Reputation and Employer of Choice for Australian Business

Abstract: This paper aims to define employer of choice (EOC) for Australian businesses. The relationship between employees and corporate social responsibility is investigated, drawing on current employer of choice communication, government regulation and legislation, international trends and global surveys. The paper refers to research conducted on Australian financial and insurance organisations regarding how these companies publicly address EOC criteria. Reputation is identified as a key component to Australian business success, and positive reputation is dependent upon a complete EOC program.

Key words: employer of choice, corporate social responsibility, reputation, and human capital.

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Reputation and Employer of Choice for Australian Business

Australian business is in a period of heightened transparency and accountability, driven by a growing global obligation for business to demonstrate corporate responsibility for their operations. Reputation and corporate social responsibility have become key determinants of a company’s performance. These two features of business operations are strongly influenced by an organisation’s employer of choice program.

In order for Australian organisations to effectively benefit from sound employer of choice programs, the concept needs to be widely understood. This paper aims to: define employer of choice for Australian business conditions, show the strong relationship between corporate social responsibility and employer of choice, and examine trends, regulation and legislation influencing Australian business’ employer of choice policies and practices. The paper also demonstrates how a “good” employer of choice program enhances reputation potential for Australian businesses.

Defining Employer of Choice for Australian Business

The term “Employer of Choice (EOC)” has typically been associated with recruitment and strategies to retain staff. Many other singular visions for employer of choice include company reputation, family friendly work policies, employment awards and conditions and social and community practice (PWC, 2002; Hull & Read, 2003). EOC can be viewed from many perspectives, including from a staff, an employers’, the industry’s and the public’s perspective. Internally the employer’s perspective, (i.e. strategies safeguarding effective operations for a business), and the employee’s perspective, (i.e. strategies securing employees commitment to the business), can substantially influence the success of the business (Kahler, 2005; O’Halloran, 2005).

Employer of choice is the internal policies which ensure employers are corporately responsible for their operations and the resulting effects on all stakeholders, including customers, shareholders, government and their primary asset - employees (GRI, 2002: 2; Abbott, 2003: 6; Fels, 2003: 71).

One common theme associated with this variety of perspectives is that employer of choice represents the human development of human capital (GRI, 2002: 2; Abbott, 2003: 6; Fels, 2003: 71). Human capital includes the unique capabilities and expertise that individuals bring to an organisation, and acquires on the job, through training and experience, and which increase that employee’s value in the marketplace. Human capital does not include material or physical assets (Investorwords, 2005; Moneywords, 2005).

In order to obtain a holistic definition of employer of choice for Australian business, this paper investigates contemporary research, studies, and surveys and awards related to employer of choice theme. The relationship between corporate social responsibility and employer must be explored and understood in order to interpret information from these investigations.

EOC and CSR

Employer of choice and corporate social responsibility (CSR) are intertwined. Corporate social responsibility is the external reporting of an organisations operations addressing its corporate responsible policies and practices. The employer of choice program is the internal policies and practices an organisation employs to manage
corporate responsibility. An employer of choice program is the “cause” and being corporate socially responsible is the “effect”.

CSR has evolved from earlier objectives focussing on the disclosure of an organisations environmental policies and performance to encompass those sustainable practices applied by an organisation to address environmental, social, community and financial achievements (GRI, 2002; KPMG, 2002). The World Business Council of Sustainable Development (WBCSD) views CSR as the continuing commitment by business to behave ethically and improve the quality of life of the workforce and their families as well as of the local community and society at large (WBCSD, 2000: 4). The WBCSD confirm the major stakeholder groups are now demanding disclosure on a wider range of issues. Key stakeholders include shareholders, employees, government and NGOs (CAER, 2005: 2)

The five pillars of CSR strategy are: business ethics, employee relations, human rights, community investment and environmental sustainability (experiencecsr, 2003). How these five pillars are applied internally make up the foundation to a solid corporately responsible organisation. This internal management is an organisation’s employer of choice program. “CSR is about how companies manage the business processes to produce an overall positive impact on society,” (Baker, 2004 [A]).

Globalisation, corporate governance, accountability and citizenship are becoming part of mainstream policy and management as companies search for ways to understand the boundaries of their non-market accountabilities and responsibilities, and to engage with those stakeholders that matter to their business (Suggett & Goodsr, 2002: 8). Many Australian companies produce CSR/sustainability reports, post internet statements and/or circulate press releases to indicate their practices, policies and procedures relating to social responsibility, sustainability and employer of choice practices (Suggett & Goodsr, 2002). The Australian Government has taken a number of important steps to encourage the production of sustainability reports, through releasing publications, developing external programs with industry organisations, and by holding roundtable discussions (DEH, 2004:1).

The focus on transparency and accountability through external reporting has encouraged organisations to review their internal management policies and practices and forced company’s to develop human capital strategies applied through employer of choice programs to support their corporate responsibility agenda.

Associated Research into EOC
The concept of EOC dates back more than 2000 years with evidence of constitutional employee rights for soldiers in the Roman Army (Roman Empire, 2005). However, employee rights and unionism was fashioned by the European industrial revolution of the late 18th century (Rempel, 2005). In Australia, craft unionism dates back to the early 19th century. Arguably the defining moment for the Australian labour movement was the 1854 Eureka Stockade uprising, where miners rebelled against oppressive bureaucracy and licensing fees (Department of Culture and Recreation, 2005). The Australian Labor Party emerged partly as a response to government trying to break up the craft unions in 1880. And in 1927 the Australian Council of Trade Unions (ACTU) was founded as the unified means of giving working Australians a voice (Answers.com, 2005; ACTU, 2005).

The concept of employer of choice has expanded beyond focussing solely on employees’ rights, to viewing corporate responsibility as a key driver of business and as a criterion for wanting to be associated with a particular company (IBM, 2005). Investigations into international reports, surveys and ratings addressing EOC
provided a holistic position from which common criteria were drawn and applied to Australian situations. Global and Australian studies conducted by reputable organisations using reliable methodology and research processes were researched in order to pinpoint common criteria relating to a successful employer of choice program. The intentions of the studies were not to gain marketable advantage from the data but to obtain valuable information on criteria in order to establish benchmarks for best employer of choice practice.

Primary issues common to global surveys and international studies (listed below) relating to good human capital practices and corporate responsibility include: effective people policies relating to leadership and management, external relationships, occupational health and safety, learning opportunities, community involvement and environmental conscience.

Table One – EOC associated studies (an expanded summary of these studies are attached in Appendix A):

<table>
<thead>
<tr>
<th>Title</th>
<th>Year</th>
<th>Research</th>
<th>Key Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>PriceWaterhouseCoopers Global Human Capital Survey</td>
<td>2002/03</td>
<td>global survey</td>
<td>effective people management policies</td>
</tr>
<tr>
<td>Good Employee Practices Are Good For Your Business - Report by Dep’t of Labour, NZ</td>
<td>2003</td>
<td>questionnaire survey</td>
<td>more competitive business through staff retention</td>
</tr>
<tr>
<td>The State of Corporate Citizenship in the United States - Centre for Corporate Citizenship</td>
<td>2003</td>
<td>survey</td>
<td>examination of attitudes, expectations, and commitment toward corporate citizenship</td>
</tr>
<tr>
<td>Strategic Plan for Addressing the Communication for Employer of Choice - University of Idaho</td>
<td>2000</td>
<td>literature research</td>
<td>criteria for “employer of choice” education</td>
</tr>
<tr>
<td>Management Challenges in the 21st Century – Ashridge Centre, UK</td>
<td>2004</td>
<td>questionnaire</td>
<td>management and organisational challenges, personal challenges for management, and learning development trends</td>
</tr>
<tr>
<td>The New Business Responsibilities – Ashridge Centre, UK</td>
<td>2001</td>
<td>questionnaire</td>
<td>personnel policies and practices, pay and benefits, recruitment, staff satisfaction and training</td>
</tr>
<tr>
<td>The IBM Global Human Capital Study</td>
<td>2005</td>
<td>survey &amp; interviews</td>
<td>human capital practices for successful organisations</td>
</tr>
<tr>
<td>KPMG International Survey of Corporate Responsibility Reporting</td>
<td>2005</td>
<td>standard questionnaire</td>
<td>analyse social issues in the workplace</td>
</tr>
<tr>
<td>Simply the best - workplaces in Australia - University of Sydney</td>
<td>2003</td>
<td>Field study &amp; open-ended question checklist</td>
<td>15 key drivers were present in each of the leading workplaces</td>
</tr>
</tbody>
</table>

Established forms for public communication relating to employer of choice are performance awards, ratings and citations. The criteria for these awards were investigated to establish common criteria used to assess successful employer of choice programs. Common criteria measured by these awards and ratings included: leadership and management, employee relations, company values and cultures, staff development, and employee policies.
Table Two – EOC associated Awards and Ratings (an expanded summary of these Awards and ratings are attached in Appendix B):

<table>
<thead>
<tr>
<th>Agency</th>
<th>Award</th>
<th>Country</th>
<th>Key Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Great Place To Work” Institute</td>
<td>100 best companies</td>
<td>US, UK and Europe</td>
<td>relationship between employees and management, employees and their jobs/company, and employees and other employees</td>
</tr>
<tr>
<td>Hewitt and Associates</td>
<td>Best Employers</td>
<td>Australian and New Zealand, Asia, Canada, Europe, India and Latin America</td>
<td>company and strategy, solid senior leadership, compelling promise to employees, alignment of people practices to support, high performance culture, and measurement and employee engagement</td>
</tr>
<tr>
<td>Australian Government’s Equal Opportunities for Women in the Workplace Agency</td>
<td>“Employer of Choice for Women” (EOCFW) citation</td>
<td>Australia</td>
<td>policies for support of women in the organisation, and have rights and obligations in place regarding sex-based harassment, diversity, transparency, inclusive organisational culture, and people development</td>
</tr>
<tr>
<td>HR Awards – Human Resources Magazine</td>
<td>Employer of Choice Award</td>
<td>Australia</td>
<td>employee-centric culture, career opportunities, marketplace success, the link between HR and business strategy, personal development opportunities, performance management and measurement processes, and recognition of people as a competitive advantage</td>
</tr>
</tbody>
</table>

One particular issue for Australian workers not given due consideration in the researched studies and awards regarding employer of choice criteria is regard for financial planning and wealth protection, focussing on Australia’s unique superannuation and retirement planning structures. The Superannuation Guarantee Act of 1992 and the introduction of “Choice of Super” legislation which commenced on 1 July 2005 ensure that superannuation retirement saving currently applies to more than 90 per cent of the Australian workforce (SelectingSuper 2003/4: 7). Making an informed choice on superannuation requires a degree of financial sophistication. Employers have a responsibility to equip employees with accurate knowledge so they may make informed decisions regarding their retirement savings and financial protection (Bailey, 2005: 14; Simioni, 2005: 5; Wilkinson, 2005: 20-22).

In light of global and national surveys, research and awards, employer of choice strategies need to focus on the following criteria: leadership and inter-relationships, safety, wellbeing, staff development, opportunity, inclusion, community involvement, and sustainable practice. Australian businesses are also compelled to address education for financial literacy reflecting our unique superannuation scheme. “Today’s employees want their companies to possess a strong sense of social responsibility. They insist upon ethical business practices, financial stability, community leadership, fair treatment and a healthy working environment,” (Herman & Gioia, 2000).

Australian businesses have control over their employer of choice program through the policies, practices and values they choose to progress in the operations of the business. A succinct definition for employer of choice is an employer who has “explicit and transparent processes for all aspects and operations of the business” that confirms for an employee “this is the type of employer I want to work for.”
EOC related Government Legislation and Global Trends

Having an employer of choice program has added significance in the current era and its sensitive climate of superior accountability and transparency. Increasing government regulations, international laws and trends, global industry membership, falling unemployment rates and employee burnout are driving the need for improved education and communication with regard to employer of choice strategies, policies and practices.

International companies are beginning to make triple bottom line reporting (i.e. social, environmental and economic reporting) standard practice in response to consumer and stakeholder demand. Corporate governance and responsibility is a global issue demanding up-front attention by corporations. In 2004, 45 per cent of the Global Fortune Top 250 companies published an environmental or sustainability report (CAER, 2004: executive summary). “No annual report is complete without pages trumpeting good governance, environmental awareness and initiatives befitting an employer of choice,” (Rance, 2005:2). A number of countries have legislated for compulsory CSR reporting, including France, South Africa and Germany (UNEP Financial Initiatives, 2005: 7). A number of other international governments are strongly considering requirements for mandatory reporting on environmental/sustainability issues, including the United Kingdom (CAER, 2004: 3).

There are a number of international standards and recommendations which demand levels of business conduct in relation to working conditions and employee opportunities that organisations must abide by in order to conform to standards of conduct and/or observe membership requirements. “The borderless global economy requires equally borderless governance structures to help direct private sector activity toward outcomes that are socially, environmentally, as well as economically, beneficial,” (GRI, 2002: 2). Transnational companies have an obligation to uphold such standards in keeping with their membership commitment. Membership is a passport to trade agreements with international governments, along with building and upholding a good business reputation.

Table Three - International Standards with Associated Member Organisations (an expanded summary of these Standards/membership are in Appendix C):

<table>
<thead>
<tr>
<th>Standard/Membership</th>
<th>Country Origin</th>
<th>Relates to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Labour Organization (ILO)</td>
<td>Global</td>
<td>The Eight Core Labour Standards</td>
</tr>
<tr>
<td>United Nations Global Compact</td>
<td>Global</td>
<td>ten universal principles in the areas of human rights, labour, the environment and anti-corruption</td>
</tr>
<tr>
<td>Organisation for Economic Co-operation and Development (OECD)</td>
<td>Global</td>
<td>Guidelines for Multinational Enterprises - recommendations that provide voluntary principles and standards for responsible business conduct</td>
</tr>
<tr>
<td>Social Accountability System SA8000</td>
<td>US</td>
<td>useful international compliance tool for companies searching the recognition of their efforts in social accountability</td>
</tr>
<tr>
<td>AccountAbility 1000 (AA1000)</td>
<td>UK</td>
<td>improve accountability and performance by learning through stakeholder engagement</td>
</tr>
<tr>
<td>Global Reporting Initiative (GRI) “Sustainability Reporting Guidelines”</td>
<td>Global</td>
<td>reporting on the economic, environmental, and social dimensions of their activities, products, and services</td>
</tr>
<tr>
<td>Dow Jones Sustainability Indexes (DJSI)</td>
<td>US</td>
<td>indexes tracking the financial performance of the leading sustainability-driven companies worldwide</td>
</tr>
<tr>
<td>FTSE4Good Index Series</td>
<td>UK</td>
<td>Socially Responsible Investment (SRI) products index</td>
</tr>
</tbody>
</table>
Currently, Australian companies lag behind international best practice organisations in managing their human capital (Pickett in Human Resources, 2005: 11). An international human capital management benchmarking initiative conducted in November 2004 by McBassi & Company involving 175 organisations around the world found that Australian organisations scored 3.1 overall in human capital management. The global average was 3.3 and best practice organisations scored 4.1 (Human Resources, 2005: 11). However, compliance for government and industry regulation is building, with the Australian government reviewing and implementing legislation regarding employer obligations to employees and corporate responsibility. This is supported by a number of associated industry requirements.

**Table Four - Government and industry regulations and initiatives for consideration by businesses operating in Australia when developing policies and procedures for employee management (an expanded summary of these regulations are attached in Appendix D):**

<table>
<thead>
<tr>
<th>Title</th>
<th>Type of regulation</th>
<th>Relates to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth of Australia Joint Parliamentary Inquiry into Corporate Social Responsibility 2005</td>
<td>Government Inquiry</td>
<td>proposed to encourage using the Principle 7 ASX Corporate Governance Council guideline as a vehicle for greater environmental and socially responsible behaviour</td>
</tr>
<tr>
<td>Australian Stock Exchange (ASX) Corporate Governance Council Recommendations, must be addressed by ASX listed companies</td>
<td>Recommendations, must be addressed by ASX listed companies</td>
<td>developed a set of 10 guidelines, Principles of Good Corporate Governance and Best Practice Recommendations</td>
</tr>
<tr>
<td>CLERP 9, the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004</td>
<td>Government Act</td>
<td>holds chief executive officers and board members more accountable for their business practices</td>
</tr>
<tr>
<td>Australian National Contact Points (ANCP) for the OECD “Guidelines for Multinational Enterprises”</td>
<td>Government Obligation</td>
<td>Australia’s obligation to ensure the effective implementation and promotion of the guidelines</td>
</tr>
<tr>
<td>Financial Services Reform Act 2000</td>
<td>Government Act</td>
<td>the inclusion of information relating to labour standards and environmental, social and ethical factors in the product disclosure statements (PDSs) of investment products (Policy Statement 168)</td>
</tr>
<tr>
<td>Occupational Health and Safety Act 1991</td>
<td>covers all Commonwealth Government departments and business enterprises</td>
<td>an employer must take all reasonably practicable steps to protect the health and safety at work of employees</td>
</tr>
<tr>
<td>OHS State Acts (e.g. Victorian OHS Act 1985)</td>
<td>State Government Acts</td>
<td>ensure the safety and health for all employees</td>
</tr>
<tr>
<td>Australian Competition and Consumer Commission (ACCC)</td>
<td>independent Commonwealth statutory authority formed in 1995 to administer the Trade Practices Act 1974</td>
<td>includes reference relating to EOC including: consumers, suppliers, personal injury, severability, breaches of confidence and competition</td>
</tr>
<tr>
<td>Industrial Relations Reform</td>
<td>the Australian Federal Coalition legislation</td>
<td>introduce wide-ranging industrial relations reforms through Australian Workplace Agreements</td>
</tr>
</tbody>
</table>

**Employee Choice and Burnout**
Over the past 10 years Australian unemployment figures have dropped from around eight per cent to 5.1 per cent and are at their lowest for 30 years (ABS, 2005; WorkChoices, 2005). By the year 2016, people aged 45 and over may account for
more than 80 per cent of growth in Australia’s labour force (ABS, 2005; Donaldson, 2005). These two statistics contribute to the employment market swinging back to the job seekers' advantage (Fracaro, 2005: 42). A “job-seekers” market allows the Australian workforce to exercise greater choice and to consider a broader range of criteria when contemplating employment.

The current employment market is a “job seekers advantage” market (Fracaro, 2005: 42) resulting in EOC programs being crucial to attracting the best people (Wilson, 2004: 17). Australian unemployment sits at a 30-year low (WorkChoices, 2005; ABS, 2005) and people aged over 45 years will account for 80 per cent growth in the Australian the labour force by 2016 (ABS, 2005; Donaldson, 2005). Employee options become elevated in importance for employers when employment opportunities are more abundant with job seekers taking into account flexible family-friendly policies (Ziguras in Rance, 2005: 4). Older workers are demanding greater flexibility in the workforce relating to working hours, compassionate leave and carer’s leave (Edgar in Donaldson, 2004). Simon Morgan, group manager for public affairs at Aviva Australia, stated (2005),” We are looking to attract new employees and retain our current staff on the basis that we offer similar remuneration packages to that of our competitors, but our benefits extend to making Aviva a family-friendly, safe and supportive environment to work in.”

Another trend that requires proper attention is employee burnout, which is eroding the bottom line of Australian businesses and is generating serious implications for organisations. A recent Hudson survey of more than 7,800 employers found 32 per cent of managers are witnessing burnout among their employees and a 29 per cent increase in the number of sick days being taken. Burn out has also resulted in an increasing number of employees leaving organisations (Human Resources, 2005: 21). Employee options that include a broad range of work-life initiatives (including flexible working options, remote-working opportunities, tele-commuting, time-off policies and wellbeing programs) provide tools for coping with any extra work demands impacting on employees' lifestyles (Wilson, 2004: 17).

Reputation Management
Australian organisations with a firm understanding of the criteria essential for a successful employer of choice program that considers government legislation, industry regulation and compliance with global corporate trends have the capacity to attract excellent employees, increase business performance and progress status within the their industry through reputation (O'Halloran, 2005; Fombrun, 2005; Campbell, 2004). “Reputation... is a powerful form of economic control because it affects the likelihood that investors, customers, and potential employees want to be involved with your company – and so affects the bottom-line,” (Fombrun, 2005: 7).

A business’ reputation is determined by its notoriety for particular characteristics (Answers, 2005). Reputation can have a profound impact on business performance. “Reputation management, both the theory and practice, is increasingly becoming an important component of corporate communication,” (Campbell, 2004: 23). A strong business reputation as an “Employer of Choice” can have a profoundly positive effect on stakeholder opinion (GRI, 2002: 2).

A company's reputation is dependent upon a "good business image". An organisation's image is determined by external public reporting of employer actions (e.g. annual reports, media, industry awards and performance), and through internal reputation determined by employee opinions. “Organisational wealth is increasingly attributable to 'soft forms' of capital - reputation, trust, good will, image and relationships," (Post, 2004: 13). These “intangible” assets, which originate from the
organisation’s internal policies and practices, undeniably deliver value to the company according to 96 per cent of executives polled in an Accenture Survey (Post, 2004: 14). European companies stated loss of reputation as the second biggest threat after business interruptions (Corporate Public Affairs, 2003: 15).

Media play a major role in the shaping of business reputation for businesses globally. Share values for international companies climbs and falls overnight across the globe on a daily basis (DJSI, 2005). Media reporting on the “business image” heightens awareness in a positive or negative fashion for the organisation it targets. The media’s angle can be either as a watchdog or admirer and plays a determining role in the audiences’ interpretation of the organisation’s performance. “The media are the megaphone broadcasting a businesses reputation throughout society,” stated Simon Morgan of Aviva Australia. Media have the power to embarrass big business into CSR compliance in order to maintain reputation (Hastings, 2005: 10).

Business reputation in Australia is in need of improvement. A 2004 report titled “Insecurity in Australia” based on the 2003 Wellbeing and Security Survey found that 26 per cent of the Australian community has confidence in major companies, and only 22 per cent have confidence in banks. A previous survey conducted in 2003, the Australian Values Survey, showed major companies commanded 79 per cent, and banks 87 per cent, of the public’s confidence (Black, 2004: 4-5). Global markets place economic value on honesty and integrity, and good governance results in heightened trust, both internally for employees, and externally for the brand (Post, 2004: 13; Lindsay, 2004: 1)). An IBM study (Burns, 2004: 19) supports the concept that commitment to corporate responsibility initiatives for the long-term through sustained performance and perseverance brings positive internal and external results.

“Social Responsible Investments (SRI)”, which questions all aspects of a business, including ethics, human rights and employee conditions, is an investment strategy gaining momentum in funds management industry. Investment in ethical and sustainable funds grew by 70 per cent in 2005, as superannuation funds decided to adopt socially responsible investment practices (Wright, 2005: 39). According to a Monash University Study, CSR will become a mainstream investment issue over the next 10 years (Gettler, 2005:3), and the reputation advantage to be gained through positive exposure from corporate responsibility will greatly impact on company performance. An AMP Henderson 2003 survey showed that 14 Australian mutual SRI funds outperformed the median over a five year period based on the S&P/ASX 200 benchmark (Baue, 2003).

An implication from SRI is listed companies that rate poorly in terms of their reputation towards employees and social responsibility may be sold from portfolios supervised by major funds management businesses. Melbourne-based fund manager, Portfolio Partners, issued a survey in 2005 to the top 200 companies on the Australian Stock Exchange researching how each company uses “human capital” in a bid to measure the sustainability of company earnings. It is based on the premise that happy employees drive market returns of a business higher (Kahler, 2005: 35).

An increasing amount of shareholders are equating poor corporate governance with devalued stocks due to businesses failing to see their community license to operate was firmly tethered to being a good corporate citizen (Burns, 2004: 18). The world’s largest pension funds are realising the scope and influence they have over companies in which they invest (UNEP FI, 2005:11). Mercer Investment Consulting has announced it will research Australian superannuation fund investors on
performance issues incorporating environmental, social and corporate governance as well as financial performance (Weekes, 2005: 3). This is exemplified by VicSuper, which monitors carbon emissions of big business because penalties for excess pollution are likely to hurt their profits and reflect poorly in fund reports (Kahler, 2005: 35).

**Negatives Against Compliant Reporting**
Not everyone agrees with the drive to legislate for tighter governance, formalised social commitment and increased transparency. As Baker (2004) pointed out, there are many counter-arguments to the benefits of increased reporting and compliance. Money poured into social responsibility and employees’ rights may be viewed as spending shareholders’ money without their consent; a topic of contention accentuated after the recent sizeable donations from some of Australia’s leading companies to the 2004 Tsunami appeal (Beerworth, 2005: 16).

Increased reporting requires increased resources and work-hours that can strain a business’ shrinking profit margin more, as highlighted by the decline in financial adviser businesses after the deadline for the Australian Financial Services License (AFSL) passed, with many small operators stating the cost of extra reporting and compliance too prohibitive. In the US the Sarbanes-Oxley Act introduced in 2002, which addresses compulsory proxy voting and corporate governance, is suggested to be too prescriptive and burdens large companies with costs estimated at more than $35 million a year (Bright, 2005: 20; Fagg, 2005: 3). Many Australian companies with supposedly poor governance standards have substantially outperformed the sharemarket according to a 2005 study conducted by the Sydney Business School (Newman, 2005: 33). “Just as the benefits are difficult to quantify, so too are the costs,” states Bright (2005: 19).

Many employees do not understand the advantage to investing in corporate citizenship initiatives that are unrelated to their employer’s core business and remote from the interests of their stakeholders (Burns 2004: 19). Some initiatives that divert business earnings away from primary operations of the business can be viewed negatively by employees who are witnessing staff consolidation and cut-backs on one hand, but considerable expense relating to reputation enhancement on the other.

Another angle on compliance and reporting is the point of view that legislated reporting is often too prescriptive and can constrain innovation, especially with regard to corporate social responsibility. Steven Muchenberg, General Manager Government and Regulatory Affairs, Business Council of Australia addressed the tele-convening conference on the Joint Parliamentary Inquiry into Corporate Social Responsibility (ACCPA, 2005). Consensus from the conference indicated that unencumbered by regulation, there is a huge diversity among many companies engaged in CSR programs. This sentiment is echoed by many big Australian companies, like BHP Billiton, Westpac, Coles Myer BP Australia and Insurance Australia Group (Gettler, 2005: 2).

Self-regulation of social reporting and auditing is allowing market forces to raise the standard, where as a more prescriptive legal requirement may decrease the current proactive role and erode initiatives with regard to social and community agendas. Some businesses may regress to reporting on the bare minimum in order to remain compliant.

**Summary**
Positive media is a marketable reputation-commodity enhanced through good results in EOC surveys, awards and compliance reporting (Lenaghan & Eisner, 2002). The
Growing list of ratings and surveys on EOC has reinforced pressures and has created
competition amongst companies to be seen as desirable places to work (Wilson,
2004: 17). Australian compliance and regulatory authorities have the structure and
power to publicly list those organisations that fail to meet minimum compliance
standards, which in turn damages reputation, especially within the industry (Fagg,
2005: 14). Non-government organisations (NGOs) also have the ability, and often
the inclination, to publicly expose those business operations to that fail to comply with
international industry standards and recommendations.

Australian companies which embrace “good” employer of choice policies and
practices and corporate responsibility are laying the foundations for ongoing positive
reputation transmitted through their stakeholders. Companies with a strong and
developing employer of choice program are well placed to reap the immense
advantage associated with making their employees their reputation champions
(Campbell, 2005)
Reference:


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*The following contributions are lifted from the Electronic Business Forum, an association of University of Tasmania Business Graduates:*


Authors Notes: Rob Gill is the project manager for Corporate Social Responsibility at Aviva Australia and is currently a professional doctorate student with Edith Cowan University, WA. Rob has previously completed a M.Ed and B.Ed with the University of Tasmania. This paper forms part of his portfolio work on the theme “Employer of Choice and The Need for Education”. His full portfolio, including academic articles references, tables, and research, and will be available for viewing on completion of the portfolio by emailing: rob.gill@avivagroup.com.au