

# MAKING A REAL DIFFERENCE: DOES THE CORPORATE SECTOR NEED TO LIFT ITS GAME?

The corporate sector needs to focus on outcomes not activities when helping Indigenous Australians, argues **Nyunggai Warren Mundine**

**W**hen I was first appointed as Chair of the Prime Minister's Indigenous Advisory Council in September 2013, I lost count of the number of people who wanted to tell me about 'this great Indigenous program that's really making a difference'.

I hear those claims a lot from the corporate sector. I always ask them how they know the program is making a difference. More often than not the immediate response centres around the level of the company's activities and resources—how much the company has donated to this or that, or how many secondees or mentors have been deployed, or the events or programs the company has supported, and so on.

So then I ask the question again—but how do you know that made a difference? What were the outcomes? For example:

- Your company mentored 50 high school students over five years? That is an activity. Where are the students now? Did they complete high school? Are they working or doing further study? How do they compare to national averages? Those are outcomes.
- You seconded people to help a fledgling Indigenous business? That is an activity. How is the business performing now? Is it financially sustainable and profitable? How

many Indigenous people does it employ? Is it growing? Is it no longer reliant on secondees? Those are outcomes.

- You funded an adult literacy program for a community? That is an activity. How many adults learnt to read from that program? What level are they reading at? What is the literacy rate in the community now compared to before? Those are outcomes.

The question to be discussed here is whether the corporate sector needs to lift its game when it comes to helping Indigenous Australians. But it's hard to critique the quality of play if no-one is keeping score.

## Measuring outcomes

Over the past decade the corporate sector has become very generous in helping Indigenous Australians. Today most major Australian corporations have dedicated programs and resources for



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Indigenous people supported by Reconciliation Action Plans. The kind of support ranges from monetary donations to committing human resources and other capabilities to assist Indigenous people and communities through to Indigenous employment.

In the end, however, it is irrelevant how much time, money and effort goes in if the results are not there. It doesn't matter how wonderful a program or its activities sound. The only way to tell if a program is making a difference is to identify whether it is delivering measurable outcomes for the people it serves and the communities in which it operates.

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Unfortunately, when I ask these questions people often struggle to identify the outcomes of their Indigenous programs, or they assure me that their teams have data on the outcomes and will get it for me, but never do.

I have seen no evidence, for example, that corporate secondments to Indigenous communities make any lasting differences to those communities. If that evidence exists, it has never been shown to me despite repeated requests from multiple sources. And it is clear from the Closing the Gap and other data that most Indigenous communities are not improving, despite these and other efforts.

Take for example the town of Aurukun in Cape York, which is a remote Indigenous community of around 3000 people in far north Queensland. That town has received enormous support from the corporate sector over the past decade. I doubt any small community in Australia has had more attention from CEOs and executives of top Australian companies than Aurukun. I myself spent several days there a few years ago with around a dozen of Australia's top business people during which we refurbished the school library.

Recently I wrote an article for the *Koori Mail* called 'Lipstick on a Pig'.<sup>1</sup> The article talks about the *Dropping off the Edge* Report released by the Jesuit Social Services Australia and Catholic Social Services Australia in July last year which analyses disadvantage in Australia. That Report shows poverty and disadvantage in Aurukun have not reduced. And if you also look at the NAPLAN results you will see that education outcomes have not improved, even for those children who have been part of the intensive education trials since Kindergarten. Yet this community has been targeted with programs that have cost over \$100 million in government spending since 2008 alone. And it has received unparalleled support and attention of corporate Australia.

Companies would never tolerate this situation in their own core operations. They would never tolerate spending large amounts on an initiative with no clarity on whether or what the initiative delivered. In their core businesses, companies closely monitor their sales, revenues and expenses; they set targets and budgets and expect their teams to meet them. I would like to see them do the same for their Indigenous initiatives.

If you are an executive or a director of a corporation that is pumping money into its Indigenous corporate responsibility initiatives, then you should be expecting the same transparency and assessment of these initiatives as you would expect for your business initiatives. And this is how the corporate sector can lift its game.

When dealing with Indigenous matters, corporations have not systematically applied the same principles and behaviours that make their own businesses a success. Too often the corporate sector bundles Indigenous people into the 'corporate responsibility' bucket, which is basically business jargon for charity.

Economic development is what lifts people out of poverty, not charity. The gap exists because too many Indigenous people do not participate in the real economy. And the gap will not close unless and until we all do. This means Indigenous people getting educated, getting employment, setting

up small business enterprises, owning their own homes, having commerce and investment in Indigenous communities, and so on.

### **Towards meaningful change**

In late 2012, I wrote a piece for the *Australian Financial Review* in which I observed that many programs and policies designed to fix the problem of Indigenous disadvantage are actually structured as if the problem will never be solved.<sup>2</sup>

Instead of fixed funding tied to an outcome, we have ongoing budgets. Instead of appointing a group of people to achieve specific outcomes and giving them a deadline, we have whole departments or divisions dedicated to helping Indigenous communities where people have permanent jobs with indefinite terms, and focus on activities not outcomes. We see this in the private and public sectors alike.

If a corporation needed a major transformation to fix a big problem, management would develop a strategy, create a plan identifying exactly what has to be achieved and over what time period, prepare a business case, set up a team to deliver it and a steering group to monitor progress. Once the outcomes were achieved the team would move on to something else and others would monitor whether the promised benefits were realised. If the program ran over time or budget or didn't deliver, then someone might even be fired.

It is admirable that corporations have dedicated corporate responsibility and diversity teams to ensure that the corporation gives back to the community. These teams have done some good work, particularly in raising awareness and building connections between corporations and Indigenous people. But I have never seen a company enlist its corporate responsibility team to run a major transaction, solve a material business problem or deliver a significant transformation. The rigour and discipline that companies apply to their own challenges is what is required when addressing Indigenous disadvantage.

That said, I have noticed a shift since I wrote that article a little over three years ago. This

has been driven largely by the change in the government's Indigenous focus from welfare to economics. It's like turning a large ship and it takes enormous focus, determination and patience. But it is happening.

A central component of that change has been the focus on jobs—getting the corporate sector to hire Indigenous people in its workforce. The bar is now being moved higher to the target of employment parity. Corporations should be targeting 3-5% of their workforce as Indigenous, and more in areas with higher Indigenous populations.

Getting Indigenous people in your workforce requires the effort and focus of your core operations, particularly when it involves 'welfare to work'—taking people with multiple barriers to employment and who may never have had a job in their life and helping them obtain and retain a job. And it is by far the most meaningful thing that the corporate sector can do for Indigenous Australians.

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More recently the corporate sector has had to start focusing on how to get Indigenous-owned businesses in its supply chain. This shift has been driven by the federal government's Indigenous Procurement Policy which has set targets to achieve procurement parity in government supply chains.

Government is a huge buyer of goods and services from the private sector and it is now looking to its suppliers to have Indigenous employees and sub-contractors. This is already presenting a big challenge to Australia's corporate sector.

The Indigenous Procurement Policy has created demand for Indigenous enterprise. But there is not yet the supply to meet the demand. There is a

large capability gap that needs to be bridged. The policy also does not impose minimum Indigenous employment levels to qualify as an Indigenous enterprise—something I have advised government to change.

I have already seen companies, who risk losing government contracts, scrambling to set up joint ventures with Indigenous people. But the capability gap creates a situation where joint ventures may be established with a thin layer of Indigenous representation over an established business, which gets most of the financial benefit through funding arrangements, notwithstanding the ownership proportions, and which hires few, if any, Indigenous employees. Leah Armstrong, the Chair of Supply Nation, has spoken of the risk of ‘black cladding’—where businesses have Indigenous shareholders and/or directors who provide an Indigenous face but no meaningful control or involvement in the day-to-day operations of the business.

The corporate sector can help with the establishment of Indigenous enterprises that are genuinely managed and operated by Indigenous people.

The corporate sector is critical to the success of this policy and has considerable influence in how it is ultimately implemented. The corporate sector can drive the success of this policy and help with the establishment of Indigenous enterprises that are genuinely managed and operated by Indigenous people, supported by skills transfer and capability building that the corporate sector can provide. However, the corporate sector will hinder this policy if it tolerates or participates in black cladding.

I have advised government that, in addition to the minimum 50% ownership, businesses should have a minimum of 25% Indigenous employment to qualify as an Indigenous enterprise. And I would make the same recommendation to Supply Nation for its certification conditions.

I have also advised government that any company with 75% or more Indigenous employment should qualify as an Indigenous enterprise, regardless of who owns it. My thinking is that this will encourage established businesses and entrepreneurs to set up companies that hire Indigenous people and attract investment—without needing to create some façade of Indigenous majority ownership. Of course, there is no reason why corporate Australia cannot adopt these principles now in its own supply chains and in partnering to set up Indigenous enterprises.

### Conclusion

There is no question that the corporate sector is very generous when it comes to supporting Indigenous people and communities and working to close the gap. I also have no doubt this support comes from genuine goodwill towards Indigenous Australians and a genuine desire to right the impact of past wrongs.

The shift in focus from welfare to economic development, from charity to commerce, will help harness those good intentions into meaningful outcomes. And the corporate sector has the opportunity to lead the way.

### Endnotes

<sup>1</sup> ‘Lipstick on a Pig’, *The Koori Mail* (27 January 2016).

<sup>2</sup> ‘Indigenous Need Hard-Headed Approach’, *Australian Financial Review* (14 November 2012).