it to operate successfully in a commercial environment.

Avalon's chief executive is currently president of the New Zealand Federation of Vocational and Support Services (the industry association for providers of a broad range of disability support and employment services – not just sheltered workshops). In this capacity she has had the opportunity of comparing Avalon's approach with that of other community organisations in the sheltered workshop area. This has highlighted for her the difference between what Avalon has been able to achieve with its "investment ready" approach to working with business, and the limitations faced by other organisations who have not gone through an equivalent change process.

The Sustainable Business Company Ltd

Avalon's relationship with Accolade packaging can be seen as the product of an intelligent understanding of the potential for cooperation between the voluntary and community sector and business within a conventional business paradigm. Its relationship with The Sustainable Business Company Ltd can be seen as a shift in the business paradigm towards a model that draws on New Zealand's unique circumstances; both our somewhat unusual attitude towards business, and our bi-cultural heritage.

The Sustainable Business Company Ltd has been developing a business model which is based specifically on adapting the principles of kaitiakitanga. Its business focus is on a combination of environmental tourism and preserving and protecting New Zealand's natural environment. Its involvement with Avalon (Avalon's involvement with The Sustainable Business Company Ltd) illustrates the potential of a values based approach to social investment which draws specifically on New Zealand values.

One of The Sustainable Business Company Ltd' initiatives is a short-course "New Zealand Environment and Culture" which is offered as part of degree requirements for selected American universities -- for example for anthropology students from Wichita State University. The course has two foci:

- A content which illustrated the relationship between environment and culture for both Maori and European New Zealanders.

- A tour design which consistently seeks to blend the student group with the various peoples and places so that the experience is of enduring benefit to both students and destination alike.

Students who come to New Zealand on this course spend a couple of days at Avalon working alongside trainees in its native plant propagation activity. They are not just contributing to the physical work or propagation; they are also interacting with the Avalon trainees. The intent of this is to give the students a positive understanding of the potential of people with disability and to give the Avalon trainees an opportunity to meet with people from a different environment.

The Sustainable Business Company Ltd not only provides the students, it also purchases the propagated plants which it then uses, normally under contract with a local authority or government agency, for replanting as part of environmental remediation work.

This is not just an example of Avalon working effectively with a commercial partner. It is also an example of a business which has gone beyond seeing social investment as a useful element of the way it functions to treating social investment as the core of its business model.

The Sustainable Business Company Ltd not only works with Avalon. It also has a close relationship with a number of local Marae. Its founder/owner explains the background to his business model in terms of his bi-cultural background. Although he is a European New Zealander, he grew up in a remote Northland district which not only had a relatively high Maori population; it also had a strong emphasis on mutual support. He sees this combination, coupled with a commitment to the environment, as representing a unique set of New Zealand values and a significant point of difference in building successful businesses. From his perspective within the Eco-tourism sector, the opportunity to build high-value products targeted to markets such as North America and Asia is very considerable but also crucially dependent on building partnerships between business and community and business and Iwi. What he believes his business is able to offer people on programmes such as the one he operates with American universities is an insight into the different ways that New Zealand's two main cultures approach dealing with the environment and with each other. To be able to do this he has drawn not only on his own background but on working closely with Marae on matters such as their own "not negotiables", the benefit for them through engagement with his business, and how to "train" members of the public going on to a marae.

APPENDIX TWO

GUIDES FOR INTERVIEWS

Social Investment: Interview Brief

The purpose of this interview is to scope social investment activity in New Zealand.

Social investment can be seen in this context as a subset of corporate social responsibility and community engagement. Social investment is not charity.

Social investment can be seen as trying to achieve a just, sustainable and equitable society. Social investment, therefore, may include investment in time, resources and/or money that:

- Looks to the longer term and
- is concerned with development of, and improvement in, society
- Looks for a return on investment
- Is proactive and goal oriented
- Is outcome focussed
- Is empowering and
- enabling
- Seeks to build mutually beneficial relationships/projects
- Shares power and responsibility

Charity, in the context of corporate/business acts of social responsibility, infers giving for the benefit of the recipient. This may be an altruistic act (a highly debatable notion in the literature) or may provide less tangible returns to the giver in the form of increased recognition, self esteem and building a perception that the business is a responsible actor in society. This may have the more tangible flow on effect of increasing the acceptability of the businesses' products or services and therefore revenue. However, charity sets up a benefactor → beneficiary relationship and often:

- creates a power imbalance with no intention to share power
- is reactive,
- is short-term or instantaneous
- is discrete (in terms of being a once-only or sporadic exchange)
- can be motivated by the compassion and/or empathy of an individual within the business (and is less likely to be a strategic investment in that sense)
- can be empowering or enabling (but is less likely to be long term, outcome or primary development focussed).
- Often involves money exchange.

APPENDIX TWO [A]: INTERVIEW QUESTIONS FOR COMMUNITY ORGANISATONS

1. What is your understanding of social investment in the context of corporate [or business] social responsibility?

2. With this in mind, is your organisation involved in social investment activities in partnership with businesses or other organisations?

(Prompt: this may include investment in skills, resources, time and money)

3. Do you quantify or measure the contribution of social investment activity?

YES / NO

3b. If yes, How?

3c. what is your contribution?

4. What is/are your organisation's key motivation/s for engaging in business social investment activities?

5. What does your organisation expect to gain from engaging in social investment activities?

6. What outcomes do you expect to see in the community as a result of social investment activities?

7. Do you see business social investment activity as the as an important aspect of business-community engagement?

YES / NO

7b. Please explain:

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8. What do you think are the key factors that enhance business social investment activity in the community?

----

9. What are the major barriers?

----

10. Does your organisation work with, or use the services of, intermediaries or brokers?

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11. What role do you think brokers play or could play in business-community engagement?

11b How important is that role in developing successful business-community working relationships?

(Please rate on a scale of 1-3: 1 being "not important" 2 - "important"; and 3 - "vital") 1 2 3

12. Are there any other comments you would like to add in relation to business social investment activity, practices, partnerships or community engagement in New Zealand and how these things might be improved?

Thank you for taking the time to participate in this research.

APPENDIX TWO [B]: INTERVIEW QUESTIONS FOR BUSINESS ORGANISATONS

1. What is your understanding of social investment in the context of corporate [or business] social responsibility?

2. With this in mind, what sort of social investment activities is your company [firm] involved in?

   (Prompt: this may include investment in skills, resources, time and money)

3. Do you quantify or measure your social investment contribution?

   YES / NO

   3b. If yes, How?

   3c. what is your contribution?

4. What is/are your company [firm's] key motivation/s for engaging in social investment activities?

5. What does your company [firm] expect to gain from engaging in social investment activities?

6. What outcomes do you expect to see in the community as a result of your company [firm's] investment?

7. Do you see your social investment activity as the key to engaging with the community?

   YES / NO

   7b. Please explain:

8. What do you think are the key factors that enhance business social investment activity in the community?

----

9. What are the major barriers?

----

10. Does your company [firm] work with, or use the services of, intermediaries or brokers?

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11. What role do you think brokers play or could play in business-community engagement?

----

12. How important is that role in developing successful working relationships between your company [firm] and the community and/or community organisations?

(Please rate on a scale of 1-3: 1 being "not important" 2 - "important"; and 3 - "vital") **1 2 3**

13. Are there any other comments you would like to add in relation to business social investment activity, practices, partnerships or community engagement in New Zealand and how these things might be improved?

Thank you for taking the time to participate in this research

APPENDIX TWO [C]: INTERVIEW QUESTIONS FOR GOVERNMENT DEPARTMENTS

1. What is your understanding of social investment in the context of corporate [or business] social responsibility?

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2. With this in mind, what do you see as the potential relationship between businesses engaged in social investment activities and central government?

   (Prompt: is there a role for government?)

3 (a) In the case of the Ministry of Social Development: Is there a role for the MSD in identifying areas that could be priorities for social investment, for example building capability within the voluntary sector?

3(b) In the case of the Department of Labour: In what areas could the DOL priorities its work to enhance business social investment?

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4. Do you think business social investment could be quantified or measured?

YES / NO

4b. If yes, How?

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5. Does your Department [Ministry] work with businesses in social investment activities?

YES/NO

5a. What is/are your department's key motivation/s for engaging in social investment activities?

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6. What outcomes do you expect to see in the community as a result of business social investment activity?

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7. What does your department expect to gain from working with businesses and community organisations engaged in social investment activity?

----

8. Do you see your social investment activity as an opportunity for the Department [Ministry] to engage with business and the community?

YES / NO

8b. Please explain:

----

9. What do you think are the key factors that enhance social investment activity in the community?

----

10. What are the major barriers?

----

11. Does your Department [Ministry] work with, or use the services of, intermediaries or brokers?

YES/NO

12. What role do you think brokers play or could play in enhancing business-community engagement?

----

13. How important is that role in developing successful working relationships between businesses and the community?

(Please rate on a scale of 1-3: 1 being "not important" 2 - "important"; and 3 - "vital") 1 2 3

14. Are there any other comments you would like to add in relation to social investment activity, practices, partnerships or community engagement in New Zealand and how these things might be improved?

Thank you for taking the time to participate in this research

APPENDIX TWO [D]: BROKERS FOCUS GROUP DISCUSSION PROMPTERS

TINDALL FOUNDATION PROJECT:
Corporate Social Responsibility: Scoping Social Investment in New Zealand

In the letter that we sent to you, we stated that this project is a partnership between the Institute of Public Policy [IPP] at AUT and McKinley Douglas Ltd [MDL]. It is a commission from the Tindall Foundation to begin the process of understanding Corporate Community Engagement/Corporate Social investment in New Zealand.

The objectives of the study are to:

- take a snapshot of current social investment activity in New Zealand
- explore the role of Brokers in encouraging and facilitating mutually beneficial partnerships between business and the community.
- identify some of the key elements [practices] that enhance effective social investment;
- identify strategies to remove barriers to positive associations between business and communities; and
- make recommendation on how to increase awareness and participation in social investment.

To understand the practice of social investment in New Zealand it is important for us to speak to a broad range of actors in this field. We are therefore undertaking a series of interviews and focus groups with the key players in the industry, consisting of corporate investors, small to medium enterprises involved in social investment, brokers, government departments, and community, voluntary, not for profit organisations.

You have been identified as one of the key actors in the industry, and we would like to invite you to participate in a focus group to discuss some of the key issues relating to social investment in New Zealand.

The discussion will focus around five key topics, namely:

1. What is Social [Community] Investment?
2. Who are the main actors in the area of social [community] investment in New Zealand?
3. What is the role and function of brokers?
4. What are the key elements that enhance / enable social investment, community engagement, mutually beneficial arrangements?
5. What are the barriers to positive community engagement and mutually beneficial arrangements?

Ground rules:

1. To cover the five questions:

While we do not wish to be too restrictive and prescriptive, we would like to cover the five main areas identified for discussion.

So in the next 90 minutes or so that we have we would like to proceed in a manner that gives us sufficient time to cover the five questions effectively.

So I might move us on when I start to notice that we are going over territory that has already been covered.

2. One person at a time:

To enable us get the best out of each other it would be helpful if only one person talked at a time. That way we can actually hear and learn from each other. It will also be much easier for Dianne when she starts to transcribe the tape in the next few hours.

3. Conversation:

Let us make it a conversation rather than a question and answer session. If there are issues for clarification please seek clarification.

APPENDIX THREE

LIST OF PARTICIPANTS:

1. Chloe Harwood (ASB Trust);
2. Don Oliver (United Way NZ)
3. Sarah Davey, General Manager of Avalon Inc
4. Alison Dalziell, Department of Labour
5. Clare Bryant, Department of Labour
6. Clark Dury, Chief Executive, Accolade Packaging
7. Doug Farr, The Sustainable Business Company Ltd
8. John Gallagher, Gallagher Group
9. Neil Martin, Ministry of Social Development
10. Debbie Noon, IBM
11. Simon Perry, CEO, Perry Group
12. Straun Little, Treasury
13. Mike Underhill, CEO. WEL Networks Ltd
14. Nick Jones, AC Nielsen Media
15. Gary Martin, AC Nielsen Media
16. Delwyn Karanikolaou, Farmers Communication Manager
17. Des Ferrow, Tom Roper, Tauranga
18. [David to supply Names] Fonterra
19. [David to supply Names] Mainland Products
20. Nicky Benson Body Shop
21. Rachael Ford Body Shop

Brokers focus group:

1. Michelle (Vodafone)
2. Tim McMains [Former Tindall]
3. Sandy Morrison
4. Cheryl Martin [Volunteering Auckland],
5. Di Jennings Waitakere City,
6. Ian Leader AUT,
7. Elizabeth Deuchrass Edal,
8. Ian Galloway IAG

Advisory Group:

1. Trevor Gray (Tindall),
2. Nicki Benson (Body Shop/Tindall/Rojan NZ),
3. Diana Hubbard (Mayoress),
4. Jill Donnachie (Vodafone),
5. Jude Mannion (Robin Hood Foundation),
6. Leanne Holdsworth (Holistic Business Solutions),
7. Ian Leader (AUT)