

Opinion Article

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Corporate Social Responsibility: An appeal to enlightened self-interest

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Australian business is in good health. Witness the growing trend of corporate social responsibility, by which companies are integrating social and environmental concerns into their decisions. Where tension may once have existed in management's struggle to reconcile the links between social and environmental programs and profits, CSR initiatives are now acknowledged as an integral part of the bottom line. More and more companies are engaging in CSR, realising that it is in their, and shareholders', long-term interests.

The means by which companies can commit to CSR are as varied as the myriad of corporate structures out there. But the cornerstone of any successful CSR program is a management approach that voluntarily recognises CSR as being good for business. Market competition drives successful CSR programs. CSR enhances reputations, increases brand awareness and creates cultural synergies (and loyalty) with customers and suppliers.

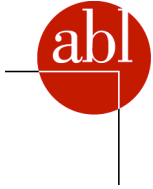
Not only that, substantive CSR helps companies attract and retain the brightest and the best talent. Pressure from an increasingly sophisticated, socially aware public plays a vital role too, as does the media, by reporting on companies' CSR performance, enabling investors and other stakeholders to make ever more informed decisions.

There is also enough in the legislative landscape to concentrate minds to do good. There are laws to protect the environment, secure minimum rates of pay and prevent discrimination, and laws that promote occupational health and safety, not to mention ASX's best practice regulations. The Corporations Act and similar State-based legislation complement this by requiring directors to act in the best interests of the company, practice care and due diligence and act in good faith. Directors have a considerable degree of discretion to take non-shareholder stakeholder interests into account if it is commercially justifiable to do so.

This is not to say that we need to treat laws that impact on CSR as divined from above. Laws can, and should be, tinkered with if it is necessary to get the balance right.

CSR is working in Australia because it has a "ground-up" momentum. It serves to liberate companies to innovate, hungry in the search for initiatives that mutually benefit the firm and its stakeholders. The alternative, the top-down solution, of legislating CSR minimum standards, will invariably lead to a compliance-focused malaise. There will be a real risk that forcing minimum standards on corporations will straight-jacket them into simply meeting the minimum standards. Throwing the minimum standards blanket over corporations would inevitably suffocate initiative.

At the law firm Arnold Bloch Leibler where I work, CSR is imbedded in all our business planning. We acknowledge the mixed motives that underpin our CSR initiatives and the enormous benefits the firm receives in return. Sure, we acknowledge that working to improve civil society is the right thing to do. Working with a diverse range of Jewish, Indigenous, environmental, cultural and social justice causes is consistent with the firm's philosophy of giving back to the community, which is also an enduring value of our age-old profession. At the same time, we are also certain that CSR ultimately has a positive effect on the firm's profitability.



In Australia today, the political and social dynamics have thrown up a mixture of self-regulation and increasingly focused legislation to create ideal CSR conditions. Within that environment, market forces naturally reward those companies with strong CSR principles, moving well beyond the rhetoric to a state of enlightened self-interest.

For more information, or to arrange an interview, contact Clare Kennedy, Marketing Communications Executive, (03) 9229 9715 or 0405 941 658 or at ckennedy@abl.com.au.

About Arnold Bloch Leibler

Arnold Bloch Leibler is a leading commercial law firm with offices in Melbourne and Sydney. The firm represents a wide range of individuals and corporate clients, including high-net-worth individuals and entrepreneurs, large family businesses and blue-chip corporations. Arnold Bloch Leibler also has a dedicated pro bono practice providing advice on social, environmental and cultural issues to more than 100 charitable and not-for-profit organisations.

Arnold Bloch Leibler is particularly known for its expertise in commercial law, litigation and dispute resolution, taxation and property. The firm also has an expanding presence in trade practices law. In these areas, the firm has been involved in many landmark matters and transactions.