



Sophie Renton, McCrindle

Sophie Renton is a social researcher, trends analyst and director of research at McCrindle. As an experienced researcher, Sophie understands how evidence-based insights can inform strategy and help organisations to thrive amid change. From her experience in leading the team at McCrindle, Sophie assists organisations by bringing a clearer picture to complex problems.

Purpose and profit

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This paper comprises an extract from McCrindle's *The Australian Communities 2020* report, based on the results of respective online surveys of Australian charity workers and those who had given to a charity in the past 12 months. It also draws upon in-depth interviews with not-for-profit leaders.

"In recent years we have been talking more about social enterprise, and issues around environment and human dignity. The social conversation now expects for-profit organisations to make some meaningful contribution to our social and physical environment to positively impact the world." (George Savvides, former chairman, World Vision Australia)

The expectations of society are shifting. The public expects corporates to not just operate for profit, but for the triple bottom line of people, profit and planet. Not-for-profit leaders, Australian givers, and charity workers alike are becoming aware of this changing trend. Two in five Australian givers (40%) and charity workers (38%) strongly/somewhat agree they have observed an increase in for-profit organisations running social projects and awareness campaigns. Not-for-profit leaders believe this is a positive step for society as more organisations are operating with a social conscience.

"It is a good thing for society that a broader part of our marketplace is endeavouring to pursue community objectives and social objectives as part of their everyday work and organisational activity." (George Savvides, former chairman, World Vision Australia)

'Purpose' as a marketing strategy

Despite the growing popularity of commercial organisations operating for purpose and profit, not-for-profit leaders have concerns about the Australian consumer navigating the changing landscape. There is a sense that organisations can interpret 'purpose' in many different ways and what is presented as their 'purpose' may not necessarily bring about social good.

"When it comes to social enterprises and the term purpose, there's just so much grey area right now.

"A lot of corporates are using the term purpose, as a replacement for their mission, but what that is might not necessarily make the world a better place." (Richenda Vermeulen, CEO and founder, integrity agency)

Others have concerns that the for-purpose approach is used more as a marketing strategy rather than an internal shift within the organisation around its mission, values and objectives. Where it is used as a marketing strategy, the Australian public may feel like their purchases are achieving some sort of social good, almost an activist act, but they may be misled in the process.

"What I am seeing is commercial organisations woke-washing [Using social issues, purpose and awareness as a marketing strategy]. There's a strong social flavour to their marketing and their propositions to the public, which if you scratch the surface, is only symbolic at best.

I worry about the lines blurring and the public being misled about the true motivations of commercial companies reporting to be social enterprises." (Sarah Pennell, general manager and company secretary, Foodbank Australia)

Greater regulations for commercial organisations running social projects

When it comes to for-profit organisations running as social enterprises, Australian givers are more cautious than charity workers. Half of Australian givers (50%) have concerns around for-profit organisations operating as social enterprises, while two in five charity workers (39%) feel the same. Australian givers are slightly less concerned about for-profit organisations operating social projects and awareness campaigns (38% cf. 31% charity workers).

More than three in five Australian givers (64%) and charity workers (62%) strongly/somewhat agree with this, believing there should be disclosure or regulatory requirements on for-profit organisations running social projects and awareness campaigns. They are both less likely, however, to believe that for-profit organisations running social projects and awareness campaigns should receive the same tax benefits as charities/not-for-profits for those projects.

Not-for-profit leaders agree with charity workers, believing there is a need for greater regulation and clarity around social enterprises, so that givers and consumers are clear on the impacts of their engagement.

“There needs to be more self-regulation around social enterprises and the impact they are making. It’s easy to mark yourself as a social enterprise but it’s becoming harder for customers to discern the impact that is, or isn’t, being made.” (Richenda Vermeulen, CEO and founder, integrity agency)

Partnership opportunities

“The appetite for corporate partnerships is only going to increase. Corporates are not going to start their own charities. That’s something we used to fear but corporates are showing they understand the complexity of impact, charity, and giving and staying within their zone of what they know they are good at. They want partners on the not-for-profit side. This is a big opportunity for not-for-profits to productise their value for corporates and build shared value.” (Richenda Vermeulen, CEO and founder, integrity agency)

In a time where the societal expectation of commercial organisations operating for purpose and profit is increasing, organisations will potentially be looking to partner with charities to help them fulfil their corporate social responsibility. The rise of organisations operating for purpose and profit may in fact not encroach on the charities/not-for-profit sector but provide the opportunity to increase impact through corporate partnership.

“Partnering with corporate organisations is in our DNA—that’s what we do. We exist because of the food and grocery industry, they are our partners. They give us our supplies and we engage with them on promotional programs to help raise awareness of the issue we address.” (Sarah Pennell, general manager and company secretary, Foodbank Australia)

Shared values are essential to partnerships

Partnerships with corporate organisations can produce great results. For these partnerships to be successful, however, they need to be based on shared values. These shared values allow the two organisations to work together to achieve outcomes, allowing both organisations to stay true to their purpose.

“I think we can, and we should [partner with corporate organisations] where the particular values of the organisation are sympathetic to each other. You have got to be careful about partnering with those whose values are quite different where the only reason to partner would be financial rather than the cause or the passion behind what we’re doing. If the only reason you’re partnering is money, I think you have to be really cautious about that.” (Tim Hanna, outgoing CEO, Compassion Australia)

Invest in good governance

To enable charities/not-for-profit organisations to maximise the opportunity of corporate partnership, not-for-profit leaders believe there needs to be a level of board maturity for charities/not-for-profit organisations. Although it can be challenging at times, when resources are limited, it is important to think about board composition in order to take advantage of partnership opportunities.

“I see a future where much larger charity partnerships are possible and so the challenge for the governance boards of those charities and not-for-profits is the choice of who they should partner with in a complementary sense, sharing a common mission and pur-



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To stay true to the mission, the mission must first be clear and simple.

Figure 1. Survey responses: Australian givers and charity workers



Source: McCrindle

poseful impact that they desire to achieve. That requires a board that is both agile and experienced, with an executive team who are comfortable in pursuing strategically challenging partnerships. That might be too much of a challenge to some traditional charities who might not have that kind of capability on team, or on the board.

“In the time ahead it might be important for organisations aware of their limitations to think about the composition of their boards and the capabilities of their executives before they engage with larger organisations who are looking for partners, to fulfil their community contribution and their social licence commitments.” (George Savvides, former chairman, World Vision Australia)

Avoid mission drift

All organisations, whether for-profit or not-for-profit, are susceptible to mission drift. It is the commitment to the mission and purpose, however, that allows organisations to succeed. At a time when opportunities may become available for charities/not-for-profits to partner with commercial organisations, it is important that organisations first and foremost stay true to their original mission. To stay true to the mission, the mission must first be clear and simple. It needs to be well-understood throughout the organisation and decisions need to be made in alignment with it. Not-for-profit leaders remind us that it is okay to say no to a partnership opportunity if it does not align with the organisation’s mission.

“One of my big concerns is that, at times, control comes from where money comes from. I don’t love the reality of that but I think what we’ve noticed is we have to be really careful not to have mission drift, because you’re about to get more money, or access to more people through the corporate partnership. The amount of times we’ve had to say ‘No’ in our 11 years shocks us and would shock many people.” (Daniel Flynn, co-founder, Thankyou)

Conclusion

Society’s expectations are shifting. The public expects corporates to not just operate for profit, but for the triple bottom line of people, profit and planet. This context provides opportunities for charities and not-for-profits to partner with commercial organisations to help them fulfil their corporate social responsibility. Not-for-profit leaders are optimistic about corporate partnerships as they can increase an organisation’s impact. A word of caution is given, however, that partnerships must be formed on shared values, not just financial benefit, to allow organisations to stay true to their original mission of building a stronger society. **FS**