

**CORPORATE SOCIAL RESPONSIBILITY
AND SOCIAL SUSTAINABILITY:
A ROLE FOR LOCAL GOVERNMENT**

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Abstract

Corporations and government are each interested, in making communities better places in which to live, work and play. To determine areas where both sectors can achieve social objectives resulted in a “common ground” model. Government’s sustainability goals overlap with corporations’ social responsibility goals. The area of overlap or “common ground” presents opportunities for greater government intervention.

This paper explores the scope for enhancing and expanding common ground between governments and the private sector. It demonstrates that increased government involvement in corporate social responsibility (CSR) results in heightened achievement of social objectives.

In investigating relevance of CSR at a municipal level, the study shows that by providing clear targets and measurable outcomes, municipalities harness the efforts of business to achieve social sustainability goals. In doing so, municipalities will become effective mechanisms for change. From a public policy perspective, governments must demonstrate flexibility and innovation to address change at institutional levels.

Executive Summary

The purpose of this study was to explore the scope for enhancing and expanding common ground between the municipal government and the private sector to achieve social goals. In doing so, it sought to determine whether or not local governments have a role in corporate social responsibility (CSR) and, whether greater government involvement resulted in greater social benefits. The results have shown that local governments do have a role in corporate social responsibility in as much as corporations have a role in sustainability. The results further showed that municipalities have not harnessed the opportunities to engage the private sector in achieving a common good and there are opportunities for municipalities to do so. They must demonstrate leadership and identify priority areas where public and private sector efforts can converge and result in the achievement of social sustainability goals.

The paper focuses on social sustainability – defined as *a place where people live, work and prosper and, where the long-term well being of a city and its citizens is addressed* – and provides a framework to develop a relationship between public policy and the social component of corporate social responsibility (CSR).

A social responsibility matrix was developed to move from broad goals to concrete indicators of those goals. The matrix is divided into three broad sections – “Live,” “Work” and “Play” – reflecting the three broad areas for the sustainability as outlined in the City of Vancouver’s Sustainable Policy. Focusing on these three areas, the study:

- examined the policy instrument currently employed by the City to achieve its social objectives
- identified a degree of consensus with business on current policy choices
- suggested a choice of instruments for greater government involvement in CSR

Key Findings and Recommendations

During the research, it was observed that there was a lack of direction on what social issues to support, where the community priorities lay, and how to address broader social problems. This leaves many businesses demonstrating social performance through employee identified causes, broad based philanthropic giving and volunteerism, rather than broadening their activities to provide more extensive social benefits to their communities. This presents a policy

problem stemming from a lack of a framework that will provide guidelines for the private sector to enhance their social performance through serving public sector social sustainability goals.

Municipalities have not harnessed the opportunities to engage the private sector in achieving a common good. There are opportunities for municipalities to demonstrate leadership and identify priority areas where public and private sector efforts can converge and result in the achievement of social sustainability goals. Overall, there was significant consensus that the City of Vancouver is a leader in urban development and through creative policy enables real estate developers to assist in the provision of public amenities. This sentiment reflected most indicators in the ‘Live’ section. Likewise, in the “Play” section, all participants wanted the government to let the private sector (through their employee’s choices) be the key driver for corporate action. However, the greatest deviation in consensus was within the many indicators in the area of “work” indicating this as a potential area for increased government action.

Recommendation: Municipalities can create and communicate common goals for jointly achieving social sustainability in a manner that combines corporate interests with municipal goals.

There is clear and strong corporate support for increased government role in education and training. 17 out of 22 respondents called for policy intervention to introduce CSR related courses at the high school and post secondary levels of education. As municipalities have a limited mandate in the area of education, there were strong calls for them to work with higher levels of government to bring about this change.

Recommendation: Establish a multi-stakeholder committee to introduce CSR and sustainability related courses in schools and universities - not just in business schools.

Increased pressures for greater directions on accountability and reporting. Large publicly traded corporations are required to report social performance but the challenge lies in increasing reporting for small and medium enterprises. Many smaller businesses expressed confusion over what should be reported and how. By introducing recognition schemes government can encourage reporting. The municipality can take a lead and use its business license application form to collect basic information. Developing 3 to 5 simple questions as part of the application form will set the course for greater participation in CSR

Recommendation: Revise business application forms to include three to five simple CSR related questions. This will set the stage for greater participation and for increased reporting. Use media as incentive strategies to increase corporate participation in achieving social objectives

Promoting social enterprise by using community economic development methods is a potential vehicle to sustain communities. There was a high interest in developing social enterprises expressed as a shared belief in finding ways to assist marginalized community members. This can be an effective way to build social capital. Participants emphasized that rather than giving a ‘hand-out’, it would be better if social enterprise facilitated a ‘hand-up’ by using a business model rather than a charity model approach to poverty reduction

Recommendation: Build interrelationships between government and non-governmental partners to develop social enterprise and build social capital. For example, government contractors set aside a portion of the contract earnings to promote social enterprise initiatives i.e., pre employment training for long term unemployed.

To conclude, the City of Vancouver’s current policy environment in the areas of ‘live’ enable the City to benefit by receiving much-needed public and social amenities from the real estate developers. There exists significant opportunities for greater government involvement in the area of ‘work’. The City can opt to act as a leader whose actions to engage the public sector in achieving its sustainability goals will serve as a model for other municipalities and whose actions can be replicated elsewhere.

On a broader level, local governments can provide opportunities for community involvement, volunteering, and utilize its social capital to its maximum capacity in terms of education, skills development and basic needs. They can facilitate and enable businesses and civil society organizations to contribute to their sustainable goals. It is crucial for the government to maintain flexibility in engagement and to acknowledge that there is no one-way or best approach to promoting CSR. Rather, the government may use a wide range of approaches across its sustainable areas of interest to encourage sustainable business decisions by corporations

By properly designing and implementing CSR policies, they can harness private sector efforts to meet social sustainability challenges that converge on their spaces.

Dedication

To my husband Kevin, for his constant support, patience and understanding and for taking care of all the chores so that this research could be completed. To my sons Ryan and Andrew, who have patiently let this project intrude on our time together.

To the memory of my father, Francisco Vasco Fernandes (1926 – 2001).

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I would like to thank each of the thirty-one interview participants for giving so freely of their valuable time toward advancing research in this area. The list of participants is too long to mention here, but the names can be found at the end of this paper. A special mention must be made of Sandra Stuart and Rita Morin for getting me interested in corporate social responsibility. Thanks to Judy Rogers for offering the assistance of her staff and for enabling me to test the matrix with the Vancouver Agreement Team; to Lezlie Wagman, Terry Henfrey, and Patrice Pratt for their interest in this paper and their commitment to a sustainable community.

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1 Introduction

Using the City of Vancouver's Sustainability Policy and the City Plan, this study explores the scope for enhancing and expanding common ground between the municipal government and the private sector to achieve social goals. The role of the corporation is to maximize the return to its shareholders. Social objectives such as contributing to a safe and lively community may enhance profitability by, for example, improving productivity. Municipal governments have the obligation to provide its citizens with public goods and services. This study is about linking business and government goals in a way that creates value for both. The paper focuses on social sustainability – defined as *a place where people live, work and prosper and, where the long-term well being of a city and its citizens is addressed* – and provides a framework to develop a relationship between public policy and the social component of Corporate social responsibility (CSR). It examines the continuum from purely voluntary contribution by corporations to social sustainability to mandatory regulations imposed on the corporations by government. Voluntary policy instruments have no government involvement while the mandatory ones compel corporations and individuals to act in particular ways. Between these two, are a range of mixed policy instruments that involve both the private and public sectors.

Corporate social responsibility does not have a standard definition. Companies use different terminology to define their CSR practices, such as social responsibility, corporate accountability corporate sustainability, or corporate responsibility. CSR is about a responsible approach to private sector (business) practices that go beyond the financial bottom line and recognizes that companies are accountable for their social, environmental and economic impacts. The standard definition of this includes social, economic and environmental components. This study will address the social components of CSR.

1.1 Corporate Goals

To a corporation the value of CSR can better be determined by understanding the particular circumstances of each individual firm: its primary stakeholders, the nature of their expectations of the firm, and the degree to which various forms of CSR will satisfy stakeholders'

expectations. In the traditional business environment firms in an economy are at the centre of wealth and job creation. Primarily concerned with economic interests, corporations maximize profits based on choice preferences and rational decisions. This is done as long as the organization conducts its business within the accepted legal framework without deceit and fraud (Brummer 1991). Corporate goals also aim at promoting the interests of multiple stakeholders who include workers, consumers, creditors, suppliers, and professional organizations. Respect for the interest of all the groups is gaining significant ground. Strongly endorsed by the World Business Council for Sustainable Development, stakeholder relations form an important theme of CSR and companies look to maintain healthy relationships with all their stakeholders.

Corporate *social* responsibility extends the company's primary goal of economic profit to one of making decisions that shape its influence on the environment and society while ensuring its stakeholders continue to receive benefits. The social component encompasses those decisions which are of benefit to the community but not primarily economic or environmental. Some companies are augmenting the traditional definition of economic success by adding social objectives. For example, VanCity Financial Services is engaged in social housing as well as providing financial services. To understand this shift by companies it is important to identify what motivates business decisions that result in corporations engaging in social activities.

Several reasons drive business decisions toward engaging in social responsibility. Results from the interviews conducted with thirty one business and community leaders in Vancouver indicated that 26 percent of businesses believed companies have a core obligation to contribute back to society and 25 percent stated 'it was the right thing to do'. Other responses indicated the decision to engage in social responsibility was driven by high consumer demand to do so, and to 'build better brand identification'. Not all businesses participated in CSR, and stated it to be a corporate expense that affected their bottom line focus. Most participants in the sample believed they share the responsibility with government in improving the environment and building sustainable communities for now and the future. CSR activity is motivated in varying degrees by altruism or opportunism and in most companies, the motivations coexist (Schacter 2000). Companies who approach CSR with altruistic motivations believe it is the right thing to do, regardless of business considerations. Companies who approach CSR as opportunities see it as a product or corporate attribute. For most companies the motivations coexist depending on the values of the companies.

1.2 Government Goals

Governments are concerned with protecting the health, safety and environmental integrity of the community. Their goals are to protect the public interest by providing services that benefit the public good. To achieve this, they have adopted sustainable development goals that will enable them to look at current and future needs of the communities they govern. Sustainability is the interplay of environmental, social and economic impacts of government decision-making requiring the integration of responses between markets and institutions, business and government. As citizens and the public sector are the key stakeholder groups, governments are accountable to them and they build trust by engaging their citizens in decision-making. This engagement is more visible at the local level than at other levels of government. With 80% of Canadians living in cities, municipalities represent the bedrock of Canadian democracy, (Federation of Canadian Municipalities website) and are best able and most likely to do what is needed to integrate the three elements of sustainability.

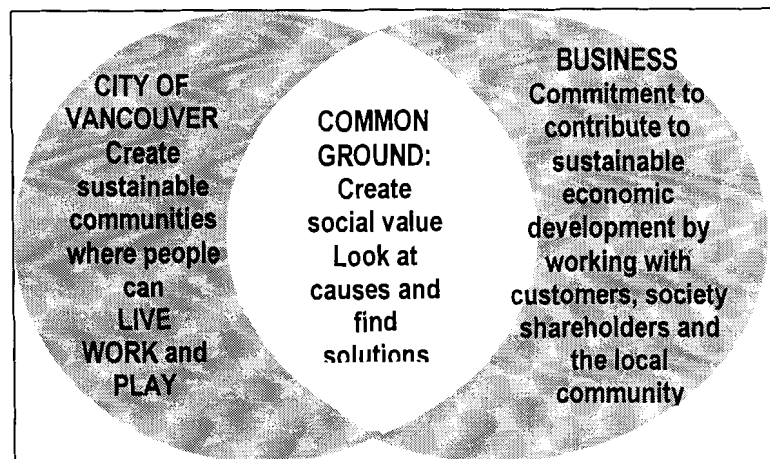
There are several reasons why local governments should be interested in CSR. First, many of the sustainable development goals are similar to the CSR goals of corporations. Second, CSR efforts include public benefits that impact local communities governed by municipalities. Third, public interest in sustainability and CSR is high making it politically attractive to include linkages between CSR and social sustainability. A recent poll found that fifty three percent of Canadians feel that the government has a strong role to play in this area and should set social responsibility yardsticks for the private sector (Canadian Democracy and Corporate Accountability Commission, 2002). Ninety-two percent of participants interviewed for this paper reflected this sentiment and wanted the government to take some action in a range of areas that included accountability and reporting of social performance. Finally, political force is changing the way services are delivered at the local level. Increased administrative costs from changing demographics and downloading of services, together with reduced revenues resulting from less intergovernmental transfers has reduced the ability of local government to provide services needed at the social level. These changes have forced governments to distance themselves from direct service delivery and focus on policy making. Corporations have been contracted to deliver many of the services that were previously administered by the public sector, blurring the lines between what was traditionally a public sector responsibility now being delivered by the private sector. If corporations are performing “public” tasks, consumers will expect levels of accountability and communication that they would traditionally associate with their elected officials (Schacter. pp.13)

1.3 Common Ground

The outcomes of social sustainability and corporate social performance are two sides of the same coin: governments and the private sector want to create social value for their stakeholders. The Brundtland Report has defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Our Common Future, 1987, pp. 43). In this sense, CSR can be viewed as the business contribution to sustainable development. A key feature of the concept is how the business community engages shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations and other stakeholders to create social value for their products.

To determine areas where both sectors can find social value resulted in a concept of “common ground”. Illustrated as overlapping circles, the diagram in Figure 1 illustrates the linkage between government’s sustainability goals and corporations’ social responsibility goals. The area of overlap or “common ground” illustrates a role for business with a role for government in a way that builds value for both and presents opportunities for varied government intervention. Figure 1 shows the interests, values and attitudes of the government on one side and the interests, values and passions of business on the other side. Common value occurs in the overlap.

Figure 1: Linking sustainability and corporate social responsibility



Recognizing the common ground is critical because this is the point where engagement occurs and where both sides reflect common interests and common values and will work to achieve common social objectives. Maintaining a balance between the economic interests of the

firm, and public interests of the community is at the heart of whether public policy will be better served by governments taking an increasing role in CSR.

Businesses and the government are both interested in addressing causes of problems and looking for solutions to those problems. There is no one solution and a range of approaches must be available to satisfy the interests of different businesses. Various theorists (Strier, 1979, p8; Haas, 1979, p 36; Manne, 1972, p.1) contend that social responsibility must meet several conditions of flexibility, external determination and rational boundaries emphasizing charitable intent, voluntary effort and a collective nature of action.

During the research, it was observed that there was a lack of direction on what social issues to support, where the community priorities lay, and how to address broader social problems. This leaves many businesses demonstrating social performance through employee identified causes, broad based philanthropic giving and volunteerism, rather than broadening their activities to provide more extensive social benefits to their communities. This presents a policy problem stemming from a lack of a framework that will provide guidelines for the private sector to enhance their social performance through serving public sector social sustainability goals.

The following section details the research design and methodology for developing a framework to:

1. identify areas where governments and businesses can work together to achieve common social objectives and
2. determine an effective role for local governments within the process.

The remainder of the paper is organized as follows:

Section 3 discusses the findings and seeks to answer the question “will public policy be better served if governments get be interested in CSR?” It presents ways to find common ground between CSR and sustainability and examines the areas of social sustainability and reviews the evidence linking sustainability to overall corporate social performance.

Section 4 focuses on policy options and implementation strategies municipalities may choose when determining how to work together with business.

Section 5 offers some conclusions and suggestion for future work.

2 Research Design and Methodology

With a focus on providing a framework to develop a relationship between public policy and corporate social responsibility, the key aim of this research was twofold:

- To identify and bring forward areas where local governments and business can work together to achieve common social objectives; and,
- To identify a range of instruments that municipalities may use to integrate sustainability and CSR within common ground.

2.1 Methodology

The research for this report consisted of four substantive activities. First, a comprehensive analysis of available literature on the subject was conducted mainly through literature reviews, corporate websites, speeches, and past and present international initiatives in CSR. Second, was the selection of a municipality to be used as an example during the study. During this phase, a definition for sustainability was adopted for the purposes of this paper. Third, the development of the questionnaire and conducting interviews with business and community leaders. Finally, a social responsibility matrix with indicators on the social aspects that constitute social sustainability – live, work and play – was developed. Aside from the first, each of these the remaining activities will be detailed below.

2.1.1 Selection of Municipality

A website review of the municipalities in the Lower Mainland in British Columbia was undertaken to identify the municipalities which included social issues as part of their vision statements and which had demonstrated civic engagement in addressing social issues. Of these, the website for the City of Vancouver had the most extensive documentation of efforts to address social issues therefore, it was selected to be the ‘test’ municipality. Through its website, it demonstrated a commitment to social sustainability at a local level. Two documents – the 1995 City Plan and the 2002 Sustainability Principles were used to identify measures that formed the social responsibility matrix explained in detail further in this report. The 1995 City Plan set out a

long term vision for the municipality and contained social sustainability areas that reflected ‘live, work and play’ themes also contained in the sustainability principles. For the purposes of this paper, the definition of sustainability as outlined in the 2002 Sustainability Principles adopted by the City of Vancouver will be used. The Principles¹ define sustainability as:

- *A sustainable Vancouver is a community that meets the needs of the present without compromising the ability of future generations to meet their own needs.*
- *It is a place where people live, work and prosper in a vibrant community of communities. In such a community, sustainability is achieved through community participation and the reconciliation of short and long term economic, social and ecological well-being.*
- *Sustainability is a direction rather than a destination. A sustainable city is one that protects and enhances the immediate and long-term well being of a city and its citizens, while providing the highest quality of life possible.*
- *Sustainability requires integrated decision-making that takes into account economic, ecological, and social impacts as a whole.*

By using this definition, the City of Vancouver establishes a vision for drawing together values that integrate the future economic, environmental and social benefits. It positions social sustainability in terms of a ‘sense of place’ and provides a way to link art, culture, and neighbourhoods to the environmental and economic aspects of business. The definition addresses three key actions of live, work and prosper that have embedded within them issues addressing housing, employment and recreation.

2.1.2 Questionnaire Development and Interviews

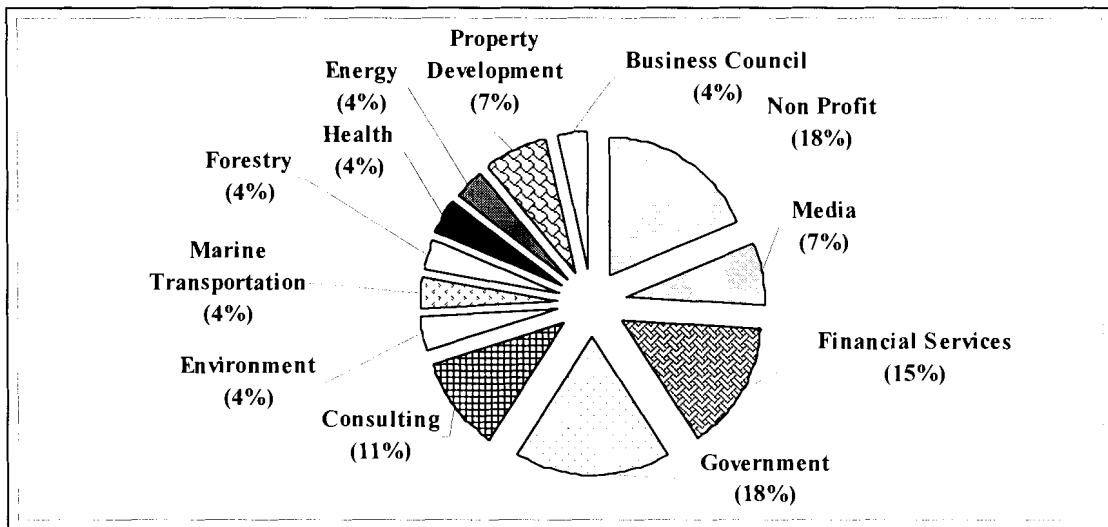
A questionnaire consisting of six questions was presented at each interview and participants were invited to discuss the state of their CSR practices if any, and discuss a role for the municipality in advancing CSR at a local level. The interview questions were open-ended and designed to elicit their views on current and future aspects of CSR. A sample of the questionnaire is available in Appendix B

It was necessary to gather information in the way in which business leaders seek a government’s relationship in promoting CSR on a local level. Given the nature of the research

¹ Sustainability Principles – City of Vancouver available on the website at: <http://www.city.vancouver.bc.ca/sustainability/index.htm#principles>

and the anticipated degree of opinion and attitudinal responses it was determined that face-to-face interviews with business and community leaders in a position to influence change would be adopted. The opinions of 31 people² were gathered through in-person elite interviews mainly conducted between November 2004 and January 2005. The sample represented a range of public, private and civil society organizations and reflected a cross section of industry sectors including small and medium enterprises (SMEs) and large publicly traded companies to mirror the range of business activity in an economy. The chart below indicates the broad cross-sectoral representation used for the study.

Figure 2: Industry sectors represented



While the consulting and non-profit representations appear high, the inclusion of the Business Council and property developers provides a balanced representation of small, medium and large employers in Vancouver. The relatively large number of respondents from consulting and non profits is consistent with the BC business landscape where ninety eight percent of all businesses are in the small-medium enterprise sector (BC Stats, 2004). Interviews conducted with government departments at a federal, provincial and local level helped to understand the emerging relationship between the government and industry.

2.1.3 The Social Responsibility Matrix.

A social responsibility matrix was developed to move from broad goals to concrete indicators of those goals. This matrix sets out broad areas of social sustainability and relates them to the current actions of the City government and the responses of business on how to best

² For list of participants interviewed see Appendix D

meet government's social sustainability goals. These three broad areas are broken down into elements which are used as indicators as to how the City can achieve sustainability. Extracted from the 1995 City Plan, the indicators used in this study cover a sampling of social issues that underlie "the ways in which people live, work, play, relate to one another, organize to meet their friends, and generally cope as members of society" (Burdge & Vanclay 1995, pp. 32). They provide a tool to gain a subjective insight into the ways in which Vancouver can be a 'liveable' city. The matrix³ was developed from a synthesis of the City of Vancouver's Sustainability Principles, the City Plan and opinions of those interviewed. Objectives laid out in the 1995 City Plan were adapted and used as social objectives the city wants to achieve for its residents⁴. The indicators are elements that must be in place (irrespective of who provides for, or contributes to the provision of these components) if social sustainability is to be achieved. They are better thought of as building blocks to achieve social sustainability, and describe what sustainability looks like in real life situations. Two municipal planners – one each from the urban and social planning departments – assisted in verifying the accuracy of the matrix.

The matrix is divided into three broad themes⁵ – "Live", "Work" and "Play" – reflecting the three broad areas for sustainability as outlined in Vancouver's Sustainable Policy. Three indicators, – promoting sports leagues, accountability and doing business – were added at the recommendation of the business community as they reflect CSR goals. The matrix portrays ways in which the business community can work together with the government to achieve social objectives. The first three columns reflect government actions. In particular, they highlight social objectives, the current response of the government to achieve its objective and the type of policy instrument used. The next three columns indicate ways in which the business community would like to engage with the government to improve society and achieve their social responsibility objectives.

The matrix was shared with those interviewed and they were asked what 'more could the city do to engage the business community in jointly achieving those objectives.' Not all of those interviewed responded to each question, hence the indicators reflect the total number of valid responses. It must be noted that some indicators elicited a high response rate indicating

³ See Appendix E

⁴ Ibid

⁵ A working group of municipal planners is developing the themes. As part of my professional obligation, I was a member of the team that developed a framework which provided examples of local government's role in sustainability in these areas. The Sustainable Region Initiative's Social Action Team, led by the United Way in partnership with the Greater Vancouver Regional District, is expected to develop a set of regional social indicators that will track sustainability under a number of these themes.

engagement in the topic, while for other indicators the respondents felt they did not have adequate information to give a response and a low response rate indicates non-commitment to the topic. While no definition of CSR was used, when specifically asked, the City of Vancouver's definition of sustainability was quoted.

Across the three broad areas of – live, work and play – only those indicators with policy relevance for a corporation's social involvement have been selected.

LIVE

This section focuses on a range of aspects pertaining to urban planning with an overall goal of urban renewal. Social sustainability in this 'physical structure' area results from the local zoning bylaws and policy decisions of municipal planners, housing associations, project developers, welfare organisations, architects and building engineers who focus on vulnerable groups at the bottom of the housing market and on quality-of-life themes such as safety, provision of public amenities and social cohesion. Many of the indicators require collaboration with more than one stakeholder and more than one level of government. The indicators selected reflect that range of intergovernmental and cross-sectoral working arrangements. In this section of sustainability, local governments have the legal power to act when determining land use and creating public spaces that foster community and civic engagement. Under the 'Live' category the indicators include:

- Easy Access to information for housing and health needs (L1)
- Revitalize low-income neighbourhoods (L2)
- Enable affordable housing for seniors, disabled and low income individuals and families (L3)
- Create public places where residents can join in community life (L4)
- Create safe places where residents feel safe in the community (L5 & L6)

WORK

This broad section of indicators relate to ways in which people can prepare for satisfying and meaningful work life. The indicators are important for sustainability for several reasons. People who work near their homes avoid environmental, social and emotional costs of long commutes. Living and working within the community make people more involved in community life. An important feature of a sustainable community is the degree to which its people are able to prepare for a satisfying and meaningful work life. This places importance on education and

on-going training for all community members. A sustainable community ensures that its people will enter adulthood with the skills for lifelong learning so that they can contribute to the community in ways that are rewarding. To reach these goals, municipal governments must encourage and work with business partners to provide work life balance practices and provide opportunities for employment for marginalized groups. While most of the ‘work’ indicators fall outside the mandates of local governments, they can collaborate with other levels of government to effect change in these areas. Under the ‘work’ section the indicators are:

- Education and training (W1)
- Work life balance (W2)
- Encourage CED and social entrepreneurship (W3)
- Encourage Employment Opportunities (W4)
- Promote volunteerism (W5)
- Doing business with fair procurement policies (W6)

PLAY

This broad section of indicators is important as it focuses on the overall well being of the community. Local governments have always been key providers and supporters of art and cultural activities. These activities range from libraries and art galleries to multi-cultural festivals, to financial supporting of local regional arts and sport groups. Participation in sport, arts, culture and creativity at the neighbourhood level contributes directly or indirectly to preserving cultural heritage; bridging cultural/ethnic boundaries; transmitting cultural values and history; promoting overall well being and creating community identity. However, it is important to note that local community arts/culture/sports fields are only a subset of work carried out by more senior levels of government in developing cultural policy and planning work of organizations in the cultural sector. Hence, activity in sports, arts and culture at the local level cannot be restricted as a purely community based program. Municipalities, and local multidisciplinary arts and culture councils and organizations, are partners in the wider sports, arts & culture environment. Cultural programmes influence the communities in which they operate in other ways, and increasingly, they are seen as having economic and community impacts that increase the vitality of regional communities and contribute to regional development (Muir, 2003, p. 1). Under the ‘play section’ the indicators are:

- Enable participation in art and culture (P1)
- Promote local sports leagues (P2)

ACCOUNTABILITY

This set of indicators was not extracted from the City Plan and Sustainability Principles; rather, it was included at the request of the business community. This is because reporting is a key element in CSR practices. Therefore, in terms of reporting to shareholders, an accountability mechanism will be considered. (A1). To be sustainable for the future, a community must ensure a balance with all three-impact areas and must be able to report its achievements to its shareholders. Reporting is a form of accountability and can be achieved by reporting on indicators. Indicators measure whether the community is getting better or worse at providing all its members with a productive, enjoyable life, both now and in the future. If local governments are to play a role in CSR, then the indicators used to determine success must be measured in terms of local sustainability indicators. Indicators provide evidence of conditions or problems and help determine if local actions are having any effect on the community. Further, indicators do not just measure change; they highlight the synergy between goals set for a community and the direction towards which the community is headed. By identifying indicators, public officials and institutions can be held accountable for their actions.

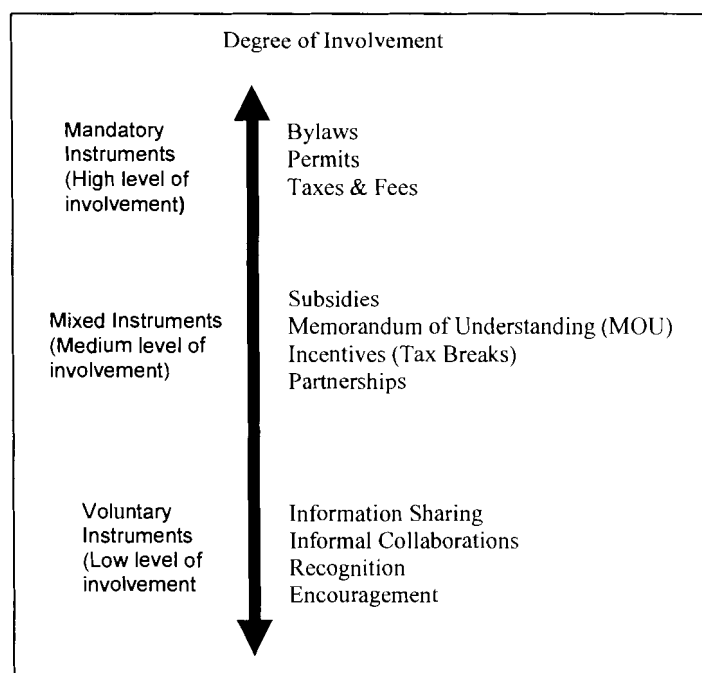
2.2 Degree of Involvement

Using the three broad areas of social sustainability important to the City of Vancouver, this study examined the policy instruments used by the City government in addressing its sustainability goals, and classified them in terms of 'degree of involvement' as illustrated in Figure 3. It matched the responses of the business community with the current government action to determine whether the government was doing the right thing and whether public policy would be better served if government involvement increased or decreased in those areas.

The extent to which the government has a role to play in promoting CSR/sustainability depends on the policy objective to be achieved, the nature and type of instruments available, the context within which those instruments may be used and finally the degree and manner in which they should be applied. There is therefore a broad spectrum of policy instruments available to governments. These lie along a continuum ranging from voluntary to mandatory instruments. 'The truly voluntary instruments are totally devoid of state involvement, the compulsory or mandatory ones permit no room for private discretion. Between these two extremes lie a range of instruments involving varying levels of state and private provision' (Howlett, 1995).

In addition different instruments ‘involve varying degrees of effectiveness, efficiency, equity, legitimacy and partisan support which affect their appropriateness for a particular situation’ (Salomon, 1989). Voluntary instruments demand little or no government involvement and the tasks are carried out on a voluntary basis. Such tasks serve public policy goals and are usually best carried out by the market, family or non-profit organizations. Voluntary instruments are an important tool for economic and social policies. They are supported by social and cultural norms, are low in cost and support community and family ties. Mandatory instruments are highly coercive and compel organizations or individuals to act in specified ways as prescribed by the government. These instruments indicate a government exercising its sovereign authority to control groups to perform tasks over which they have little or no discretion. A combination of the voluntary and mandatory features of instruments, results in a range of mixed instruments that permit varying levels of government involvement. Within mixed instruments, governments can shape the outcomes of decisions but the private sector carries out the task itself. The degrees of involvement across this broad spectrum of instruments are depicted below in Figure 3.

Figure 3: Policy Instruments



CSR addresses a very broad agenda and is relevant to companies of all sizes in all communities; therefore, the degree of government involvement is really a question of deciding whether, and at what level, regulation is necessary to ensure policy objectives are met. As this

study links social sustainability to corporate social responsibility using a local government lens, the policy instruments available at the municipal level will be used.

The following section addresses the elements within the “live” work and “play” areas of social sustainability where governments and businesses can work together to achieve common social objectives and determine an effective choice of instruments for local governments.

3 Analysis and Findings

Consistent with the aim of the research, the study:

- examined the policy instrument in the indicators of ‘live’, ‘work’ and ‘play’, as currently employed by the City to achieve its social objectives
- identified a degree of consensus with business on current policy choices
- suggested a choice of instruments for greater government involvement in CSR

Broadly, the research showed a lack of government direction to business on what social issues to support, where the community priorities lay, and how to address broader social problems. This left many businesses attempting to demonstrate social performance through broad based philanthropic giving and volunteerism, despite a genuine desire to contribute more to improving the community. The study demonstrated that when the government presented objectives to be achieved under its sustainability goals, the business community had clear guidelines of what needed to be done and were able to direct their social performance toward serving public sector sustainability goals. This was clearly demonstrated in the areas of “live” and “play”.

The findings further indicate that overall, respondents were content with the government role in the ‘live’ and ‘play’ areas but clearly want change in most indicators within the ‘work’ area. What stood out was an overwhelming sentiment that the City government is doing an exceptionally good job in providing for physical amenities within the public realm. Even the property developers, who are most impacted by improved controls on land use agree with the strict rules for new construction, the requirement to provide social benefits as a factor in development, and the piloting of new models of sustainable communities.

Other findings indicate that CSR has relevance for all industries and businesses of all sizes. An excessive focus on societal performance of multi-nationals has led small and medium enterprises to believe that CSR is only for publicly traded companies. However, when social performance and impacts are discussed at the local level and in easy to understand indicators that small and medium enterprises can relate to, many discovered they too practice CSR.

A gap exists between what businesses say they believe in and what they actually demonstrate. A preliminary search of websites of companies interviewed revealed little evidence of a link between their actions and beliefs. (See Appendix A). While almost all websites displayed corporate values, many fell short on their ability to publish corporate achievements on the social component of CSR. This may be explained either by the fact that businesses are unsure of which areas of social issues need addressing or, there is a disconnect between rhetoric and action.

Although most respondents stated they enjoyed a good working relationship with the government, there was a degree of scepticism within the private sector about the role of government in CSR. The major criticism is that government must 'lead by example' and overregulation is not necessarily the solution and role of government. Respondents also stated that not all indicators of "live," "work" and "play" would lend themselves to regulation and given the range of objectives to be met, some would be better served if left to company commitment and corporate creativity.

The findings in this section are presented in two categories:

- Analysis of indicators – detailing findings in each of the three broad sustainability areas of "live," "work" and "play"
- Choice of instruments – the choices a local government can make when determining how to move CSR forward

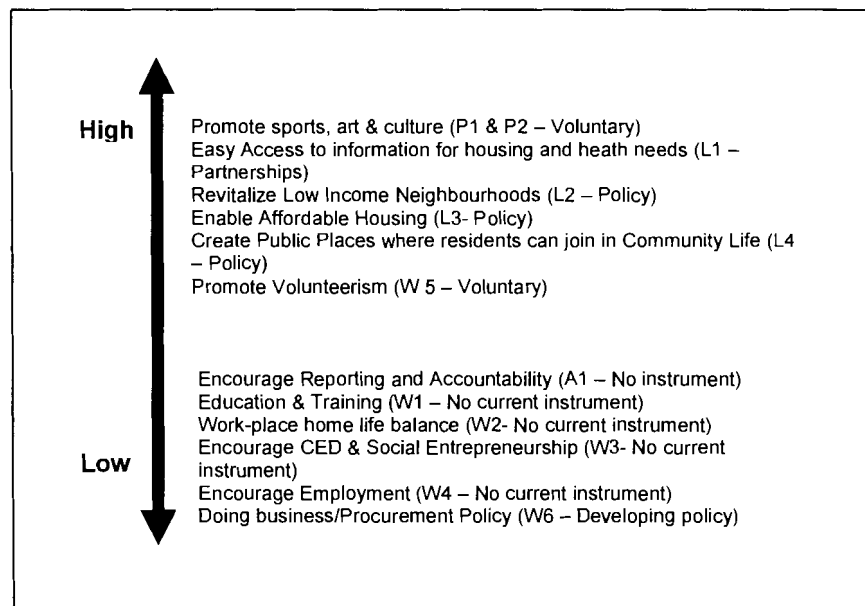
3.1 Analysis of Indicators

This section presents the findings of the indicators to be analysed as previously explained in section 2.1.3 of this paper. Throughout the interviews, it was apparent that individual corporations are working towards improving society in an ad hoc manner. CSR was broadly understood to be the integration of social and environmental considerations throughout a company's operations and very often the term CSR was interchangeably used with corporate accountability. The nature of government engagement in different sectors will differ depending on the level of CSR awareness among the players, the business interests of the company, and the significance of the issue at stake. For example, while Vancouver applies policy (in its land use and development practices) to promote social issues related to housing and day care, seen within the 'live' section of indicators, there is little public pressure to apply those types of policy instruments to indicators in areas of 'play.'

Figure 4, below, depicts the degree of consensus with the level of involvement and current role of the government to address each of the selected indicators of social sustainability. Overall, there was significant consensus that the City of Vancouver is a leader in urban development and through creative policy enables real estate developers to assist in the provision of public amenities. This sentiment reflected most indicators in the ‘Live’ section that received a high degree of consensus. Likewise, in the “Play” section, all participants wanted the government to let the private sector (through their employee’s choices) be the key driver for corporate action. However, the greatest deviation in consensus was within the many indicators in the area of “work” indicating this as a potential area for increased government action

A high degree of consensus – as seen in the “live” and “play” sections is indicative of a well entrenched sharing between the City of Vancouver and the developers. A low degree of consensus as seen in the “work” section presents opportunities to build relationships between labour, and other partners. Respondents did not want to see any increased government role in areas that relate to corporate commitments to volunteerism, sponsorship of sport, arts and culture.

Figure 4: Degree of consensus with current policy instrument



The implications of these responses are two fold. First, is the disagreement with the way in which the government is addressing the indicators at the lower end of the spectrum, and second, a willingness for change. Disagreement lies mainly within the government’s current role

in areas relating to ‘work’ and typically had two themes to their responses: ‘Lead by example’ and play the role of an ‘Educator.’ From among all the indicators, the business community clearly articulated a need for the government to take a greater role in introducing education and training around CSR issues. In other instances, the business community calls for all three levels of government to work together to develop and implement minimum reporting requirements for social performance.

Other suggestions on areas where greater government involvement would result in increased social benefits include:

- Articulate a vision for sustainability that links CSR and provides both business and the government with a competitive advantage
- Set goals, objectives, action steps to achieve common goals
- Create incentives to encourage greater participation
- Sponsor research in the areas related to CSR
- Provide the framework for CSR (provide a definition and increased understanding)
- Create awareness and develop a mechanism for communicating best practices and lessons learned
- Mapping the extent of business partnerships within the departments at City Hall (to determine the extent of government relationships with the private sector)
- Assist in the development of measurement criteria for better reporting

3.1.1 Live

Overall, there was significant consensus that the City of Vancouver was taking the right steps and using the right policy levers when engaging with the business community in most indicators within the “live” section⁶. Many of those interviewed, stated that the City is a leader in urban development through initiatives to revitalize low-income neighbourhoods and in addressing issues related to affordable housing, and the provision of public amenities. They strongly supported the City’s mandatory provision clause whereby developers must set aside twenty percent of the residential development floor space for social housing units and other public amenities for large development projects. From the early 1990s, the city has used its policy tools

⁶ For details on responses to ‘live’ indicators see Appendix C

to add value and community benefit through its land use policies. Effective use of policy instruments in Concord Pacific's redevelopment of the Expo'86 site and Marathon Realty's Coal Harbour development gave the city many community benefits. Among them: "Two K to 7 schools, a community centre and a gymnasium, eight day care facilities, 42 acres of parks and open spaces, a continuous waterfront walkway, land for 400-500 units of social housing, a bicycle path system and a percentage of the development value for public art – up to \$10.0 million".⁷

Any discussion of social sustainability includes the physical design of the community and its economic system; the section 'live' reflects the former, and the 'work' section reflects the latter. Cities are composed of physical structure that define its form and make it 'liveable.' This includes its buildings, its utility and transit supports and all physical elements that give a city a 'sense of place.' To become a community a city takes on more than physical form, it includes people. A community is people and the places where they live. Social sustainability must reflect elements of economic activity that enhance the social web and contribute to the well being and quality of life. As the Canadian Public Health Association noted in its report on human and ecosystem health:

"Human development and the achievement of human potential require a form of economic activity that is environmentally and socially sustainable in this and future generations." (CPHA, 1992).

Communities are socially sustainable when their physical and social designs are integrated. Over fifty percent of the respondents commended the local government on its vision in developing South East False Creek (SEFC) stating it stands out as a legacy community. Developed on an industrial land site, SEFC is envisioned as a community in which people live, work, play and learn in a neighbourhood designed to maintain and balance the highest possible levels of social equity, liveability, ecological health and economic prosperity (SEFC Policy Statement, 1999). The plan for the development includes mixed use residential and commercial land use, but the emphasis is on provision of public amenities that include childcare facilities, a cultural resource centre, and indoor and outdoor community meeting places.⁸ The government has done a good job to ensure a vibrant downtown and the industry clearly looks to the

⁷"*The City calls the Shots*" in the Vancouver Sun. January 23rd 1990.

⁸ Section 7, Part A – Land Use. South East False Creek Policy Statement adopted by the City of Vancouver City Council October, 1999. pp. 22

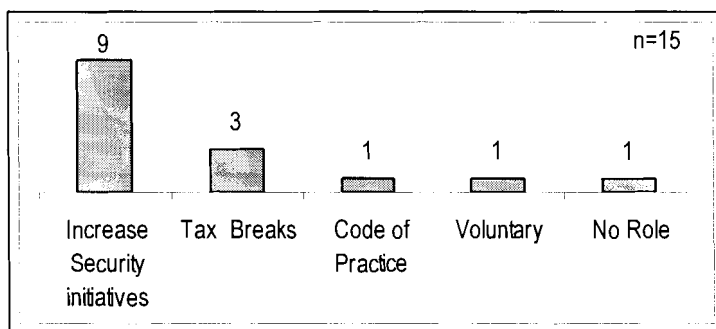
government to make these sorts of decisions. (J. Finlayson, personal communication, January 26, 2005).

Community Safety (L 6)

Community safety was an indicator of concern. Sixty percent of the respondents felt it was the City's responsibility to provide for increased community safety and more could be done to enhance safety.

David Podmore of Concert Properties would like to see the corporate community speak out and step up safety issues. He calls for the government to implement programs that will make the city safer and would be willing to consider increased taxes to address the long-term consequences of community safety. Suggestions abounded for increased business involvement including getting the auto industry and car dealerships to provide cars for street patrol. Twenty percent felt that the government could provide tax breaks for those companies that exceed the minimum levels of safety and provide community benefits with brighter illumination of property and surrounding areas, enhanced above and below grade parkade security measures etc. Many respondents pointed out that the motivation for business to work together with the government to achieve this objective was high, as increased corporate safety measures led to lower business insurance premiums.

Figure 5: Community Safety (L6)



Business gains from increased community safety measures. A safer community results in more relaxed and safer employees, a safer community in which to reside keeps business in the community.

To conclude, the City of Vancouver's current policy environment in the areas of 'live' enable the City to benefit by receiving much-needed public and social amenities from the real estate developers.

3.1.2 Play

In this section, as in the previous, there was high consensus that the government continue to allow corporate interests to drive community involvement through voluntary initiatives. Unlike "live," where there is heavy government involvement, this section reflects very low levels of government involvement in achieving social objectives. Respondents wanted the flexibility to determine their own roles in areas of play. Bill Weymark, of Vancouver Wharves indicated his organization leaves it up to their employees to determine how best to support local sport and art initiatives. The company supports several little league sports teams and local art and cultural festivals.

There was a high degree of consensus that indicators in "play" (see Appendix C) should be driven by employee choice and the causes they opt to support. A range of activities in this section reflect the many ways in which Vancouver's business community is engaged in areas of art, sport and culture. These include sponsoring of sports teams, 'Orca in the City' art shows, sponsorship of art gallery exhibitions, art displays in business lobbies and downtown restaurants. Businesses get value when they closely identify with a cause. i.e. HSBC's Celebration of Light and the Sun Run in downtown Vancouver, or Alcan's Dragon Boat festival. The City addresses "cultural well-being" and celebrates the diversity of the City. In November 2004, the city celebrated the Hindu New Year "Divali – the festival of lights" (B. Wong, personal communication, November 9, 2005). In the past, Chinese New Year has been celebrated in the City's Chinatown area. Social responsibility is demonstrated through positive community relations, identifying with a cause increases employee motivations and reinforces a sense of commitment because employees develop an emotional connection to a cause.

Terry Henfrey of the Market Builders Inc., went on to state this indicator supports a notion of 'healthy lifestyle' and suggested that business sees value in working with the government to achieve indicators in this section. Businesses view employee engagement in sport from a bottom line approach, implying that healthy lifestyles mean improved employee health that directly translates to reduced health premiums. He did offer a role for government to consider: that the ban on unhealthy foods in school vending machines be extended to all sales outlets in all City owned buildings and recreation centres.

3.1.3 Work

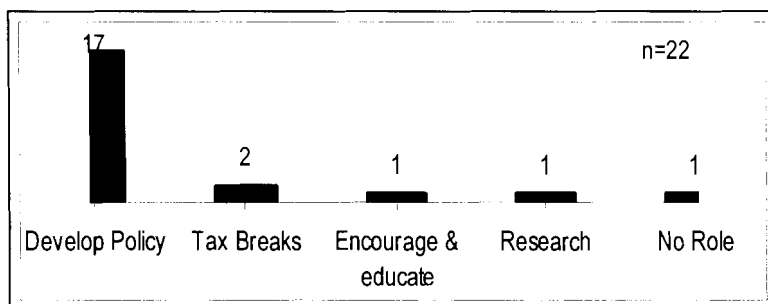
In contrast to “live” and “play,” this area generated the highest response rates, with the widest gaps in consensus between what the government is doing and what the business community would like to see, indicating a gap in the current policy framework. For most indicators in this section responses varied widely. Some respondents clearly saw a role for government either directly or indirectly in partnership with other levels of government. Others stated the local government has no competence or expertise to wade into areas beyond its mandate or jurisdiction except when it came to employee rights, worker’s compensation and environment permits. The indicator that elicited the most responses related to education and training showing the gap was largest in the area of education. Each of the indicators in this section will be detailed and the responses crystallized below.

Education and Training (W1)

- Current role: None
- Desired Role: Policy to introduce CSR related courses in education institutions

There is clear and strong corporate support for increased government role in education and training. Interviews with company executives exposed a strong willingness for the government to consider an increased role in spreading the range of education-focussed activities. As municipalities have a limited mandate in the area of education, there were strong calls for them to work with higher levels of government to bring about this change. The chart below indicates that 17 out of 22 respondents called for policy intervention to introduce CSR related courses at the high school and post secondary levels of education. They stated that the local government could work with the provincial government to implement this. Other suggestions point to the local government increasing public awareness by funding CSR and sustainability related research and promoting best practices and lessons learned.

Figure 6: Education and Training (W1)



Research conducted by the Canadian Centre for Philanthropy revealed that Canadian universities recognize that students, faculty and business believe that CSR is an increasingly important and strategic component of business education. “At Simon Fraser University’s Harbour Centre Campus, CSR and related issues are covered as part of the business school’s orientation activities, but the integration of CSR issues is limited, even though the school recognizes its importance. The MBA in Global Asset and Wealth Management provides opportunities to students to undertake a strategic project requiring a public policy paper that focuses on a social or environmental issue” (CCP, 2003. pp 35). The Business School sponsors occasional speakers on CSR-related issues, especially in the area of wealth management. The Centre for Innovation Management offers stakeholder related programs, and when operational, it is hoped The Public Policy Centre and Sustainable Enterprise Centre, will increase the school’s focus on CR-related issues.

The above mentioned report states, “The University of British Columbia (UBC) demonstrates a deeper commitment to CSR teaching and offers courses in CSR through its MBA program. Students can avail of summer internships in nonprofits; the university offers an undergraduate major focusing on sustainability; Business Ethics has been an elective course since the mid-1990s; other electives with some focus on CR-related issues are available such as the Cultural and Political Environment of International Business and International Human Resources. In addition, students can take part in the University’s Net Impact group, which focuses on social entrepreneurship, environmental initiatives and mobilization of business leaders to take action on issues of justice, the environment, and corporate responsibility” (CCP, 2003 pp. 36). In addition, UBC is integrating sustainability into the mainstream curriculum. Students can use a website www.sustain.ubc.ca/sense2/index.htm to explore course options related to sustainability.

Municipalities have limited responsibilities within the sphere of education. They can however, convene task forces to address emerging concerns and effect change in schools and at post secondary institutions. They can establish a multi-stakeholder committee to introduce CSR and sustainability related courses in schools and universities. Opportunities for business involvement in education and training include increasing access to education through bursaries, sponsorship of lectures and courses. Increasing access to software, hardware, technical skills and computer expertise needed for business today.

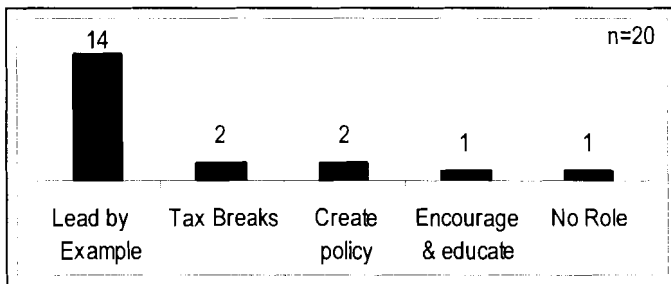
Workplace/Home-life Balance (W2)

- Current role: None

- Desired Role: Lead By Example

Workplace/home-life balance was an indicator that generated a large number of responses indicating a high commitment to the topic. While 100 % of the valid responses indicated a need for work-life balance, seventy percent stated this was clearly an area for the government to internalize and implement as internal policy and ‘lead by example.’

Figure 7: Work place Home life Balance(W2)



There were no calls for the government to increase involvement in this area, and many stated it was best left to individual firms to determine ways to balance the work and home pressures on their employees. Two respondents stated it was up to the municipality to work with senior levels of government to create policy so that forced time off away from the job provides a balance to work life. Other respondents stated this was not an area of jurisdiction for local governments and at best, a role could be to ‘encourage’ corporations to adopt work-life balance practices. A company’s societal obligation extends to balancing work-life activities, ensuring employees’ skills are upgraded and they have an obligation to ensure sport, art and culture provide a balance to an employees work life (D. Skulsky, personal communication, December 16, 2004). Skulsky, however, does caution that the government must focus on its core responsibilities i.e., healthcare, education, and lawmaking and not over regulate to the point that it drives business away from local communities. Several of those interviewed for this paper shared this sentiment of non-government involvement in this indicator.

Media recognition was an oft-quoted tool to recognise industry leaders and ‘encourage’ more companies to provide their staff with benefits that contribute to work place and home life balance. Many companies stated they offer flextime, off site work, study leave and sabbaticals for up to a year to pursue other interests etc.

There is value to the business community in developing responses to this indicator as good work-life balance policies are a factor in attracting and retaining top quality executives.

Encourage Community Economic Development and Social Enterprise (W3)

- Current role: None
- Desired Role: Government to develop core policy for itself and set aside a percentage of the procurement contracts to pay for Community Economic Development and social enterprise ventures.

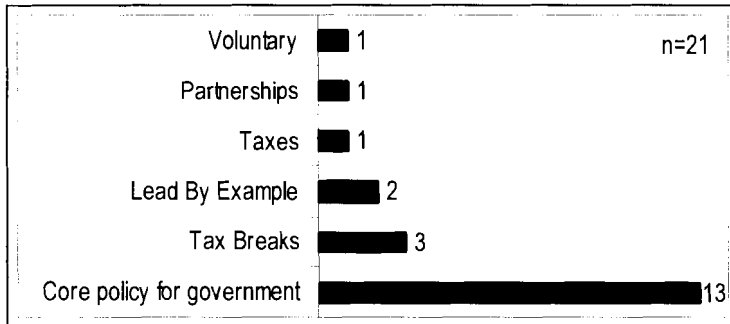
Promoting social enterprise by using community economic development methods is a potential vehicle to sustain communities. There was a high interest in developing social enterprises expressed as a shared belief in finding ways to assist marginalized community members. Encouraging Community Economic Development (CED) was discussed with specific reference to companies operating in communities under stress and where plants were closing down. CED was seen as a vehicle to sustain communities and help them find alternatives and is an effective way to build social capital.. The government role in promoting CED was seen more as a catalyst to bring together business-civil society-government partnerships especially in communities where there is tremendous dislocation. Suggestions included publishing CED best practices. Sixty-two percent of the respondents pressed for the government to develop core policy related to promoting CED. Suggestions included using the newly implemented ethical procurement policy to encourage contractors to contribute toward Community Economic Development and social enterprise initiatives, and, utilizing the services of civil society organizations to implement these initiatives. Participants emphasized that rather than giving a ‘hand-out’, it would be better if social enterprise facilitated a ‘hand-up’ by using a business model rather than a charity model approach to poverty reduction. CED has proven to be more effective assuring long term sustainability and value.

The City, through the Vancouver Agreement, is encouraging businesses to join the Social Purchasing Portal⁹ – a non-profit web-based application that integrates supply chain economics and corporate social responsibility – to achieve community benefits. The local government can build interrelationships between senior governments and non-governmental partners to develop social enterprise and build social capital. For example, the government can use it’s procurement

⁹ <http://www.ftebusiness.org>

policy to encourage contractors to set aside a portion of the contract earnings to promote social enterprise initiatives i.e. pre employment training for long term unemployed.

Figure 8: Encourage CED & Social Entrepreneurship (W3)

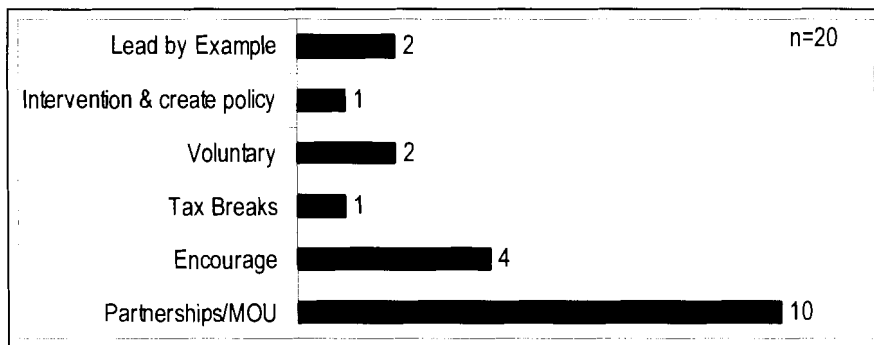


Value for business in engaging in this indicator lies in the opportunity to develop new markets

Promote Employment Opportunities (W4)

- Current role: Uses development permits to secure employment for unemployed and youth in the downtown east side revitalization project
- Desired Role: Expand to all marginalized groups across the municipality

Figure 9: Employment Opportunities (W4)



Employment opportunities as an indicator generated a wide range of responses with partnerships to promote opportunities for skill development forming a core part of the discussion. This was seen as a multi dimensional issue with references to the changing demographics in the City reflecting a changing labour market. As immigration becomes the dominant feature of the

labour force, the need to work with marginalized communities will increase (L. Wagman, personal communication, November 9, 2004). The government must introduce and implement 'bridging programs' for foreign professionals who have the credentials and a command of the language as a mechanism to fast track them into the labour market (J. Finlayson, personal communication, January 26, 2005). There is recognition of the limitation local governments have over these issues, but at a local level, municipalities can offer incentives to companies to hire marginalized individuals and engage in skill development and employment opportunities. Operating under a memorandum of understanding was seen as a way for longer-term employment commitment rather than short-term jobs.

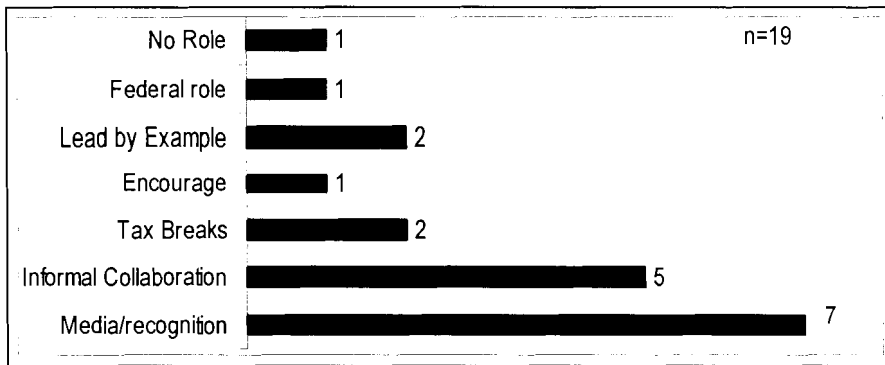
By engaging in activities under this indicator, business demonstrates a willingness to build social capital by promoting skills development.

Volunteerism (W5):

- Current role: None
- Desired Role: Recognize and award companies for their role in volunteering

Community engagement or volunteerism was clearly an area in which that the business community did not want government intervention or involvement. However most respondents stated they spend time to help in the community. The more individuals help in the community the more they connect with and value their communities. A 2004 Ipsos Reid survey on volunteerism in BC produced strong evidence that British Columbians are engaged in their communities. When people volunteer in their schools, join government committees or non-profit groups they have an increased sense of self worth, more racial tolerance, closer involvement in decision making and better economic opportunities. Eighty percent of those interviewed currently volunteer time and resources to community initiatives. There was a wide range of responses, among the suggestions; the government can educate the public on the importance of volunteering (M. Lay, personal communication, November 30, 2004). Approximately fifty percent of the respondents wanted media recognition for the good deeds their company and employees perform in the community.

Figure 10: Volunteerism (W5)



Overwhelmingly, volunteerism was an indicator with which the respondents identified. Both business and government benefit from volunteerism as it results in a better-energized work force.

Doing Business/Procurement Policy (W6)

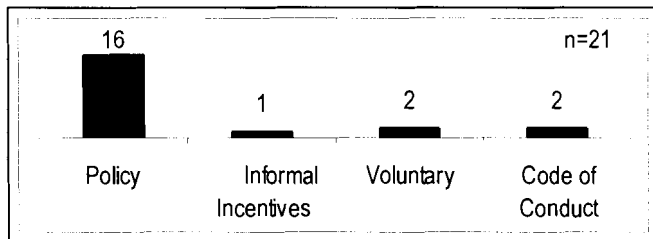
- Current role: Policy
- Desired Role: Ensure ethical procurement policy is inclusive of marginalized groups and small medium enterprises

Doing Business was seen as a notable indicator where the government can show leadership in the area of its procurement policy. Seventy-six percent of the respondents wanted the government to develop standards for public procurement requirements and indicated that government must demonstrate leadership by developing clear policy of whom it will favour when doing business.

In April 2004, Vancouver Council resolved the City of Vancouver would implement by year end, a Sustainable and Ethical Procurement Policy ensuring all items, including apparel, coffee, and related items purchased by the City are consistent with international codes of conduct. These relate to wages, workplace health and safety, forced labour, child labour and freedom of association, as embodied in the United Nations (U.N.) Declaration on Human Rights and International Labour Organization (I.L.O.) Conventions. The policy was adopted as 'approved in principle' by City Council in December 2004, and on February 7th 2005 cost plans were unveiled indicating an additional \$500,000 for policy implementation. It is too early to determine the success of the policy, but if the City of Vancouver is to make this truly sustainable from an economic development perspective, it will have to ensure marginalized groups will be favoured in

a competitive way and if necessary provide adequate training so that they can participate in a competitive bidding process.

Figure 11: Doing Business (W6)



Concern was raised relative to the fairness of such a policy and how one can ensure that SMEs and marginalized groups will not be precluded if CSR was tied to doing business. Some respondents claimed that municipalities should consider using procurement policies to change corporate behaviour.

Implementing ethical procurement policies benefit businesses. Business is able to report on supply-chain management practices and this satisfies stakeholder information needs. Government demonstrates it

To conclude, there exists significant opportunities for greater government involvement in the area of 'work'. The City can opt to act as a leader whose actions to engage the public sector in achieving its sustainability goals will serve as a model for other municipalities and whose actions can be replicated elsewhere.

3.1.4 Accountability

- Current role: None
- Desired Role: Link reporting and accountability to business permits. Include simple 3-5 questions to set the stage for greater thinking of social issues

There were increased pressures for greater directions on accountability and reporting with ninety-six percent of respondents stating the government must work to encourage some form of reporting on social performance. Large publicly traded corporations and financial institutions with assets greater than \$1 billion are required to disclose information and social performance but the challenge lies in increasing reporting for small and medium enterprises. Sixty-seven percent

of the respondents quoted the disclosure requirements for financial service and environmental companies as an example, stating that disclosure promotes transparency of actions. Effective December 2003, Canadian Imperial Bank of Commerce, Royal Bank of Canada and HSBC Bank Canada have publicly committed to the Equator principles¹⁰. While only the large companies have reporting requirements, many smaller businesses expressed confusion over what should be reported and how. By introducing recognition schemes government can encourage reporting. The municipality can take a lead and use its business license application form to collect basic information.

Several respondents made the case for incentive-driven approaches rather than regulation. Just as the incentive driven development projects produced an increase in public amenities, there were many suggestions that the government can offer rewards or media recognition programs for good examples of CSR and for those who report social performance.

Most companies agreed that reporting was an important aspect of CSR and 41% of the respondents wanted the local government to collaborate with its federal counterpart to develop reporting standards. While almost all of those interviewed believed, it was important for business to address social concerns and engaged in improving society in a wide range of activities only a few made public their achievements. A review of the company websites¹¹, showed fewer companies actually reported social performance. Further, the websites did not indicate elements of CSR or sustainability as they relate to corporate work-life balance policies or achievements of employees engaged in community commitments. Reporting tended to be heavier on the companies' environmental rather than social performance. Because of the increase in environmental reporting, companies and the community better understand the interconnectedness between environmental reporting and judging a company's performance. Finlayson cautioned that large companies are scrutinized by financial analysts so they are driven to report in detail; however, it will be very hard to monitor the accountability standards for SME's who also comprise 98% of the business sector, and he cautioned that developing a mechanism for this sector will be a challenge. During the interviews, small business owners stated they engaged in volunteer work and charitable giving as doing their part in effecting societal change, however there is no mechanism for recognition of their contributions to society.

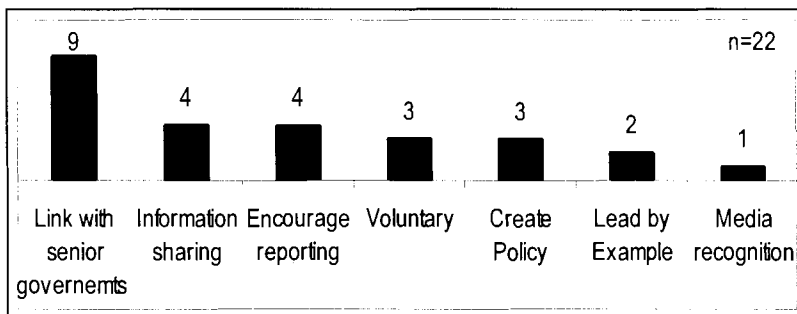
Discussions with City planners indicated that reporting requirements for SMEs is not new. In the current environment, social businesses (liquor establishments, cabaret bars, etc.) must

¹⁰ A voluntary set of guidelines for managing social and environmental issues in financing.

¹¹ See Appendix A

report if the business affects the neighbourhood. Negative community impact can force closure of the business. If reporting is to be extended to all businesses operating in the City, the government can develop simple questions as part of its business licence application form. Questions can relate to diversity of the workforce, number of staff who car pool (reduce pollution levels), types of volunteer activities, types and number of sponsorship activities, and types of charitable giving. The intent of reporting is about getting the business community to think about increasing social responsibility by taking action. Recognition of efforts on the part of the government becomes critical if this is to gather momentum.

Figure 12: Accountability and Reporting (A1)



Overall, there was acknowledgment that this was an indicator in which some level of intervention should be initiated. If sustainability is to become the foundation of public policy, then integrating social reporting becomes more urgent. Sustainability cannot be met if the government does not place emphasis on reporting.

It is recommended that municipalities revise business application forms to include simple CSR related questions. Developing 3 to 5 simple questions as part of the application form will set the course for greater participation in CSR and for increased reporting. The government may use media as incentive strategy to increase corporate participation in achieving and reporting their social performance.

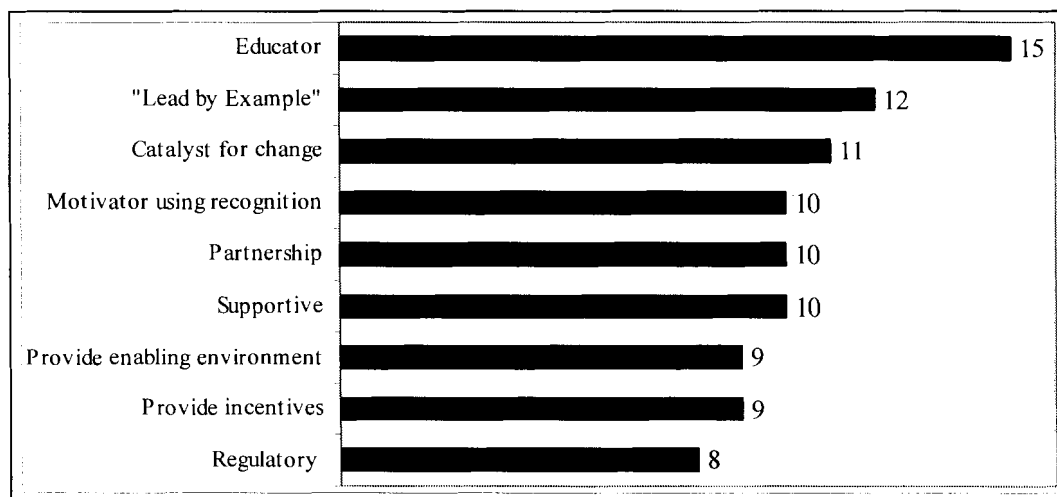
By using some form of involvement government shows political will to make commitments and set goals that signal the key challenges and shape the responses required. Businesses that engage in reporting their social performance have an opportunity to highlight their social responsibility commitments and build reputation as a socially responsible firm.

3.2 Choice of Instruments

The interviews highlighted that there are several choices a local government can make when determining how to move CSR forward and no single approach dominates when addressing matters related to CSR. In varying degrees, the government can play out roles of an educator, a catalyst for change, a supporter and a regulatory body. In each of these roles, governments can use CSR practices as a means to enhance sustainable development strategies and as a component of promoting its own local competitiveness. Social objectives can also be achieved using the range of CSR tools such as legislation, labels, certificates, codes of conduct and codes of practice, partnerships, guidelines and award schemes. If governments want the business community to engage in CSR, then it must lead by example, point the way and practice what it preaches. Many business leaders all echoed this need. The government must set itself apart as being an “agent of change.” Being an agent of change is as much about leading, as it is about setting clear goals and targets to be achieved; providing the mechanisms for change to be effective; and, communicating the outcomes with a clear and consistent message (P. Boucher, personal communication, December 8, 2004).

Figure 13 highlights the key roles identified for the government. The numbers in the chart below do not total the number of interview participants, this is because many participants selected more than one choice of instrument for the government. The numbers indicate totals for each choice. Overwhelmingly, respondents felt that an immediate role for the government was as an educator.

Figure 13: Choice of Instruments



In its role as an 'educator' three key objectives were identified. First, is developing an awareness of CSR and sustainability, by establishing common language and clarifying terms. Because of the multiple definitions, there is confusion among terms such as 'sustainability,' 'sustainable development,' and 'corporate responsibility.' Local governments can work with the federal government to establish common terms and language. Second, respondents strongly supported the local and provincial government to work together to introduce CSR related courses into the academic curriculum. While this is done in business schools, it was felt that ethical decisions are made in all professions not just in business schools. Therefore, this must be included as an 'across the board' course. Respondents could not offer a way to operationalize this, preferring instead to leave it to the public education system. Many respondents indicated they incorporate ethics as a core component of business orientation for new hires and others incorporate ethics into all components of corporate training programs. Finally, in its role as an educator, the government can be a provider of information and a resource for disseminating best practice case studies on social performance. They can collaborate with non-profit and civil society organizations to develop ways to enhance corporate giving and volunteerism.

In 'Lead by example,' Vancouver can demonstrate leadership to the private sector in a variety of ways: from the inclusive way it engages with stakeholders, from its leadership in equal employment opportunities and balance maintained in its hiring practices, to its promotion of equity and social justice as seen in its development practices. Respondents wanted the government to 'lead by example' in ethical purchasing decisions, internal volunteerism policies, and creative work-life balance activities. "If standards for social policies are to apply to the private sector, then they must be applicable to the government too," (G. Farrell, personal communication, November 22, 2004). Comparing the government to corporation participants stated "it is a business, a large employer, landlord, owner of buildings and natural resources and a consumer of goods and services. Like any business, the government can also leave a significant footprint on the environmental and social impact of the region," (R. Morin, personal communication, November 2, 2004). Therefore, if a government is to set out values for the community, it must demonstrate and specify how it is going to live out its own values, how it is going to engage its own employees and what voluntary initiatives it will take to improve the quality of life for its citizens.

As a catalyst for change, the government can develop innovative ways to engage the private sector while achieving its own sustainability agenda. Strategies may include partnerships like the Vancouver Agreement that leverage increasing employment and social initiatives all

aimed at revitalizing the City's downtown eastside area. The Development Permit Board demonstrates intensive public-private collaborations at each stage of the development process and enables private decisions to be made in a public setting without the involvement of the political process. The existing political climate presents a window of opportunity for the city to demonstrate its leadership for change. The Inner City Inclusive Olympic Statements ensure benefits to low income housing and the development of programs to engage children in sport and the opportunity to witness the games. In negotiating private sector opportunities, the City can leverage employment opportunities, for its residents. For example, as part of the contract, Edgewater casino has agreed to employ over 20% of its workforce from a pool of workers who suffer from long-term unemployment. Likewise, Cook Studios has agreed to employ 40 youth to provide food to the casino. Initiatives such as these achieve dual targets – CSR and sustainability. These are examples where municipalities can leverage its permit issuing power to develop skills for marginalized people and build social capital.

As a 'motivator,' the government must recognize and reward the efforts of companies who go beyond compliance and financial benefits by engaging the media in its recognition efforts (D. Skulsky, personal communication, December 16, 2004). T. Henfrey stated that "motivation to be recognized" is a strong driver to do more and suggested the City could employ a colour coded award scheme to recognize company's social performance. He quoted the colour-coding scheme used to reward environmental compliance in Indonesia as an example.

As a 'regulator,' the government levels the playing field by establishing minimum standards. Resulting from the interviews, the debate over voluntary versus mandatory policy levers is not a simple matter. The strongest support for regulation was toward the areas of land use and development. Governments usually let the markets decide, but when markets fail or when governments determine certain market behaviours must stop, they look at mandatory instruments (regulation) to end it. In the field of CSR, mandatory instruments are a way of forcing more companies more quickly to do more of the good things that many are doing on a voluntary basis.

Within the context of local governments, bylaws and regulation become powerful tools that, like any government intervention, can have unintended consequences that lead to more problems. In practice, governments use a mix of actions to improve awareness, to set standards and to provide incentives and penalties through a range of fiscal and other measures, which include laws. Regulation performs an important role in establishing minimum levels of behaviour in areas such as: financial integrity; human and labour rights; environment, health and safety;

transparency and corruption. At the same time, regulation prevents creativity and prevents corporations from developing a competitive advantage that makes them operate beyond mere compliance. “Regulation kills innovation and incentives, it would be better for the government to promote innovation and increase participation,” (A. Reitmeyer, personal communication, November 25, 2004). There was no room for regulation in a corporation’s social performance, because, it is only when initiatives are voluntary in nature that an incredible internal corporate drive is visible (S. Stuart, personal communication, March 12, 2005). In the field of CSR, regulations may ‘even out’ the playing field but achievable outcomes and flexibility must be components of an implementation strategy. Thus, the results of the interviews show that there is a mixed level of participation at all levels of performance in the social aspect of CSR. Most respondents felt the local government has a strong role to play in influencing institutional changes in education. Likewise, most felt that the government should try to increase the requirement for companies to report on their organizations social impacts.

In determining an implication for public policy, it is important for the government to recognize and accept an on-going corporate desire to engage in voluntary objectives in sustainability areas that relate to ‘play’. In the areas of ‘work’, there are several opportunities for local governments to increase and play varied roles using a mixed bag of policy tools. Many of those interviewed repeatedly voiced a ‘lead by example’ role for the government.

3.3 Common Ground and Actions for both Sectors

During this study, it was apparent that the field of CSR has grown significantly and that community and business leaders in the City of Vancouver share a common view that a corporation’s social performance can contribute to solving social problems. While the activities and programs of the private sector has expanded tremendously the feedback demonstrated that there is no one solution to encourage sustainable business practices among all companies. The research further demonstrated that companies at one end of the spectrum view government involvement in CSR as more bureaucracy and to them CSR is a fad. Companies at the other end, consider the impacts of their business decisions on society not because of stakeholder or consumer demand, but because the company leadership believes it is the ‘right thing to do.’ Between these two lie a large group of companies caught in determining what and how to participate in social responsibility. The policy response lies in what local governments can do to encourage socially responsible and sustainable business practices. Governments can identify sustainability goals and provide enabling policy frameworks so that business can collaborate or

independently engage in socially responsible activities. By using the common ground concept and the social responsibility matrix, local governments will facilitate businesses to prosper without sacrificing the interests of their stakeholders. The table below indicates actions business and government may take to improve social conditions in local communities.

Table 1: Common Ground and Actions for both sector

Common Ground	Action for Business	Action for Government
(L6) Improve Local Safety and security standards	<ul style="list-style-type: none"> • Increase protection of business property and surrounding public space with brighter illumination & receive better insurance rates and incentives 	<ul style="list-style-type: none"> • Devise strategies that empowers local communities to address safety • Provide incentives to encourage collaborative security initiatives
(W4) Employment opportunities	<ul style="list-style-type: none"> • Generate employment through a diverse workforce that reflects the community it serves • Promote employment by supporting local arts and handicrafts 	Use sustainability agenda to attract a diverse and skilled workforce. This strengthens community and fosters engagement
(W1) Education and training	<ul style="list-style-type: none"> • Provide education bursaries to locals to continue higher education or support promising young sports stars • Partner with the government to develop CSR related courses 	<ul style="list-style-type: none"> • Implement CSR related courses at school and post secondary institutions
Branding	<ul style="list-style-type: none"> • Demonstrate social value for products by engaging in causes that foster social improvements 	<ul style="list-style-type: none"> • Report on the achievement of private sector engagement in achieving public objectives.
Retain cultural resilience of the community	<ul style="list-style-type: none"> • Respect social and cultural diversity • Promote/revive traditional art, crafts and heritage and cultural ceremonies 	<ul style="list-style-type: none"> • Protect and preserve a diverse social fabric; support preservation of historic sites and buildings
Build Trust and co-operation with stakeholders	<ul style="list-style-type: none"> • Collaborate with trade associations, local people and government to achieve company objectives. • Advertise progress (to staff and clients) • Use clear benchmarks to measure and report on progress 	<ul style="list-style-type: none"> • Through the provision of a legal framework, ensure stakeholder consultations are a process requirement for all public initiatives • Assist in the development of measurement tools
(W2) Workplace homelife balance	<ul style="list-style-type: none"> • Develop work place balance policies for employees 	<ul style="list-style-type: none"> • Lead by example
(W3) Encourage CED and social entrepreneurship	<ul style="list-style-type: none"> • Collaborate with civil society organization to engage in community capacity building 	<ul style="list-style-type: none"> • Use seed grants to civil society organizations to promote social entrepreneurship
(W5) Promote Volunteerism	<ul style="list-style-type: none"> • Support a non profit organization • Enable staff to dedicate time to community engagement initiatives 	<ul style="list-style-type: none"> • Reward and recognize organizations who engage in community initiatives
Ethical Procurement Policy	<ul style="list-style-type: none"> • Develop purchasing policy that encourages doing business with companies who share common vision of improving their societal footprints 	<ul style="list-style-type: none"> • Ensure its procurement policy promotes the inclusion of women, small business and those owned by minority /marginalized groups

The following section looks at policy options a municipal government may take to act in linking a corporation's social responsibility goals to its sustainability goals.

4 Policy Options and Recommendations

This section presents policy options local governments may undertake to develop the relationship between public policy and corporate social responsibility. Each option is evaluated against criteria to arrive at a recommendation. Eugene Bardach in “*Practical Guide to Policy Analysis*” offers an ‘Eightfold Path to More Effective Problem Solving.’ He offers a process for policy analysis that includes defining the problem, gathering evidence, reviewing previous literature, predicting outcomes and finally, confronting the tradeoffs and making a reasonable decision. He stresses the importance of focusing on the problem, considering the advantages/disadvantages of each proposed solution, predicting consequences and offering the best solution in terms of ease of implementation and maximum effectiveness.

One of the first challenges in developing a framework to converge CSR and sustainability responses by the private and public sectors is encountered in the ad hoc way in which CSR is addressed. Bardach states, “Your first problem definition is a crucial step. It gives you a reason for doing all the work necessary to complete the project and a sense of direction for your evidence-gathering activity”, (Bardach 2002). Finding ways for the private sector to contribute to sustainability targets and discerning an appropriate role for government toward CSR is complex. This is because (i) In the absence of a clear definition, CSR is open to broad interpretation and means different things to different companies; and, (ii) CSR policies, unlike government policies, are not directed toward a single social problem such as alleviating homelessness or increasing skill development among marginalized groups.

Most businesses operate within communities and it is at this local level that they seek to achieve social performance. Local governments’ best understand the needs of their communities; therefore this presents a window of opportunity for municipal governments to share their social objectives with corporations and engage them in the dialogue to jointly achieve these goals. It is crucial for the government to maintain flexibility in engagement and to acknowledge that there is no one-way or best approach to promoting CSR. Rather, the government may use a wide range of approaches across its sustainable areas of interest to encourage sustainable business decisions by corporations.

4.1 Criteria to Assess Policy Options

The critical question of determining what the best option is depends on the extent to which an option measures against relevant criteria. Criteria to assess the optimal role for government in each indicator of sustainability will depend on a balance that measures public and private interests. If options are to be achievable and acceptable, then the criteria must include business interests. Within the local government's sustainability goals and the private sectors CSR agendas the criteria include:

1. The public interest or 'utility' – the greatest good for the greatest number. - The needs of marginalized individuals or groups (as seen in determination of social housing needs)
2. Ensure that business sees some value in supporting the social objective (new markets, new opportunities, branding etc)
3. Fairness – more in terms of universality or equal treatment for all in the same category
4. Flexibility – the ability to adapt to changing social patterns and needs
5. Cost – range from low to medium. Medium costs imply resource requirements on the part of the government and low costs imply the private sector bears most of the cost as they demonstrate their own social performance

Using these criteria as the basis for evaluating a role for government, this section demonstrates that consistent use of the criteria will enable the desired outcomes while allowing the government the flexibility to choose between different roles¹². To prove this point, let us assess an indicator in the "Live" section - 'enable affordable housing for seniors, low-income and disabled people' (L3). The aim of this indicator is to increase mixed use and diversity of housing. To achieve this, there is a requirement for the government to have clear land use policies. As a protector of public interests, it must ensure fairness and equity of housing options for low-income people. Therefore it must set targets, provide direction and create development standards. The optimal role is as a regulator. By implementing strict land use controls and forcing changed behaviour on the part of developers, the government is able to protect the public interest, and ensure fairness for marginalized citizens. Developers are able to build a reputation as 'caring' that over the long term leads to consumer trust. In this indicator, the other roles will not ensure achievement of the objectives.

¹² See Table 2. pg 38

In a second example, let us assess an indicator in the ‘Work’ section. Using the same criteria, we will determine the best role for the government in ‘education and training’ – (W1). The objective is to increase an understanding of CSR concepts by introducing changes to school curriculum while maintaining flexibility. Education is available to all British Columbians and an enhanced curriculum benefits all of society as it increases the intellectual capacity of a community. Using the criteria outlined in Table 2, the optimal role for the government in education and training (W1) is that of an educator. Business benefits from the increased intellectual capacity of its employees. Despite local governments not having full control over education, they can work with the provincial governments to introduce CSR related curriculum in educational institutions.

Table 2: Criteria to assess options for role of government

Government Role	Flexibility	Fairness	Public Interest	Business Value	Cost
Regulator (L3)	✗	✓	✓	✓	Medium
Educator (W1)	✓	✓	✓	✓	Low
Lead by Example (W3)	✓	✓	✓	✗	Medium
Partner	✓	✗	✓	✗	Low
No Role (A1)	✓	✗	✗	✓	N/A

Using the above matrix, policy options are a two phase process: first determine an appropriate role for itself; second, based on the role, develop an implementation strategy.

4.2 Policy implementation and Recommendations

Resulting from the interviews with business and community leaders, several implementation strategies were identified for each of the indicators where the respondents felt the government could do more than it was currently doing. The Sustainability Group could assume responsibility for managing these initiatives. At a recent City Council meeting on February 3, 2005, Council was informed of the intent to expand staffing of the Sustainability group by five full time positions to focus on environmental change. I recommend that the City focus on dedicating adequate resources to promote social sustainability. This can be shared action by the Vancouver Agreement Team, Sustainability Group and the Social Planning Department (SPD). The intent is not to expand resources but to maximize capacity in such a way that brings about

changed behaviour that best benefits business social responsibility and government's sustainability goals.

Table 3 indicates approximate costs to implement recommendations. Costs are closely aligned with those presented by the Sustainability Group to City Council at the February 3, 2005 meeting¹³.

Table 3: Recommended Budget requirements

Goal	
<i>Blend a corporation's social performance goals with government's social sustainability goals to achieve common social objectives</i>	
Strategy	
<ul style="list-style-type: none"> • Create and communicate common goals for jointly achieving social sustainability in a manner that combines corporate interests with municipal goals • Educate and develop common language to facilitate joint working. This includes use of policy tools and incentives to support corporate interests • Build interrelationships between government and non-governmental partners to develop social enterprise and build social capital • Where possible utilize existing resources to effect change (Social Planning, Sustainability Group, Corporate Communications and Vancouver Agreement Team) • Use media as a messaging and incentive strategy to increase corporate participation in achieving social objectives 	
Requirements	
<ul style="list-style-type: none"> • Outreach Coordinator (to build relationships; establish committees, develop goals etc) • Materials - Printing & Production (promotional brochures, new business application forms) • Media & Communications (recognition awards and incentives; update website) 	
Approximate Cost	
<ul style="list-style-type: none"> • Coordinator, Social Sustainability (1 FTE) \$60,000 • Materials - Printing & Production \$50,000 • Media Communications \$0.00 (externally funded by corporate media partners) 	

In the table above, costs are minimal because the recommendation being made is to use existing resources where applicable within a municipality's departments. In the City of Vancouver, these may be within the Social Planning or Urban Planning Departments, and the Sustainability Group. Where existing resources are not available, the above costs have been suggested. Media costs are borne by the private sector, and will reflect a corporations social performance commitments.

¹³ See Council File number CCF 3752 presented on February 3, 2005

Table 4 identifies implementation strategies the government can adopt to improve public policy in the field of CSR. These are best viewed as ‘*pathways*’ that the private and public sector can embark on toward addressing sustainability and corporate social responsibility.

Table 4: Improved public policy through varied government interventions

Indicator	Government Action	Role for Government and Role for Business	Business Value
Advance Sustainability	(i) Share sustainability goals and encourage shared action (ii) Map extent of business partnerships across all departments	Government Role: Catalyst for change Business Role: N/A	Clear goals and understanding of priority areas
(W1) Education	(i) Set up a Committee to explore introducing CSR related topics in schools and post secondary institutions (ii) Establish a Task Force to provide clarity to the meaning of sustainability & CSR within the context of achieving	Government Role: Educator Business Role: N/A	Better educated workforce (ii) Collaborative work promotes understanding of issues relating to social justice and community
(W3) Encourage CED & Social Entrepreneurship	Explore setting aside a % of procurement contracts to finance Community Economic Development and Social Enterprise projects	Government Role: Catalyst for change Business Role: Partner	Business demonstrates social responsibility
(W4) Encourage Employment Opportunities	(i) Link development permits to the ability to hire and train local residents (ii) Recognize and reward companies who reflect diversity in their workforce	(i) Government Role: Regulator & Lead by example Business Role: Partner (ii) Government role: Motivator Business Role: N/A	Companies demonstrate CSR
(L6) Community Safety	Use building codes and inspection power to increase neighbourhood security.	Government Role: (a) Regulator (b) Motivator: recognize those with exemplary civic safety initiatives	Safer communities, safer employees,
(A1) Accountability	(i) Link issuance of business permits to CSR reporting, by inserting 3 to 5 simple questions built into permit: Questions deal with diversity of staff, volunteerism; sponsorships etc (ii) Encourage businesses to report social impacts (iii) Ensure its own website reflects employee contributions	Government Role: Catalyst for change Business Role: Participant	Start to consider ways in which they can impact social change

Incorporating CSR with sustainability at the local level presents significant opportunities to improve public policy especially in the areas of health, well being, and areas related to work life. The findings indicate that leading Vancouver companies have stated that providing incentives will promote CSR and Sustainability initiatives. Other suggestions include the creation of policies to reward companies that go beyond compliance and building partnerships. All these point to new ways of doing business. New ways of business imply increasing partnerships and engagement with the business community to achieve public goals. There are opportunities for the government to play the role of educator and increase awareness and knowledge of CSR and sustainability.

The research also revealed an increasingly wide stakeholder group involved in achieving common ground. These include government policy makers, decision leaders from small, medium and large businesses, and civil society organizations. Achieving common ground is inclusive of all sectors; hence, the government will have to find ways to engage the SMEs – which are an integral part of the BC economy – to participate in CSR activities. The government can develop tools, disseminate best practices, and use recognition schemes to raise awareness of CSR and its impact on local communities.

5 Conclusion

The purpose of this study was to explore the scope for enhancing and expanding common ground between the municipal government and the private sector to achieve social goals. In doing so, it sought to determine whether or not local governments have a role in CSR and, whether greater government involvement resulted in greater social benefits. The results have shown that government's sustainability goals overlap with corporations' social responsibility goals. The area of overlap or "common ground" presented opportunities for greater government intervention. The results further showed local governments do have a role in corporate social responsibility in as much as corporations may contribute to social sustainability. They must demonstrate leadership and identify priority areas where public and private sector efforts can converge and result in the achievement of social sustainability goals.

The following summarizes the observations of the study and presents next steps municipalities can use to expand the opportunities to achieve their social objectives.

When municipalities share their social sustainability goals with business, they achieve greater benefits for their communities. This was seen by the successful ways the business community has contributed to social goals identified through the sustainability indicators in the 'live' area of social sustainability explained in section 3.1.1.

Municipalities have not harnessed the opportunities to engage the private sector in achieving the common good. There are opportunities for them to demonstrate leadership and identify priority areas where public and private sector efforts can converge and result in the achievement of social sustainability goals. Overall, there was significant consensus that the City of Vancouver is a leader in urban development and through creative policy enables real estate developers to assist in the provision of public amenities. This sentiment reflected most indicators in the 'Live' section. Likewise, in the "Play" section, all participants wanted the government to let the private sector (through their employee's choices) be the key driver for corporate action. However, the greatest deviation in consensus was within the many indicators in the area of "work" indicating this as a potential area for increased government action.

Recommendation: Municipalities can create and communicate common goals for jointly achieving social sustainability in a manner that combines corporate interests with municipal goals

CSR has relevance for all industries and businesses of all sizes. The research showed, CSR is practiced in all industries and by businesses of all sizes. An excessive focus on societal performance of multi-nationals has led small and medium enterprises to believe that CSR is only for publicly traded companies. However, when social performance and impacts are discussed at the local level and in easy to understand indicators that small and medium enterprises can relate to, many discovered they too practise CSR.

Recommendation: Municipalities can broaden participation levels by helping to link CSR and sustainability. They can begin by developing common terms and language that facilitates ease of understanding and joint working. This includes use of policy instruments and incentives to support corporate interests

A gap exists between what businesses say they believe in and what they actually demonstrate. A preliminary search of websites of companies interviewed revealed little evidence of a link between their actions and beliefs (See Appendix A). While almost all websites displayed corporate values, many fell short on their ability to publish corporate achievements on the social component of CSR. This may be explained either by the fact that businesses are unsure of which areas of social issues need addressing or, there is a disconnect between rhetoric and action.

Recommendation: By developing a framework to identify areas for shared action government and business can work together to achieve common social objectives.

There is clear and strong corporate support for increased government role in education and training. Seventy seven percent of those interviewed called for policy intervention to introduce CSR related courses at the high school and post secondary levels of education. As municipalities have a limited mandate in the area of education, there were strong calls for them to work with higher levels of government to bring about this change.

Recommendation: Establish a multi-stakeholder committee to introduce CSR and sustainability related courses in all secondary schools and universities.

There are increased pressures for greater directions on accountability and reporting. Large publicly traded corporations are required to report social performance but the challenge lies in increasing reporting for small and medium enterprises. Many smaller businesses expressed

confusion over what should be reported and how. By introducing recognition schemes government can encourage reporting. The municipality can take a lead and use its business license application form to collect basic information. Developing 3 to 5 simple questions as part of the application form will set the course for greater participation in CSR.

Recommendation: Revise business application forms to include simple CSR related questions. This will set the stage for greater participation and for increased reporting. Use media as incentive strategies to increase corporate participation in achieving social objectives

Promoting social enterprise by using community economic development methods is a potential vehicle to sustain communities. There was a high interest in developing social enterprises expressed as a shared belief in finding ways to assist marginalized community members. This can be an effective way to build social capital. Participants emphasized that rather than giving a ‘hand-out’, it would be better if social enterprise facilitated a ‘hand-up’ by using a business model rather than a charity model approach to poverty reduction.

Recommendation: Build interrelationships between government and non-governmental partners to develop social enterprise and build social capital. For example, government contractors set aside a portion of the contract earnings to promote social enterprise initiatives i.e. pre employment training for long term unemployed.

To conclude, the City of Vancouver’s current policy environment in the areas of ‘live’ are not to be underestimated and the administration needs to be commended on its visionary role in engaging developers to provide much needed public amenities. There exists significant opportunities in the area of ‘work’. The City can opt to act as a leader whose actions to engage the public sector in achieving its sustainability goals will serve as a model for other municipalities and whose actions can be replicated elsewhere.

On a broader level, local governments must provide opportunities for community involvement, volunteering, and must utilize its social capital to its maximum capacity in terms of education, skills development and basic needs. They must facilitate and enable businesses and civil society organizations to contribute to their sustainable goals. By properly designing and implementing CSR policies, they can harness private sector efforts to meet social sustainability challenges that converge on their spaces.

Appendices

Appendix A: Self Declared Social Performance on Company's Website

Organization	Sector	Social Performance Activity from Websites		
		Ethics/Values indicated?	Published details?	Published corporate or employee activities
Planned Lifetime Advocacy Network	Non Profit	✓	✓	✓ Extensive list of accomplishments
Pacific Newspapers	Media	✓	✓	✓ (Details hard to find)
2010 LegaciesNow	Sport/Non Profit	✗ *see note	✗ *see note	✗ *see note
Channel M (Multivision Television)	Media	✓	✓	✓ Extensive list of accomplishments
VanCity	Financial Services	✓	✓	✓ Extensive list of accomplishments
United Way	Non Profit	✓	✗	✗
Western Economic Diversification	Government	✓	✓	✓
Natural Resources Canada	Government	✓	✓	✓
Industry Canada	Government	✓	✗	✓
Stratos Inc.	Consultancy	✓	✗	✗
Strandberg Consulting	Consultancy	✓	✓	✓
BC Hydro	Environment	✓	✓	✓ Extensive list of accomplishments
BCR Marine Vancouver Wharves**	Marine Transportation	✓	✗ **see note	✗ **see note
Norskog Canada	Forestry	✓	✓	✓
City of Vancouver	Government	✓	✗	✗
Vancouver Coastal Health Authority	Health	✓	✓	✓
Siena Consulting	Consulting	✓	✗	✗
HSBC	Financial Services	✓	✓	✓ Extensive list of accomplishments
Ballard Power	Energy	✓	✗	✗
Vancouver Agreement	Government	✓	✓	✓
Business Council of British Columbia	Business Council	✗	✗	✗
Canadian Business for Social Responsibility	Non Profit	✓	✗	✗
Concert Properties Ltd	Property Development	✓	✓	✓
Kalico Developments Ltd	Property Development	No website	N/A	N/A

✗ * = New organization website under development

** = Company has a strong social responsibility agenda embedded in its organizational strategic plan, regrettably, its achievements are not publicly reported on the website

Appendix B: Questionnaire

Background

Corporate Social Responsibility (CSR) recognizes that corporations are an integral part of society, and together with government, they share the responsibility in helping communities meet their needs and achieve social objectives. Over the past five years, CSR has emerged as a key item on European political agendas with Denmark, France, the UK, and the Netherlands recognizing CSR as an important public policy issue and implementing regulatory approaches and fiscal instruments when voluntary approaches are insufficient. In Canada, the adoption of CSR remains a voluntary initiative on the part of corporations, and so far there is little acceptance on the part of any level of government to formalize legal CSR requirements for companies creating a gap between the ideals of social objectives and the mechanisms to achieve them.

This study examines whether or not public policy would be better served if the government pressures are at work in the *community involvement/social performance area of CSR*. If so, what role should government play?

The following questions have been designed to obtain your views on how governments can get involved to move CSR onto the political agenda. Please feel free to decline a response to any questions at any time during the interview.

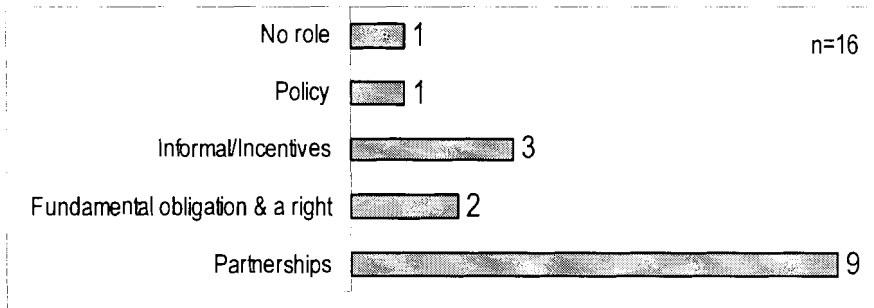
1. Do you believe corporate social responsibility (CSR) will become increasingly important to businesses such as yours in the next 5-10 years? Please explain your reasons

Strongly Agree Agree Strongly Disagree Disagree Neither

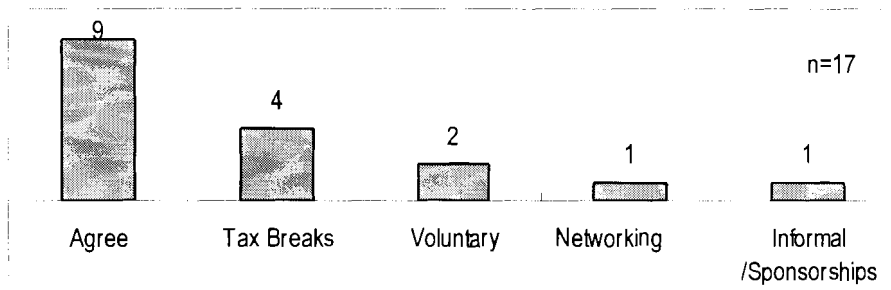
2. What strategies does your organization employ to promote social performance?
3. Do you think the government has a role to play in promoting a corporations social performance?
4. Is the government doing enough in promoting CSR in BC?
5. What tools can each level of government use to help achieve a sampling of community objectives indicated in the 'Social Objectives Table' attached to this email?
6. Is there a public policy case for corporate responsibility?

Appendix C: Charts

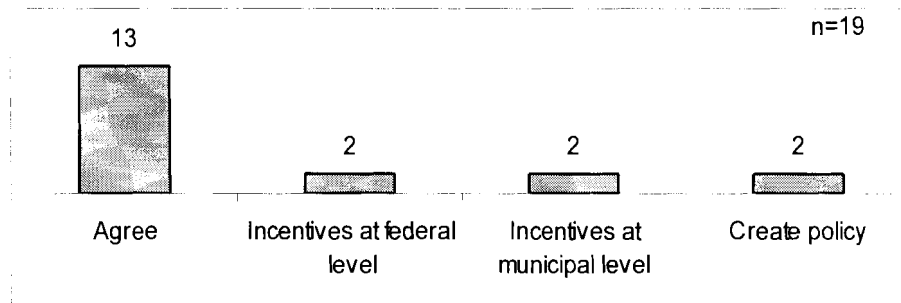
Access to Information (L1)



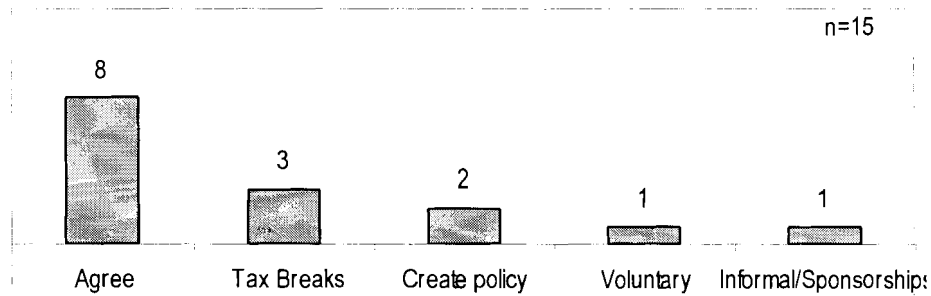
Revitalize Low Income Neighbourhoods (L2)



Enable Affordable Housing for Seniors, low-income and disabled (L3)

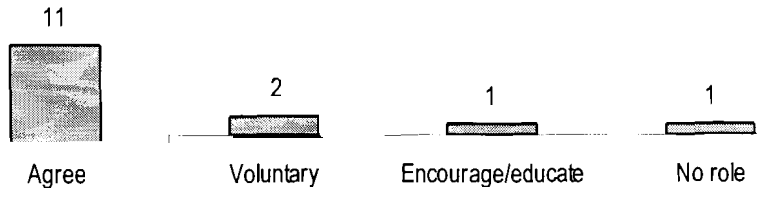


Create Public Places for residents to join in community life (L4)



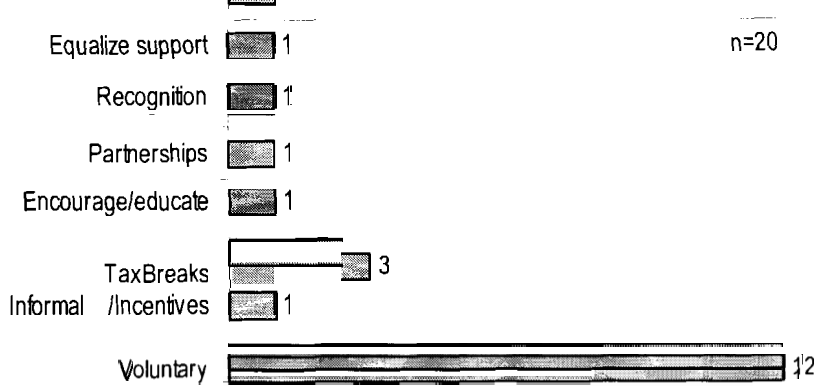
Personal Safety (L5)

n=15



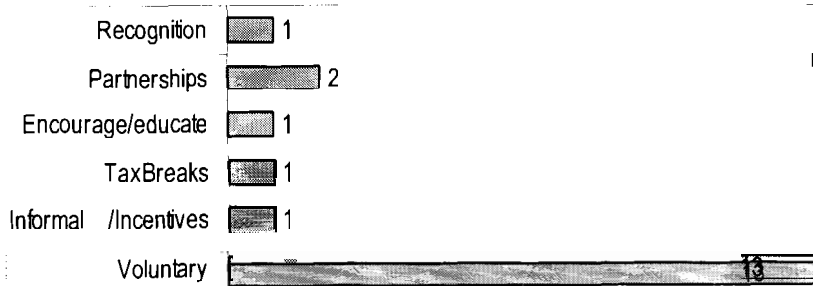
Participation in Arts and Culture (P1)

n=20



Promote Sport (P2)

n=19



Appendix D: Interviews Conducted (Alphabetical Listing of Companies)

Organization	Participant Name	Position	Contact Details
2010 LegaciesNow	Marion Lay	President and Chief Executive Officer	1350, 1095 West Pender, Vancouver. BC. V6E 2M6.
2010 LegaciesNow	Bruce Dewar	Executive Vice president	1350, 1095 West Pender, Vancouver. BC. V6E 2M6.
Ballard Power	Stephen Kukucha	Director External Affairs	4343, North Fraser Way Burnaby, BC V5J 5J9
BC Hydro	Allison Morrison	Manager Sustainability	Allison.Morrison@bchydro.bc.ca
Business Council of British Columbia	Jock Finlayson	Executive Vice President-Policy	810, 1050 West Pender Street Vancouver BC V6E 3S7
Canadian Business for Social Responsibility	Adine Mees	President and Chief Executive Officer	508 – 1111 West Georgia Street Vancouver, BC. V6E 4M3
Channel M (Multivision Television)	Art Reitmayer	President and Chief Executive Officer	88 East Pender Street Vancouver, BC V6A 3X3
City of Vancouver	Judy Rogers	City Manager	453, West 12 th Avenue, Vancouver, BC V5Y 1V4.
City of Vancouver	Baldwin Wong	Planner, Social Planning	515 West 10 th Ave Vancouver . BC. V5Z 4A8
City of Vancouver	Nathan Edelson	Planner, Urban Planning	515 West 10 th Ave Vancouver . BC. V5Z 4A8
Concept Properties Ltd	David Podmore	President and Chief Executive Officer	1190, Hornby Street, 9 th Floor Vancouver, BC. V6Z 2K5
Government of Canada - Industry Canada	John Chibuk	Senior Policy Analyst Economic Framework Policies	235, Queen Street, Ottawa. ON K1A 0H5
Government of Canada - Natural Resources	Collister, David	Policy Analyst-Sustainable Development and International Affairs	580, Booth Street, 20 th Floor Ottawa, ON. K1A 0E4
Government of British Columbia	Fay Weller	Director, Inner-City Partnerships Branch Ministry of Community, Aboriginal & Women's Services	P.O.Box 9214 Stn Prov Govt Victoria BC. V8W 9J1
HSBC Bank Canada	Lindsay Gordon	President & CEO Vancouver	885, West Georgia Street, Vancouver, BC. V6S 3G1
HSBC Bank Canada	Sandra Stuart	Senior Vice President, Operations	885, West Georgia Street, Vancouver, BC. V6S 3G1
Kalico Developments Ltd.	Harold Kalke	President	#209 – 2211 West 4 th Ave, Vancouver, BC. V6K 4S2
Norske Canada	Lyn Brown	Director of Corporate Affairs and Social Responsibility	16 th Floor, 250 Howe Street Vancouver, BC. V6C 3R8
Pacific Newspapers	Dennis Skulsky	President and Chief Executive Officer	200, Granville St 9 th Floor Vancouver, BC. V6C 1S4
Planned Lifetime & Advocacy Network (PLAN)	Rita Morin	Director, Social Enterprise	#260, 3665 Kingsway Vancouver, BC. V5R 5W2

Organization	Participant Name	Position	Contact Details
Siena Consulting	Gayle Farrell	Consultant	2207 Oak Street Vancouver, BC V6H 3W6
Stratos Inc.	George Greene	President	Suite 1404 - 1 Nicholas St. Ottawa ON K1N 7B7
Strandberg consulting	Coro Strandberg	President & CEO	6823, Sperling Avenue Burnaby, BC
The Market Builders Inc.	Terry Henfrey	President and Chief Executive Officer	2770 Sunnyside Road Anmore, BC. V3H 4W9
United Way of the Lower Mainland	Michael McKnight	Chief Executive Officer	4543, Canada Way Burnaby, BC. V5G 4T4
United Way of the Lower Mainland	Susan Papadionnisiou	Director, Agency & Community Services	4543, Canada Way Burnaby, BC. V5G 4T4
Vancouver Coastal Health Authority	Lezlie Wagman	Coordinator Smart Fund	520, West 6 th Ave Vancouver, BC V5Z 4H5
VanCity Capital Corporation	Bob Williams	Chair.	7th floor - 815 W. Hastings Street Vancouver, BC. V6C 1B4
Vancity Savings Credit Union	Priscilla Boucher	Director, Community Leadership Strategy	183, Terminal Avenue, Vancouver, BC. V6A 4G2
Vancouver Agreement Coordination Team	Isobel Donovan	Executive Coordinator	305 – 456 West Broadway, Vancouver, BC. V5Y 1R3
Patrice Pratt Consulting	Patrice Pratt	Project Manager Accessible/Inclusive Cities and Communities	patricep@shaw.ca
Vancouver Wharves	Bill Weymark	President & CEO	1995 West First Street North Vancouver, BC V7P 1A8

Appendix E: Social Responsibility Matrix

Social Objectives to be achieved by the City of Vancouver	Sample of Current City of Vancouver response	Type of Policy instrument used	Suggestions of what more govt can do	Breakdown of what corporations are doing	Value to Business
LIVE					
L1 Residents to have easy access to information for housing and health needs	<ul style="list-style-type: none"> • Pilot project being tested with the City, Vancouver Coastal Health Authority and Triage Emergency Services & Care Society (Triage) to provide housing to mental health patients • Seed funding to nonprofits through Social Planning Department. 	Partnerships	<ul style="list-style-type: none"> • Incentives and tax breaks 	VanCity supports affordable housing projects across the province	Communities have increased information services and business has better informed and healthier employees
L2 Revitalize low income neighbourhoods	Tri level agreements- Vancouver Agreement	Memorandum of Understanding Partnership	Incentives and tax breaks	Business are relocating into the down town Eastside	Increased economic stability will lead to greater market opportunities and generate economic opportunity and new markets
L3 Enable affordable housing for seniors, low income and disabled	Waives development charges, land use application fees, parks levies, hook up fees and other development fees for affordable housing	Permits Policy Incentives	<ul style="list-style-type: none"> • Partnerships • Protect existing housing stock. Introduce a deadline for compliance with repair orders. • Implement fines for cases of ongoing neglect 	Developers agree to provide up to 20% of social housing units with incentives	Opportunity for brand development as a caring company

Social Objectives to be achieved by the City of Vancouver	Sample of Current City of Vancouver response	Type of Policy instrument used	Suggestions of what more govt can do	Breakdown of what corporations are doing	Value to Business
L4 Create public places where residents join in community life	Creation of neighbourhood houses;	Policy for large scale developments	<ul style="list-style-type: none"> • Must make this policy for all developments not only large scale ones • City can purchase estate and offer it to Non profits on a long lease basis 	E.g. Roundhouse Community Centre & Coal Harbour Recreation Centre were required to be built by developers who paid for the recreation facility. Other uses could be create day care facilities as a contribution to society	Opportunity for brand development as a caring company
L5 Residents must feel personally safe	All City owned and occupied properties display signs showing "discrimination free societies"	Regulation only for city owned properties	Regulation extended to ANY property where business is conducted	Adopt anti harassment, antidiscrimination and fair employment practices	Increased safety means more relaxed and safer employees
L6 Residents must feel safe in the community	Voluntary block community programs in place	<ul style="list-style-type: none"> • Voluntary (community block programs) • Use building codes and inspection power to increase community safety 	Encourage all business to adopt a range of safety measures: e.g. high wattage lights in front of all businesses	Enhanced security costs	A safer community to live buy homes, keeps business in the community, lowers insurance costs.
WORK					
W1 Education and training	Piloting a program re: civic issues as part of grade 12 curriculum to promote participation and understanding of civic structures	No current instrument used to address CSR training	Policy include ethics course in high school and post sec institutions and include diversity training as part of ethics	Pacific Newspapers builds ethics training into all corporate training programs HSBC Canada, sponsors university (UBC) endowment fund	<ul style="list-style-type: none"> • Factor in employee motivation given that for many new economy companies their intellectual capital is high • Opportunity to close skills gap; develop courses on business ethics
W2 Workplace home/life balance	Flexible work schedules	No current instrument used	Flexible service schedules to enable the public to access	Many corporations offer flex time Paid leave time to participate with their children in early child	A factor in attracting and retaining top quality executives

Social Objectives to be achieved by the City of Vancouver	Sample of Current City of Vancouver response	Type of Policy instrument used	Suggestions of what more govt can do	Breakdown of what corporations are doing	Value to Business
			government services	development centres and to care for sick children and sick family members	Increased employee health and improved human resource practices
W3 Encourage CED and social entrepreneurship	No response for social entrepreneurship	No current instrument used	Develop Core Policy for CED by setting aside a % of contracts to pay for CED/SE ventures	Corporations contract for these services i.e Social Purchasing Portal	New markets
W4 Employment opportunities	Encourage and promote through the EEO office	No current instrument used	Work with Aboriginal communities and with disabled	Some companies have hiring practices that promote diversity, others provide training and volunteer opportunities to promote skill development	Business demonstrates a willingness to improve social capital
W5 Volunteerism	Public Involvement Policy to engage citizens in workings of government No instrument to encourage staff volunteering	No current instrument used	<ul style="list-style-type: none"> Advertise these as good news stories Government offers media incentives - government should increase internal volunteering - Encourages staff but no policy 	Western Economic Diversification (Volunteer Day) & Deloitte and Touche (Impact Day) one day /year for ALL staff to set aside their work and volunteer with local non-profit organizations. Business leaders provide leadership as entrepreneurs and as members on voluntary Boards in the low income neighbourhood	Better energized workforce
W6 Doing business/ procurement policies	Ethical Procurement policy for governmental purchasing	Policy	Favour more socially responsible suppliers	Corporations report their social performance on websites, in annual reports or company published statements	Reporting on supply chain management fulfils stakeholder information needs
PLAY					
P1 Enable participation in art and culture	Managed through the governments Parks & Recreation department	Partnerships / voluntary	Encourage through media incentives & recognition	Sponsor Orca Art in the City shows	Create value and opportunities to generate customer

Social Objectives to be achieved by the City of Vancouver	Sample of Current City of Vancouver response	Type of Policy instrument used	Suggestions of what more govt can do	Breakdown of what corporations are doing	Value to Business
P2 Promote local Sports Leagues	Permits use of public owned land and community centres for league activities	Partnerships / voluntary	Encourage through media incentives & recognition	Sponsor little league sports & community events	loyalty and increase market differentiation Opportunity to take leadership role and develop customer loyalty
A1 ACCOUNTABILITY	No response	Governments produce accountability reports for themselves	Strongly encourage companies to develop accountability reports Link reporting to issuance of business licences	Some socially responsible companies produce social accountability reports under third party audits. i.e. PLAN; VanCity; HSBC Canada etc	An opportunity to showcase their commitments to social responsibility and build reputation as a socially responsible firm

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