

Current Perspectives on Corporate Social Responsibility: The Community View

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Part of the problem with today's jargon-laden vocabulary is that old fashioned concepts get new names which can make it harder to identify what someone else is actually talking about. So it is with our topic. "Corporate social responsibility" is a phrase that does not have universal acceptance or understanding. Some prefer "corporate social investment," "social involvement," "corporate philanthropy," or just plain "corporate giving."

Now the term "public/private partnership" has come into vogue. As an attorney, I know that Black's Law Dictionary lists mutual, dormant, nominal, ostensible, quasi, secret, silent, solvent, special and surviving partnerships--but not public/private ones. Though the liberals may be labeled as social do-gooders, and the religious as embodying Christian charity, all these semantics simply boil down to caring and sharing for mutual self interest--helping when it's needed, no matter who you are.

Because I have worked on both sides of the funding table, as a faculty member in a graduate public policy program, training community workers; as a manager of the contributions and community relations program of an international financial corporation; and now as a consultant

to corporations, foundations and non-profit organizations, I have been asked to speak on the community perspective on this morning's panel.

After having survived the sixties and seventies with civil rights, red-lining and power politics issues, one would have thought that the need for today's discussion would have been obviated. Yet, the interruption of federal support programs which were once viewed as responses to these issues, has put donors and donees into a panic. Non-profits predicted an era of triage in their ranks while foundations and corporate givers noted with anxiety an enormous increase in their proposal volume, as worthy applicants--many completely unknown to them--applied for their funds. Meanwhile, state and municipal agencies were under pressure, because both corporations and non-profits expected them to do more, as well.

Though the life in community-based organizations will always have an element of social Darwinism, we know that there has been no widespread annihilation in this sector. The Urban Institute in Washington will release shortly a study confirming the fact that there has been no massive fall-off in non-profits in this period of New Federalism and, in fact, the pattern continues to follow the general life-cycle curve with

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groups forming and growing in rather constant numbers and in proportion to the general 6%-10% rate of inflation, with which we have all become familiar.

Having noted that, let us not minimize this accomplishment, since to merely stay in place on an inflationary treadmill, one must certainly have a marathon runner's stamina! Beyond this pattern of overall survival and limited growth, however, there is a more interesting story. It is about the evolution that has taken place among non-profits.

Necessity being the mother of invention, they have gotten their act together!

Alexander Associates currently serve as consultants to The Esmark Foundation, the philanthropic arm of that Chicago-based conglomerate. We are assisting them in the selection of finalists for their recently established Excellence Award. This corporate response to the times recognizes the need for management improvements in the non-profit sector and offers a \$10,000 prize to eligible groups who have demonstrated their success in improving their operations. The Foundation allowed three months for groups to submit their story, with a deadline of October 1. Following the maxim that "it's no challenge unless you start a major project at the 11th hour," on Friday, September 30 they had received 13 proposals, but by the following Monday, Esmark staff had 147 applications to consider!

That isn't the significant part, however. The important element is what was contained in those forms. This excellent cross-section of groups offered countless examples which are appropriate for our discussion today. They describe how by-laws have been revised; programs cut or refocused; inactive Board members dislodged and replaced by fresh enthusiastic new volunteers. They show how management and administrative procedures were tightened, often with the help of a cadre of alphabet soup

credentialed consultants--the MBA, CPA, JD types who are more than before becoming interested in the needs and opportunities of community-based groups. They describe how computers are being employed to pinpoint financial positions on a weekly or daily basis and how, generally, less was indeed often achieving more!

Beyond the stories found in those applications, however, are the other examples we know which typify the evolution of community groups from the seventies to the eighties. In Chicago's Pilsen neighborhood, anglo community organizers created The Eighteenth Street Development Corporation in a lower-income hispanic community. Soon, however, the group combined community organizing with a program of rehabilitation of run-down or abandoned residential and commercial structures. Then it added a pre-apprentice training program for neighborhood youth interested in obtaining entry to the building trades. Now, with hispanic leadership at the helm, the group continues these efforts and has also created a for-profit construction company subsidiary. And their evolutionary pattern is not an isolated example.

We are seeing an explosion of interest in non-profit entrepreneurship. Recently Foundation News asked us to review new publications on marketing and selling through for-profit subsidiaries of non-profit organization. The inspiration of major museums in producing new revenues through shops and mail order catalogues featuring high quality reproductions or original art pieces has inspired others to consider entrepreneurship. And though in our book review we concluded that entrepreneurship may not necessarily be compatible with the chemistry of most non-profit agencies, it may indeed work for some who consider it carefully and comprehensively.

More financial sophistication in non-profits has also meant that fund

raising has moved beyond grants and government contracts to applications for commercial loans and syndicated partnerships. Real estate ventures of community-based organizations now require larger sums of money for planning and implementation. Without federal subsidies for housing the poor, community groups have turned to legally-structured limited partnerships that sell tax advantages and shelters to wealthy and/or socially concerned investors who can benefit from them and are willing to pay a price to do so. Such efforts are being initiated by community groups and assisted by intermediaries with national visibility such as LISC and the Enterprise Foundation, which attempt to add elements of technical assistance and interest rate write downs to improve the feasibility and success ratios of such projects.

We're also seeing a more ecumenical response to the times through the formation of coalitions. In Winston-Salem, NC, Crisis Control Ministry, established by five denominations to address the need for emergency food, fuel, medical help and shelter for that town's increasing number of needy residents, serves as an interdenominational model. It provides a vehicle for the community's 100 churches to collectively deal with critical social problems in a way that is far superior to the efforts that any single congregation could attempt, while being careful not to duplicate the efforts of state or federal programs or the services provided by other social service agencies.

The League of Chicago Theatres, a membership organization of 88 companies ranging from miniscule budgets to national presenters, such as the Shubert chain, created a Hot Tix Booth to sell day-of-performance seats at a fraction of the usual cost to fill the house and to build theater-going audiences. They've been so successful that they're expanding to central calendars and promotions and are considering common reservation

and data processing systems, common pension funds, union negotiations, and credit and investment services.

The Latino Institute of Chicago and Second Harvest, the Arizona-based national network of food banks, are supporting their members with technical workshops on management, fund raising, and other survival skills because they recognize that every member need not reinvent the wheel and that cooperation is better than competitiveness, during these times.

But with all these positive examples, one might correctly ask, what is the point of a community response to the topic of this panel? Well, the problem is that some corporations still don't realize that all this is going on. Though some business leaders may want to swim in this pond of partnership, they still fear getting their feet wet in corporate social responsibility or, worse yet, fear being overwhelmed and drowning in waters that are completely unfamiliar to them. While these individuals may not fully represent the leaders of our larger corporations, unfortunately they typify a significant portion of the business sector. Therefore, what hasn't changed is the enormous burden placed on community groups to educate others.

Non-profits are making the news in their communities. They are the source; they are close to the pulse; they understand the needs of their members or of their service population or of their technical discipline--perhaps better than government, the media and certainly most corporations. Yet, in order to foster change or to obtain financial or political support, they must pay a high price. They must take time-out to educate those who hold the purse or the power. While many corporations have plants located in residential areas across the nation, distant headquarters managers may know little or nothing about the needs in a specific neighborhood and therefore cannot or, worse, will not support worthy groups located

there...despite their self interest. Though business is certainly not the monolith it is often portrayed to be, such corporations look all too similar in their indifference to the needs of their constituents and indeed to their own self interest.

Though adversarial techniques are still employed by a few groups, tenacity and dedication are the central elements that the majority of community groups bring to bear on current perspectives on corporate social responsibility. When dialogue is established, wonderful responses can result. Aetna and other insurance companies have started to work with neighborhoods. Banks are funding NHS offices in areas which they once red-lined. Amoco Oil--a victim of public criticism common to nearly all oil companies--has been convinced that small-scale, community-based energy audits, retrofits and even alternative energy source production programs are worthy of their corporate support. The educational process was a long one, but has now resulted in a gift of \$400,000 to the Center for Neighborhood Technology, the non-profit which had the tenacity and took time-out to educate this corporate giant about social responsibility. CNT will now establish a pilot project in six Chicago neighborhoods to develop their capacity in these areas of concern.

Non-profits around the nation are also educating the corporate sector on the use of volunteers, the on-going need for financial and technical support, and even the need for in-kind contributions. This increasingly sophisticated shopping list is, in my opinion, responsible for many of the encouraging corporate programs we've heard about this morning.

Still, while certain corporations seem amenable to the proposals, others continue to hide behind excuses of low profitability, lack of experienced staff or, worse yet, a disinterest in anything but high visibility, high-profit programs. Though they seek to showcase, not all pro-

gram elements of community organizations are made of glitter and window dressing. Community groups must have funds to pay for the basics--the heat, rent, and indeed the staff salaries. Though they may lack sex appeal for the corporate funders, such support is essential to the survival of the non-profit sector and is certainly an appropriate way for corporations to manifest social responsibility and concern.

With such support, however, it is clear that communities can do enormous amounts with nearly nothing! Another client, Washington-based Partners for Livable Places, continues to document examples from around the nation of how such cooperation can revitalize parks, improve streetscapes, enliven shopping districts and reduce crime in our cities at minimal cost, simply because the key resources--government, corporate and community--finally started working together, for the benefit of all.

Though sometimes it takes an intermediary like Partners to bring these parties to the point of realizing mutual self interest, increasingly we now see that community groups themselves are becoming the effective force which forges these partnerships with the corporate sector. With such tenacity and the willingness to educate, any future discussion on this topic will require less semantic clarification and will contain more varied and positive examples of what the leaders of the voluntary sector have been able to teach corporate America about its responsibility and how best to express it.