

# The Insync Surveys Alignment Update

Supported by Sustainable Business Practices

**Sustainable Business Practices**

*Update three: Corporate social  
responsibility and risk  
management*

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# Table of contents

Introduction.....	3
Methodology .....	4
CSR and risk management: key findings .....	5
About the sample.....	5
Organisations need to ramp up CSR efforts .....	7
Not all organisations are committed to identifying and reducing risk.....	8
Little prevention of unsanctioned actions.....	9
Employers meet legal obligations.....	10
Keep employees in the loop.....	11
Confidentiality message fades with size .....	12
Employers are ill equipped to deal effectively with workplace concerns .....	13
Younger workers naive about workplace accidents .....	14
Ethical employer behaviour a must for 25 -35 year olds .....	15
Tips to tackle CSR and risk management issues with employees.....	16
About Insync Surveys.....	16
About Sustainable Business Practices .....	17
Contact us .....	17

## Introduction

The Insync Surveys Alignment Update is a series of five insight reports which will confirm or debunk common perceptions held by senior leaders faced with mission critical organisational challenges.

The first report explored employee perceptions of leadership. The second provided insight into those factors driving the successful engagement and retention of staff. Subsequent updates will focus on reward and recognition, and market responsiveness.

This, our third report, is focused on employee perceptions of Corporate Social Responsibility (CSR) and risk management. This report presents the findings of an employee survey and analysis conducted by Insync Surveys and Sustainable Business Practices.

There are many definitions of CSR but a common one is the process where organisations contribute to the wellbeing of the wider community in which they operate. This includes the wellbeing of the organisation's employees, economy, environment and the community as a whole.

An effective CSR program can be of great value to an organisation as it will assist in the attraction and retention of employees, increase community support, increase shareholder value and create greater government and investor confidence. Conversely, companies that fail to implement effective CSR programs can have high employee turnover, decreased shareholder value and reduced government and investor support.

For any CSR program to be effective there must be a strong focus on employee engagement and communication to ensure CSR initiatives are recognised and understood by employees and as a result communicated to their families, friends and broader communities. Therefore, the findings of this report provide insight into how companies can better develop an effective CSR program through employee engagement.

Organisations that are most effective at CSR and risk management have embedded appropriate practices into their business systems and culture throughout all levels of the organisation. Such organisations also have a high degree of alignment of their CSR and risk management practices with the vision and strategy.

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## Methodology

Data gathered from the Insync Surveys Organisation Alignment Survey has been used as a basis for the five reports in The Insync Surveys Alignment Update. The Organisation Alignment Survey measures the connection of an organisation’s vision and strategy with the actions, attitudes and outcomes of its employees. Organisations including those going through significant leadership changes or those adapting to new market pressures use the tool to take stock and then devise the best path for a sustainable high performance future.

The Organisation Alignment Survey is more comprehensive than other employee opinion and satisfaction surveys as it deals with areas that are important for high performance organisations, including CSR and risk management. Despite being more comprehensive the survey has been designed to be responded to by employees over the internet within 20 minutes.


The survey has 120 statements measured on a seven point scale where “one” represents strongly disagree and “seven” represents strongly agree.

This study highlights differences among demographic groups. To do this, the seven rating options are aggregated under the titles of “disagree”, “neutral” and “agree” as follows:

Disagree = 

Strongly disagree (1)


Disagree (2)

Neutral = 

Slightly disagree (3)

Neither agree nor disagree (4)

Slightly agree (5)

Agree = 

Agree (6)

Strongly agree (7)

## CSR and risk management: key findings

- Only a little more than half of all employees believe their organisation is giving back to the community (page 7)
- While 59% of employees agree that their organisation is committed to identifying and reducing business risks, only 39% of employees agree that their organisation has effective processes for identifying and preventing non-sanctioned actions (page 8 and 9)
- Most employees agree that their organisation is committed to respecting confidential information; however the level of agreement decreases as organisation size grows (page 12)
- Approximately two thirds of employees with over one year of service are unsure or don't believe there are effective mechanisms for dealing with workplace concerns (page 13)
- The majority of employees agree that their organisation requires them to behave ethically; the level of agreement in the 25 – 35 year age group is slightly lower, suggesting this age group holds their organisations to a marginally higher ethical standard (page 15)

## About the sample

A sample of over 14,000 employee responses from more than 70 organisations was drawn from Insync Surveys' international benchmark databases, which collectively contain the responses of more than 750,000 people. The responses used were submitted between 2004 and 2008.

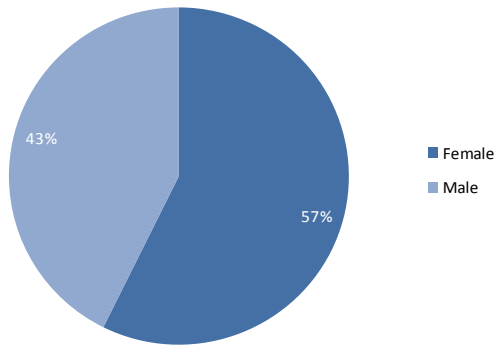
Most industries are represented, including logistics, health care, education, government, not-for-profit, resources, finance, tourism, services, manufacturing and research. Data were collected in line with the privacy policy of Insync Surveys. This policy informs survey invitees that their responses may be used for the purposes of research. It also guarantees that their identity will not be linked to their responses.

### Copyright warning

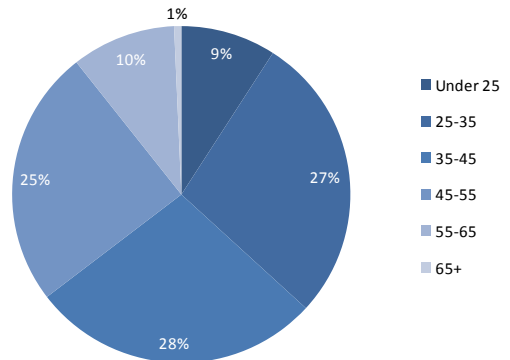
The survey statements included herein are the intellectual property of the Insync Surveys and may not be copied or reused without the express prior written permission of Insync Surveys.

The pie charts below illustrate the distribution of respondents across the various demographic groups.

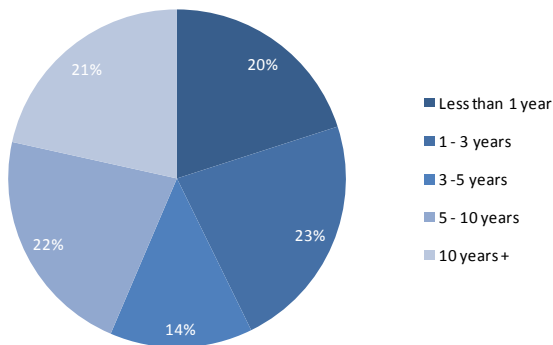
**Population distribution by gender**



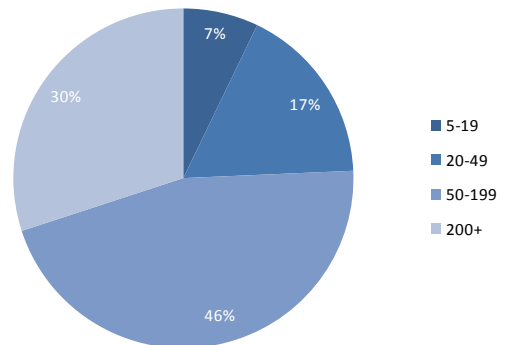
**Population distribution by age**



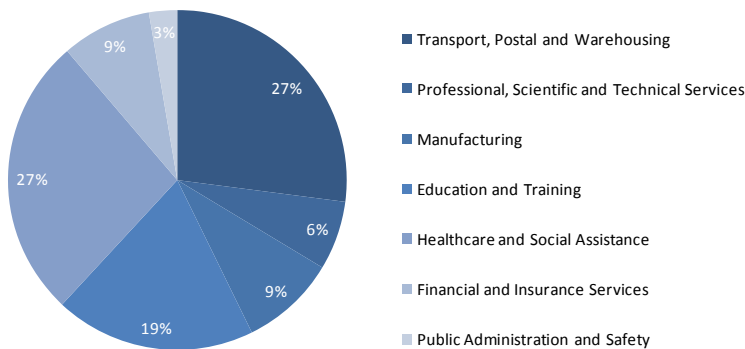
**Population distribution by tenure**



**Population distribution by organisation size (based on number of employees)**



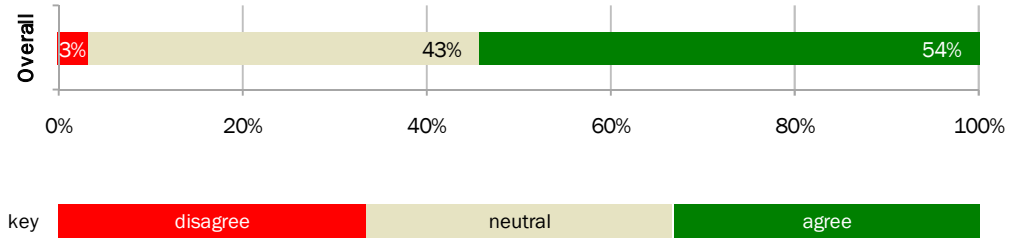
**Population distribution by industry**



**Note:** Industry breakdown based on the Australian Bureau of Statistics' ANZSIC 2006 codes.

# Organisations need to ramp up CSR efforts

Figure 1 – “Our organisation contributes positively to the wider community”



Strong community relations have long been considered to be an important component of good business management. It secures a local customer and employee base and also assists in maintaining community support.

A little over half of employees agree with the statement “our organisation contributes positively to the wider community.” Approximately 3% disagree with the statement and 43% of employees aren’t sure. This indicates that many organisations are either failing to implement effective CSR programs, or are experiencing difficulties in engaging and communicating CSR initiatives and achievements to employees.

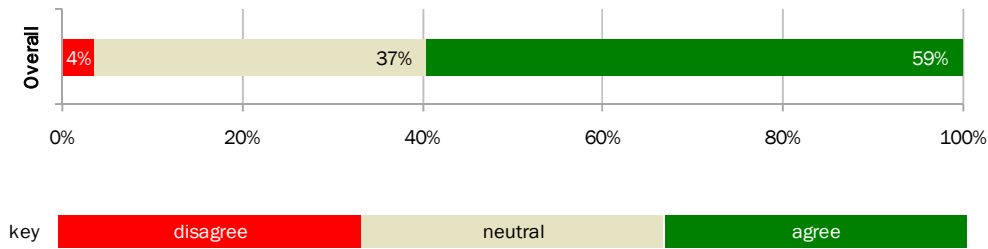
Organisations wanting to implement a best practice CSR program need processes to:

- manage the health, safety and wellbeing of employees
- reduce the environmental impacts of operations, products and services
- ensure transparency in decision making and governance
- support communities in which they operate
- enhance financial viability
- engage with employees
- align their CSR program with their business strategy
- embed the above practices into their business systems and culture

Organisations that implement CSR programs can use the Global Reporting Initiative (GRI) to develop CSR reports. To monitor progress, indices such as the Dow Jones Sustainability Index (DJSI), the Corporate Reporting Index (CRI) and Reputex can be used. These reporting tools assist organisations in better understanding and communicating their performance with employees and stakeholders.

## Not all organisations are committed to identifying and reducing risk

Figure 2 – “Our organisation is committed to identifying and reducing all types of risks to our business”



A key component of CSR is the management of risks. The implementation of a CSR program can improve risk management as employees are engaged and have a proactive attitude towards improving their workplace, including the identification and management of risks. An effective CSR program improves the ability of an organisation to manage the spectrum of risks, including: safety, operational, market, reputational, legislative and environmental.

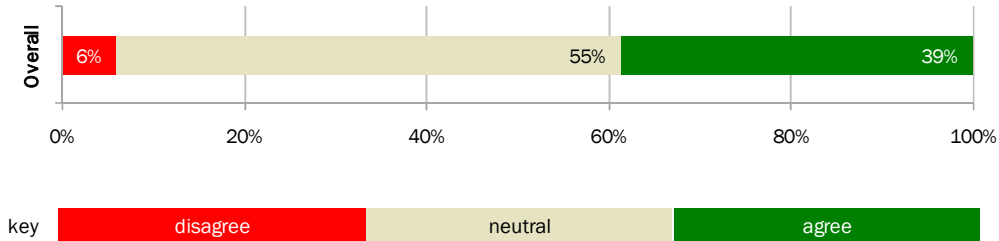
Many organisations implement some form of risk management as this is core to business survival. However, figure 2 indicates that only 59% of employees believe their organisation is committed to identifying and reducing risks. Thirty seven per cent of employees are neutral when considering their organisation’s commitment to identifying and reducing risk. A further 4% of employees disagree with this statement. A low commitment to risk management among employees is a cause of concern for organisations as it has the potential to undermine shareholder, investor and regulator confidence.

Organisations wanting to improve their risk management systems, processes and culture should ask themselves the following questions:

- Does the board and CEO set the right “tone at the top” which embodies a commitment to excellence in risk management?
- Is the organisation’s culture sufficiently robust to ensure that all material risks are identified and managed?
- Are specific individuals held accountable to manage risks?
- How are risk management processes communicated to employees and other stakeholders?
- Is the management of risk embedded in business processes?
- What external support is available to improve risk management?

## Little prevention of unsanctioned actions

Figure 3 – “Our organisation has effective processes for identifying and preventing unauthorised actions”



Unauthorised actions include actions that may compromise employee safety, product quality or the integrity of an organisation. When analysing the statement: “our organisation has effective processes for identifying and preventing unauthorised actions,” only 39% of employees agree that their organisation has effective processes for this. Organisations that do not effectively mitigate against unauthorised actions by any employee, regardless of status, face risks including legislative action, reduced employee morale and customer complaints. These risks may in turn result in reduced shareholder value and customer confidence.

A process to effectively identify and prevent unauthorised actions needs to:

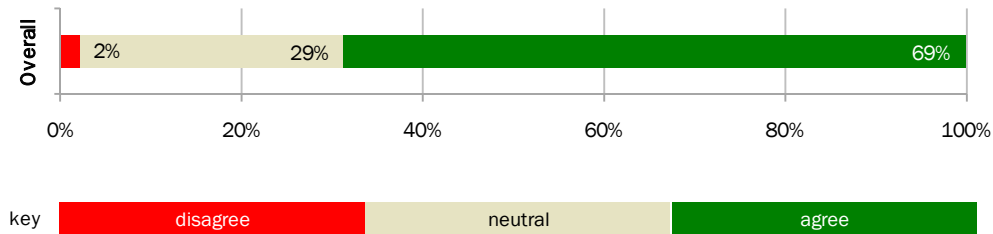
- define what constitutes an unauthorised action
- assign and communicate individual responsibilities in relation to undertaking work
- ensure appropriate personnel have the permission to authorise and disallow any unauthorised actions
- have clearly stated consequences for employees who carry out an unauthorised action and ensure these consequences are acted upon
- have appropriate frameworks for unauthorised actions to be reported
- promote leadership

This process should be clearly articulated and communicated through a company-wide code of conduct and associated training.

As with many risks it’s of little benefit to an organisation if it is, on average, very good at managing risk and preventing unauthorised actions but not aware of the small pockets of significant risk. Surveys are a good way to determine the pockets of risk and where remedial action may need to be taken.

## Employers meet legal obligations

Figure 4 – “Our organisation is committed to meeting its legal and compliance obligations”



Legal obligations are an important component of any CSR program – they form the minimum performance baseline. An organisation must meet its legal obligations. The implementation of an effective CSR program should not only ensure legal obligations are met but also that the organisation is a good corporate citizen.

When analysing the statement “our organisation is committed to meeting its legal and compliance obligations,” most employees believe their organisations hit the mark in this area, with 69% agreeing with the statement. This is a solid result for organisations.

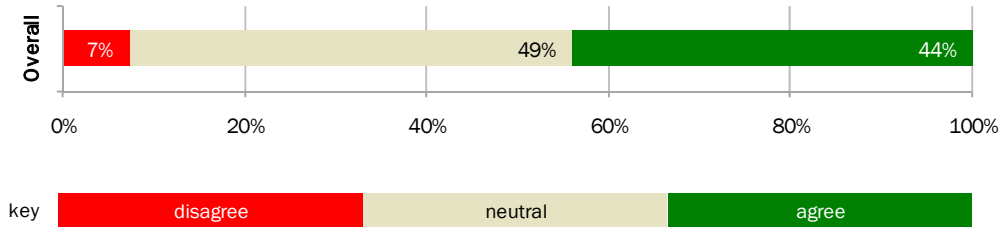
When considering an organisation’s performance against legal obligations it should be noted that there’s a significant difference between meeting legal obligations and not getting caught – if no legal action was taken against an organisation, it doesn’t mean all legal obligations have been met.

An effective CSR program will identify all legal and compliance obligations which apply to an organisation. These obligations will cover the full range of the organisation’s operations – employee safety, product safety, advertising, environmental performance, financial management and privacy. By meeting legal and compliance requirements an organisation will be reducing the risk of financial and other penalties.

Many organisations have commenced the journey to become a good corporate citizen and to introduce and even embed CSR programs into their organisations. Much of that good work can very quickly be undone if that same organisation fails to meet one or more of its key legal and compliance obligations.

## Keep employees in the loop

Figure 5 – “I am kept updated on changes to regulatory and contractual issues that affect my job”



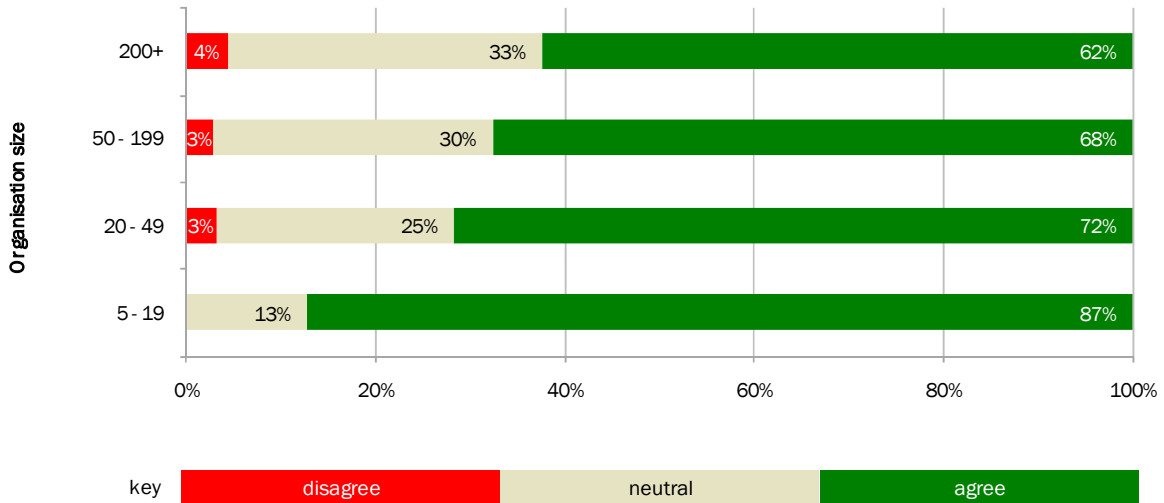
Despite most employees believing their organisation meets legal obligations (figure 4), only 44% of employees believe they’re well informed on changes to regulatory and contractual issues that affect their job. This is a disappointing result. It is unreasonable to hold employees to account in relation to matters that have not been properly communicated to them.

It is important that employees are aware of legal issues that may affect their work. The ability of an organisation to meet its legal obligations may be dependent on its employees being aware of them and taking appropriate actions at the right time. A lack of employee understanding around legal issues may also lead to an overly conservative approach due to their fear of legal action.

To generate the necessary understanding of legal issues among employees, organisations must communicate and document any legal requirements and changes relevant to employees in simple language. Depending on the workplace, this could be incorporated into existing education and training programs. Communication with employees around legal issues will generate trust between employees and their employer.

## Confidentiality message fades with size

Figure 6 – “Our organisation is committed to respecting confidential and sensitive information”



The results from the statement “our organisation is committed to respecting confidential and sensitive information” are positive. Overall, most employees agree that their organisation is committed to respecting confidential and sensitive information. However, in large organisations up to 4% of employees don’t believe this is the case. When broken down by organisational size the level of disagreement decreases with the number of employees.

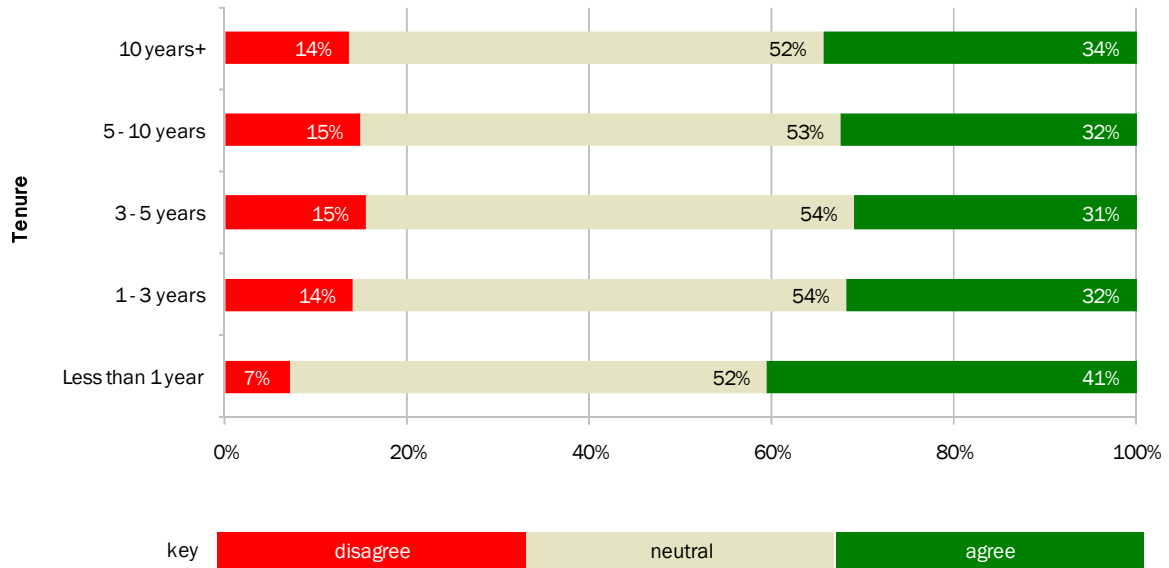
The increase of confidentiality with reduced organisational size may be related to the broader roles and responsibilities within smaller organisations. In large organisations many employees may consider confidentiality someone else’s responsibility.

Incorrect handling of confidential and sensitive information is an enormous risk to organisations. A lack of respect for confidential and sensitive information leads to poor levels of employee trust and reduced engagement and retention. It can breach privacy legislation and impact the perception of the organisation as an ethical entity that operates with integrity.

To avoid governance issues, especially in larger organisations, upper level management must ensure they promote and enforce both systems and a culture that respects confidentiality and the security of sensitive information.

# Employers are ill equipped to deal effectively with workplace concerns

Figure 7 – “Our organisation has effective processes for dealing with workplace concerns”



Workplace grievances and concerns should be dealt with in a sensitive and proactive manner to avoid disruption. If this isn't done effectively the risk to business can be a culture of distrust and even bullying. Figure 7 suggests that less than half of all employees believe there are effective processes in place for dealing with workplace concerns. Specifically, around two thirds of employees with over one year of service are unsure or don't believe there are effective processes. The large number of employees who have a neutral opinion of the topic, again indicates a lack of engagement.

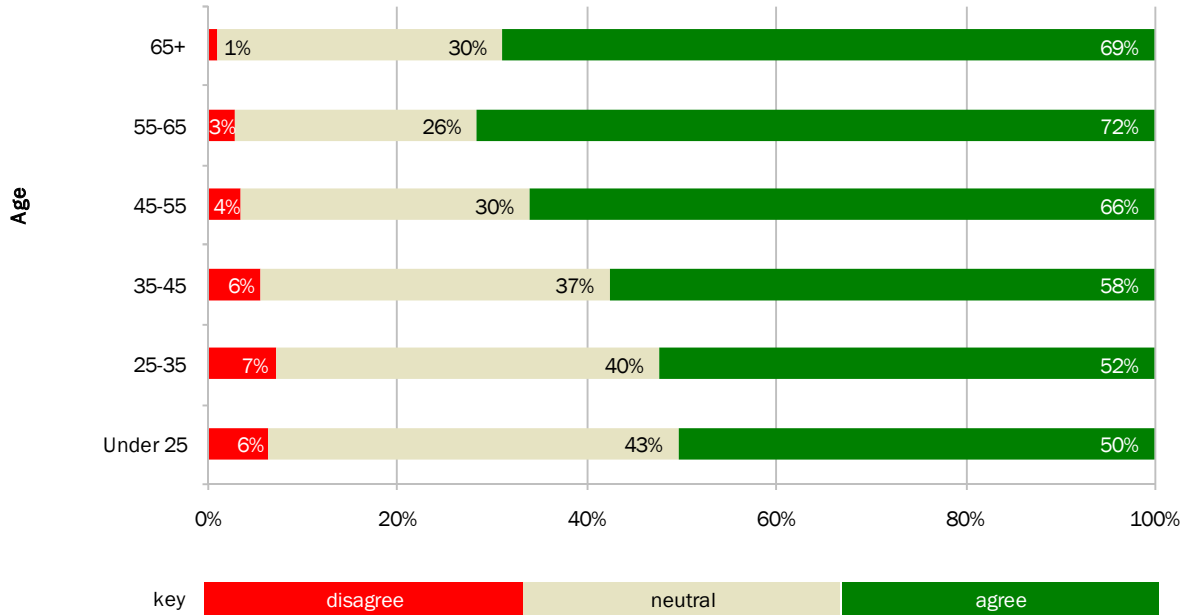
It's important for organisations to deal with workplace concerns in both informal and formal ways. Ideally organisations build into their culture a strong values framework that includes low tolerance of unacceptable behaviours such as bullying. A culture of using appropriate diplomacy and sensitivity in dealing with difficult workplace issues such as personality differences, team dysfunction and lying is also important.

Also important are formal measures such as “whistle blowing” and grievance processes, to ensure that significant employee, ethical and business conduct concerns can be received directly by the board in an unfiltered, anonymous and confidential way. It's important that employees be appropriately encouraged and not victimised for using such processes.

Grievance processes must be effectively communicated to employees. Employees must know that this support is available to them and when it should be used.

# Younger workers naive about workplace accidents

Figure 8 – “I would know what to do if there was a major workplace accident”



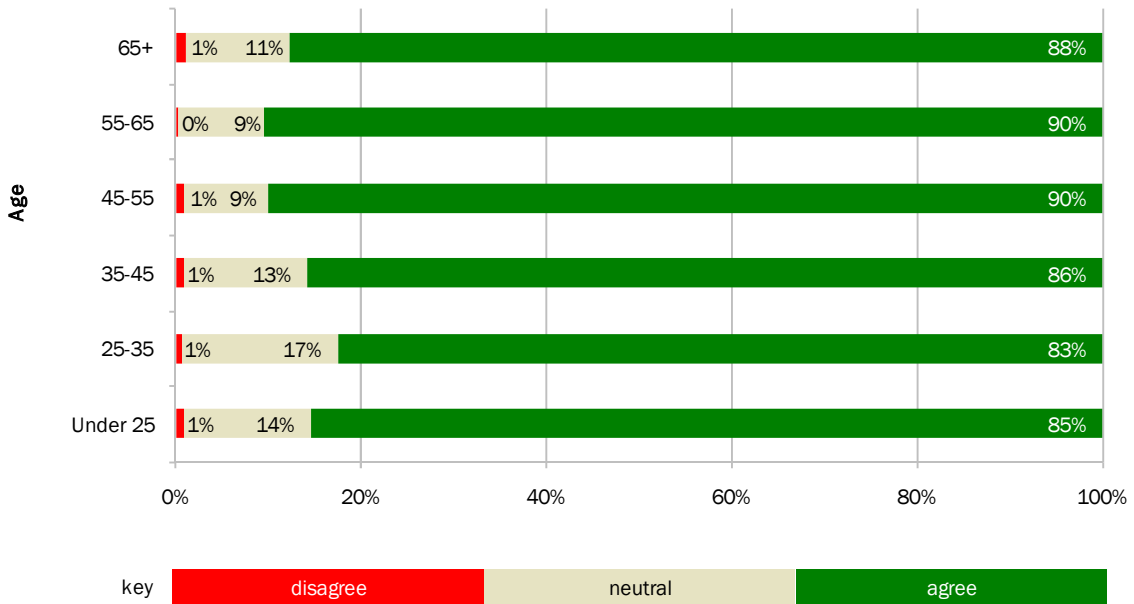
If employees don't know how to deal with a workplace accident, the risk to the business can be devastating, with the possibility of serious injury or a workplace death resulting.

Figure 8 shows that experience counts. The percentage of employees agreeing that they would know what to do in a workplace emergency increases with age. For staff aged under 25, just 50% agreed they would know what to do. For staff aged between 55 and 65, this improved to 72%. Awareness of what to do in the event of a workplace accident slightly decreases once employees are aged over 65, with the percentage of employees agreeing dropping to 69%.

This trend suggests safety procedure education needs to be improved for younger workers. While understanding what to do in the event of a major workplace accident comes with experience, given the importance of safety in the workplace and the legislative risks, organisations need to improve communication and training of processes to all employees. Induction programs can incorporate safety procedures. Regular refresher courses and safety drills will also assist in addressing workplace accident awareness.

# Ethical employer behaviour a must for 25 -35 year olds

Figure 10 – “Our organisation requires me to behave ethically”



In figure 10, the majority of employees agree that their organisation requires them to behave ethically. Across all age groups there is a high level of agreement with the statement: “our organisation requires me to behave ethically.” The level of agreement in the 25–35 year age group is slightly lower; suggesting this age group holds their organisations to a marginally higher ethical standard.

While there may only be a small group who feels they’re not required to act in an ethical manner, it’s the actions of these employees that represent risk to organisations, such as through rogue trading, fraud and misconduct. If an organisation is perceived to be acting in an unethical manner the perceptions of it by all stakeholders, including employees, customers, investors and the government, may be tarnished.

It’s important to identify and address the small percentage of employees who don’t believe their organisation requires them to behave ethically. Surveys can be used to reveal pockets of danger. In the financial sector, organisations can create compliance requirements or departments can withhold employee bonuses for failure to meet standards. Sign-off points or “toll gates” can also be implemented to control unethical behaviour. Similarly, in the health sector, ethics committees that deal with complex moral issues and legal requirements are common.

## Tips to tackle CSR and risk management issues with employees

- Implement a best practice CSR program with processes and systems that manage the organisation's impact on the wellbeing of all its stakeholders
- Identify, document and manage the spectrum of risks, including: safety, operational, market, reputational, legislative and environmental
- Unauthorised actions need to be clearly articulated and communicated through a company-wide code of conduct, backed by associated training
- Ensure legal and compliance obligations are met and where possible, exceeded
- The ability of an organisation to meet legal obligations may be dependent on employees, so make sure they're aware of legal issues that affect their work
- Promote and enforce both systems and a culture that respects confidentiality and security of sensitive information
- Deal with workplace concerns in both informal and formal ways with a culture backed by a strong values framework that includes low tolerance of unacceptable behaviours such as bullying
- Grievance processes and whistle blower protection measures should be in place within an organisation and promoted among employees
- Improve safety procedure education for younger workers
- Identify and address the small percentage of employees who don't believe their organisation requires them to behave ethically

## About Insync Surveys

Based in Perth, Sydney and Melbourne, Insync Surveys has carried out employee and other stakeholder surveys for some of the largest organisations in the Asia Pacific, including: Orica, BHP Billiton, Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Melbourne Cricket Club, many local councils, most university libraries, Mission Australia and World Vision. This experience allows us to benchmark results. Insync Surveys' organisational psychologists help organisations improve their performance and the working lives of their people.

## About Sustainable Business Practices

Sustainable Business Practices (SBP) works collaboratively with business, government and non-government organisations to build competitive advantage through improved environmental, social and business performance.

Transforming businesses to adapt to and capitalise on changing market conditions and government regulation is our expertise. We understand that addressing potential risks and realising the opportunities in relation to sustainability, social responsibility and climate change is a critical concern for every business today.

As a multi-disciplinary team of highly experienced professionals providing integrated, whole of business sustainability solutions, we lead by example.

## Contact us

To discuss your organisation's alignment needs or to subscribe to the subsequent reports in The Insync Surveys Alignment Update for free contact:

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