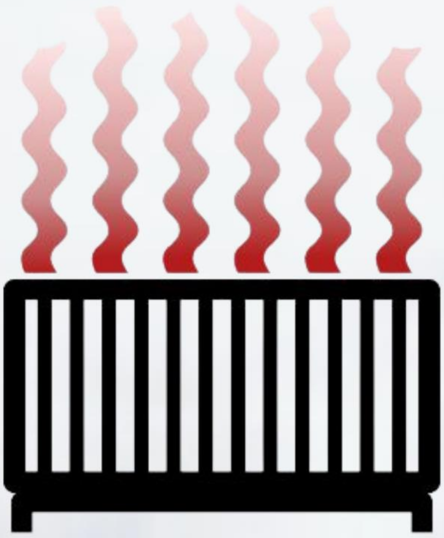
ON TARGET

e-Mag of the Institute of Certified Management Accountants
March April 2022 Vol 26, No.2

STRATEGY » FINANCE » MANAGEMENT

Racial Stereotyping in Advertising: The Monetary vs. Societal Impact of Charity Fundraising



Frostbite Kills Too

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RACIAL STEREOTYPING IN ADVERTISING: THE MONETARY VS. SOCIETAL IMPACT OF CHARITY FUNDRAISING

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In 2012, the plight of children freezing in Norway's harsh winters prompted African students to launch a campaign to ship radiators to Norway. *"Frostbite kills too,"* was the message in the video *Radi-Aid: Africa for Norway*, that went viral.**[i]**

By turning the tables, the advertisement beautifully parodied how western charities often portray Africans in advertising.

This article deals specifically with the stereotypes people have, the role of western charities in creating and feeding these racial stereotypes, how this benefits charity fundraising performance, and the impact these racial stereotypes have on the larger community – especially in *the implicit biases* formed that lead to acts of *racial discrimination* and *racial vilification*.

Racial Discrimination Acts (RDAs) in most countries makes it unlawful to discriminate against a person because of his or her *race, colour, descent, national origin or ethnic origin, or immigrant status*.

In Australia, most States also have added safeguards against racial and religious vilification. For example, in the state of Victoria, the *Racial and Religious Tolerance Act 2001* makes behaviour unlawful that incites or encourages hatred, serious contempt, revulsion or severe ridicule against another person or group of people, because of their race or religion. The Act also prohibits racist graffiti, racist posters, racist stickers, racist comments made in a publication, including the Internet and email, statements at a meeting or at a public rally. The Act explicitly applies to public behaviour – not personal beliefs.

The question is, how are these divisive attitudes formed?

In many countries, such as India – where most of the population is of a *similar* colour and ethnicity – it is *religious intolerance* that causes the major divisions. This article does not deal with the issues of how and why religious divisions are created – as these are as old as organised religion itself.

However, this article puts forward the case as to why there still exist significant *racist attitudes* in Western countries in which advertisements are aimed mainly at people of a different colour or ethnicity – and how and why the marketing and fundraising carried out by Western charities have played a significant role in forming these attitudes over the last 50 years.

Is this a management accounting issue? Yes, definitely. Management accountants have always been interested in the performance evaluation of advertising, i.e., *"Has it got enough 'bang' for the 'buck'?"* But increasingly management accountants are interested in the impact of their decisions on both the environment and on society. As such, this article cautions them to step back and consider what damage a ‘successful’ advertising campaign is costing to the wider community.

Who is a Racist?

Any good dictionary will define a ‘racist’ as a person who is prejudiced against or antagonistic towards people of a particular racial or ethnic group, typically one that is a minority or marginalised.

In simple English, a ‘racist’ is a person who consciously or unconsciously has a bias that his or her racial or ethnic group is superior to another.

We have a bias when, rather than being neutral, a preference for (or aversion to) a person or group of people is formed. The term “implicit bias” is used to describe a person who has an attitude towards a group of people, or stereotypes associated with them, without his or her conscious knowledge.

It has long been understood that marketers not only reflect society in their creative messaging when selling products and services – but are also capable of moulding society and even amplifying its existing issues (implicitly or explicitly) as the message passes from the creative channel to the medium of consumption. By the time the message gets to the consumer world it can have a significant impact on society – often resulting in values and attitudes that were not considered in the creative process itself.

Unconscious (implicit) biases are views about social stereotypes that are learned automatically and unintentionally. These kinds of biases are deeply ingrained.

This article will now show why racial stereotypes continue to be used in Western charity fundraising, and the explicit and implicit biases that are formed in Western societies that leads to racial discrimination and vilification.

Racial Stereotyping

The problem with stereotypes is not that they are untrue, but that they are incomplete. The *“Frostbite kills too,”* message of the African students is not untrue. Norway is, in fact, an extremely cold country, and babies are often left out in the cold to toughen them for those harsh conditions. But most Norwegians would be rather frustrated if that was the only thing Norway was known for. The same goes for most African countries.**[ii]**

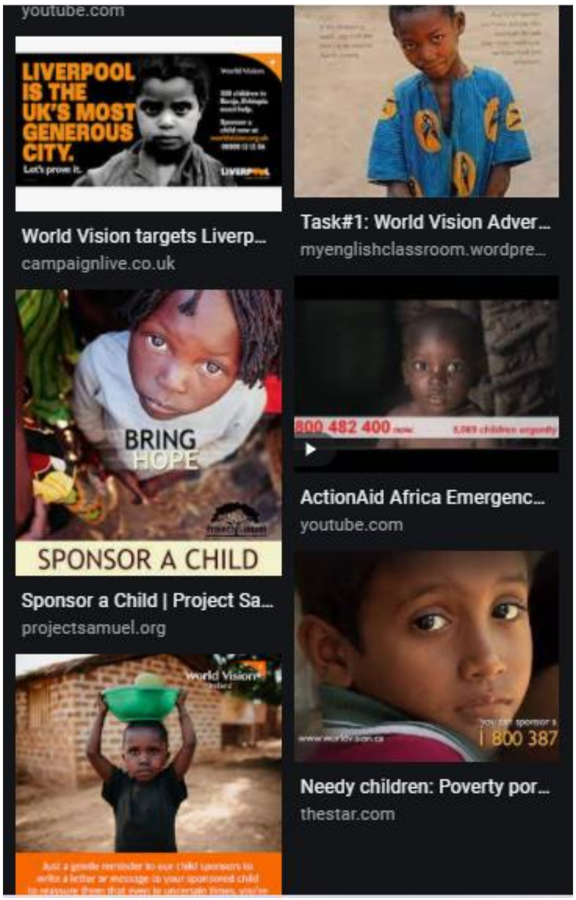
Thus, even though fundraisers tell a necessary story, their message is very incomplete. The African student’s video strived to promote a more nuanced image of countries in the developing world than is usually portrayed in the media and by some charitable organisations and fundraising initiatives – especially by the constant repetition of the same negative images. Since the narrative tends to be the same as it was when development assistance first started some 50 years ago, it might give the impression that none of these efforts have produced any results and thus often leads to apathy by the potential donors. At worst, it could lead to an implicit racist bias.

Poverty Porn

Most charities implicitly adhere to the concept of *‘development cooperation’* by defining how development should take place – i.e., that the role of charities, as seen through a Western lens, is to offer black children living in poorer countries the opportunity to have what white people consider minimum standard of living in terms of food, shelter, sanitation, and education. Some religion-based Western charities also include ‘spirituality’ in this list of basic needs. This is the underlying message that results in implicit and explicit biases of those individuals in Western countries (this includes Australia), who get a 360-degree bombardment of charity advertisements showing hopeless people in poverty – especially children of African or Asian origin – on TV, in newspapers, on social media, in telemarketing, and in direct mail fundraising campaigns.

These advertisements, especially using children’s images, have been referred to in the media as *“poverty-porn”* which perpetuates racist and paternalistic thinking. Enlightened individuals who have an in-depth understanding of the charity sector are firmly of the view that stereotyping of this nature in fundraising creates an “us and them” feeling about beneficiaries – and serves to divorce people from feeling connected to those who might need charity assistance.**[iii]**

A recent research study for the *University of London* found that in many European countries, especially Germany, over 50% of billboard advertisements on streets, tube and train stations are operated by Charity or Aid NGOs. In Germany, for example, except for a few highly sexualised or eroticised images of black people in commercial German billboard ads, charities basically have a monopoly on portraying black people in public spaces – predominantly with images of poor black children needing help. The study also found



that most charity advertisement visually confine black people to the edges of humanity, as depicted by the *World Vision* charity's fundraising advertising shown here.**[iv]**

The Rusty Radiator Awards

Radi-Aid, the organisation that promoted the 'Norwegian Frostbite Appeal', has set up the *Rusty Radiator awards* for the *'fundraising video with the worst use of stereotypes'* – which is not only unfair to the persons portrayed in the campaign, but also hinders long-term development and the fight against poverty." The award is decided by the public through social media.

One award recipient was the charity *Feed A Child*, a South African organisation whose advertisement featured a wealthy white woman feeding a black child "like a dog". Produced by *Ogilvy and Mather*, one of the world's biggest advertising companies, it sparked a major controversy when it aired. The company withdrew the advert and apologised to those who perceived it as racist.**[v]**

The founder and CEO of *Feed A Child*, Ms. Alza Rautenbach, went on television to apologise. *"Like a child, I don't see race or politics,"* she said. *"The only thing that is important to me is to make a difference in a child's life and to make sure that that child is fed on a daily basis."*

Claiming colour-blindness is a way for the systematically privileged (white) person to say they could not possibly be racist themselves, and to avoid acknowledging their own racial power and the privileges accorded them because they are white. It allows the individual to remain blind to the systems of oppression and inequality that makes white privilege possible and "invisible".**[vi]**

Those in the *"Black Lives Matter"* movement (and anyone else who is aware of white privilege) know that the consequences of artificially created racial hierarchies are very real. These can range from being shut out of jobs and neighbourhoods, to significant physical violence. In such situations, white friends of black individuals find it difficult to know how to respond.

For example, in the aftermath of the death of *George Floyd*, a black man who died in police custody in Minneapolis, black people have found themselves suddenly fielding a surge of "check-ins" from white friends and acquaintances – sometimes welcomed, but at other times deeply awkward and adding to the emotional toll of the moment.

Take the case of Ms. Parker Gillian – a recent black college graduate working in marketing. Her white co-workers sent her money unprompted. "I felt like a charity case," says Parker, who said she had never expressed any financial need. She laughed the first time a white co-worker sent her money unprompted. It was all she could do. But some of the people who reached out were not especially close to her. And even those who were actually friends seemed to subtly ask for her guidance about how they, "Good White Allies", should handle the moment.**[vii]**

Effective Altruism

This is an influential movement founded by the Australian philosopher *Peter Singer,* who argues that we should each try to do the best we can by donating our surplus income to charities that help those in greatest need.**[viii]**

This movement has two components: (a) encouraging individuals in the rich world to donate more; and (b) encouraging them to donate more rationally to the organisations most efficient at translating those donations into gains in human well-being.

For example, if a person wanted to spend $1,000 to improve childhood education, and is impartial to where children are born, he or she could donate uniforms to one student at an Australian private school, or provide 200 uniforms in Kenya, or de-worm 2,000 children in schools where infections stop children from attending.

Therefore, if the goal of an altruistic donation is to impartially improve childhood education, it is 200 times more cost-effective to help Kenyan students, and 20,000 times more cost-effective to fund de-worming.**[ix]**

Consequently, some argue that it is not implicit bias or white guilt that motivates charities to show African children in their advertising, but instead it is 'effective altruism' at work. However, this article will argue that whilst 'effective altruism' is an interesting logical construct, it creates both explicit and implicit racist biases in a Western society when implemented – by showing starving, worm-riddled children in fundraising advertisements as the most effective way to demonstrate altruism.

Child Sponsorship Schemes

The primary aim of this article is to investigate the effectiveness of advertisements showing hopeless people in poverty – mainly of African or Asian origin – and consider if such advertising and campaign imagery are detrimental to society. We will argue that charities, especially those that have 'child sponsorship programs', need to modernise and mature significantly in terms of how it represents the people it is supporting and supposedly helping.

At its core, all child sponsorship programmes are remarkably alike. The advertisements promise a one-to-one connection between donor and child as a drawcard to attract money. They do this because they believe that people are more likely to donate if they feel a personal connection to the grateful recipient. As such, they offer the personal exchanges of letters, photos, and a long-term connection that allows the sponsor an intimate view into a child's life as their parents struggle to provide for them.

Marketing techniques much like those found on online shopping sites or dating apps call up thousands of images of children with a swipe of the screen. The child's photo and a short story of a life lived in poverty, coupled with promises that our contributions will help to sustainably benefit the child's entire community, are persuasive. One can choose a child for sponsoring by 'clicking' on the photo.

However, millions of well-intentioned individuals who sponsor children in this or similar manner are unaware that child sponsorship feeds into asymmetrical power relations of development. Whilst many agencies have moved away from sponsors of individual children to sponsors of communities, they are still using individual children to 'sell' to donors. Charities know that potential donors are more willing to feel sympathy for a child than an adult because the former is perceived to have no influence over their personal circumstances.

Consequently, donors stick a picture of a child on their fridge and think of them as 'our child'. They are well intentioned, but the parents of that child cannot refuse the money, however demeaning it is, because they are living in poverty.

A case in point was when international child sponsorship schemes recently came under attack for perpetuating racist thinking when an apology by the *Plan International* charity to thousands of children in Sri Lanka sparked a debate over its money-raising schemes.

Plan International admitted it had made "mistakes" over its exit from Sri Lanka in 2020, following criticism from donors and former employees that it had failed 20,000 vulnerable children in the country. It apologised to sponsored children as well as to communities and partners, some of whom, they admitted, felt it left "abruptly" and without sufficient communication.**[x]**

The controversy has reignited debate over international child sponsorship schemes and whether, amid growing calls to decolonise aid, the if the benefits they offer can outweigh the donor-donee power relations they reinforce.**[xi]**

Such advertising also creates an implicit bias in potential donors. The images chosen are so substantially different from the Western children they know – that it becomes easier to accept that these children are suffering in a living hell. That the child might actually be a smiling, happy child in their carefree environment is not portrayed. Look at the three images of a child shown here. Guess which one will be chosen for the fundraising advertisement? Of course, it is the last one that will tug on the heart strings. However, many are of the view that these images that are shown in advertising and fundraising campaigns can have a reverse effect – create apathy rather than action.

Despite all the controversy, these schemes remain a popular and lucrative method of fundraising with international charities, which do not have the same restraints as government sources. For example, *Compassion International* raised US$755m (£530m) from child sponsorship, three-quarters of its total income of US$1bn in 2020. In the same year, child sponsorship accounted for nearly a third (£19m) of *World Vision's* £70m income, while *Plan International* raised €360m (£310m) – more than a third of its €910m income in 2020.**[xii]**

New Approaches to Charity Advertising

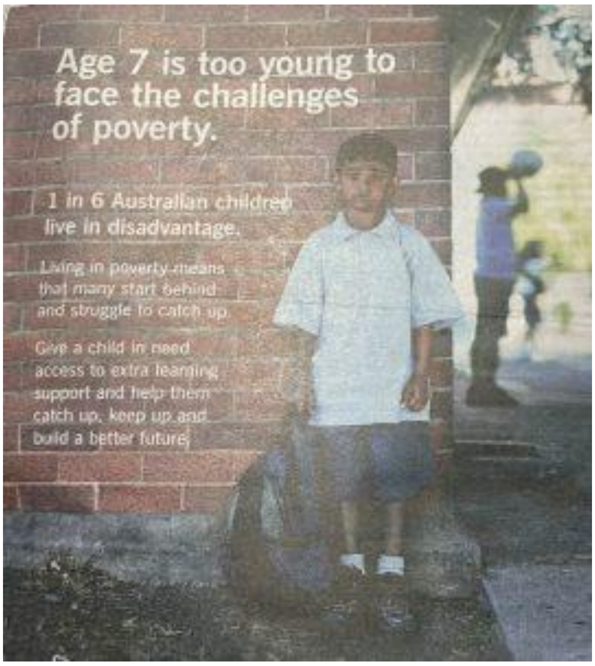
Authentic and *Dignified* are two key elements of charity advertising today. The most effective charity adverts today feature just one person, with an authentic story. Charity organisations also vow that the dignity of each child is assured. Despite such assurances, popular fundraising programmes by international charities continue to promote an age-old stereotyped black-white divide – where contributions from the Western nations help to save the day and where the donor is massaged by the feel-good connection sold to them for a monthly fee. Communities in the poorer (non-white) countries have few alternative choices but to accept this type of charitable funding from sponsors from afar who invariably display a picture of "their" child next to their own family members.

The challenge for the charity sector is to really open up platforms and spaces to hear authentic stories in a very dignified manner from the forefront.

This is not always easy.

Take the recent advertisements of the *Smith Family* in Australia. During the 2021 Christmas season it ran a 360-degree advertising blitz showing one dark-skinned schoolboy living in poverty in Australia and finding it difficult to continue with his studies.

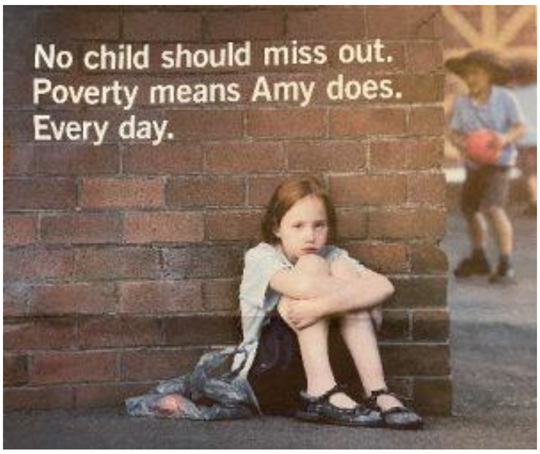
As this advertising campaign did not look authentic, nor was it dignified, *ICMA* questioned the *Smith Family* as to why a dark-skinned schoolboy was used when there are unfortunately plenty of fair-skinned children also living in poverty in this country. We also said that of particular interest to us as a management accounting body was whether The Smith Family had found that such racial stereotyping in advertising is directly correlated with the



amount of charitable donations received in Australia?

The Smith Family responded that in their fundraising marketing they feature a case study drawn from the experience of a real family supported by The Smith Family; and that in 2021, for the *first time* in a campaign, they had depicted a story featuring an immigrant family.**[xiii]** They said that while an actor played the role of the child, the details of the story came from an actual case study.

At a time that a debate was raging in Australia about accepting *immigrants vs. refugees*, such a fundraising campaign results in both explicit and implicit biases about these 'new Australian' groups. There is evidence to show that the anti-immigrant rhetoric, *"they took our jobs"* is still prevalent in Australia.**[xiv]** Whilst such a perception is high on fear but low on fact, images such as the above can bring about resentment as to why such an immigrant child is being helped; whilst their own children are struggling with poverty and



learning difficulties brought about by their own loss of job to an immigrant. There is also resentment about so-called refugees – often seen as 'economic refugees' – jumping the queue and getting into Australia. Showing such refugee children living in poverty, could lead to racist *'we are better than them'* attitudes forming. At worst, it could lead to acts of racial vilification.

To specifically address ICMA's question about advertising effectiveness of using racially stereotyped imagery, *The Smith Family* said that to date they have found no correlation between use of ethnicity and improved fundraising returns. However, it was the first and only time that they depicted an immigrant family, and also because Covid-19 was still persisting, perhaps this would have been a biased sample of one.

Soon after that, the campaign changed for the rest of the Christmas period, where the boy was given a name, *'Jai',* to make the story more authentic. However, it was not made clear that this was from an immigrant family – rather, it could more likely be a case of a *refugee* family struggling to survive in Australia.

Whatever the reason, The Smith Family went back telling a more authentic and representative story for Australia by doing an advertising blitz with the case of 'Amy', a fair-skinned girl. It is still too early to ask The Smith Family if there was a statistically significant difference between the fundraising performance using these two very different images.

Clearly, storytelling that is more realistic is when the charity does not hijack the cause or step in and show itself as the hero. That is the way charities should work going forward.

Changing Funding Models is Not Enough

World Vision International, one of the largest Christian international charities, with millions of registered sponsored children, recently attempted to turn sponsorship on its head by allowing the child to choose their sponsor. Its new-era sponsorship programme claims it is giving the child agency and power through providing them with a choice. Perhaps it is also symbolically making a point that children living in poverty are not a problem to fix, but a mutually beneficial relationship to be had. This was seen by many as a PR gimmick, as tweaking the language to focus on empowerment and children choosing sponsors does not change the fundamental paternalistic and unequal power dynamics.

Millions of well-intentioned individuals who sponsor children are unaware that child sponsorship feeds into asymmetrical power relations of development, wherein "blackness embodies poverty and ignorance and whiteness signals wealth, knowledge, and the bringer of aid". Many are kept out of the knowledge loop by being continually fed with good news stories by the agencies who run the programmes.**[xv]**

There are also problems of stigmatisation and the divisive impact from only certain children being sponsored in areas where poverty and underprivilege is endemic. This has made some international charities change their models to one where sponsorship funds are pooled for community projects.

Pooling funds for community projects rather than focusing on individual children has allowed more children and their families to benefit, and international charities have been able to educate their donors to support this change. But it does not change the fact that even these 'pooled' programmes exploit children to raise money for its development work. Thousands of individual children are still marketed to raise these pooled sponsorship funds, often because the donor wants to see the difference it has made to the life of the child it funds.

End Child Sponsorship Schemes Altogether

Given its persistent use despite all criticisms, it is clear that international charities know that the child sponsorship model yields the most donations – especially when dark-skinned children (living in what Westerners would consider poverty) are used. Thus, any move towards community focused advertising will most likely mean that charities will receive less donations.

Thus, management accountants need to consider a utilitarian argument in terms of which advertising approach should be chosen. Utilitarianism is an ethical theory that determines right from wrong by focusing on outcomes. It is a form of consequentialism. Utilitarianism holds that the most ethical choice is the one that will produce the greatest good for the greatest number of people. Thus, management accountants should abandon the traditional notion of advertising effectiveness in just monetary terms; and consider the impact of their emotive messages on society.

As such, there is now a call to end aid agency child sponsorship schemes altogether because any benefit they have for families and communities must be weighed against the harm they do – and the invidious power relations they reinforce. As evidence is mounting that international charities still use vulnerable children to raise money, there is a call for them to either immediately wean themselves off this model or be shamed and shunned. Just tweaking the child sponsorship model, which some leading charities such as *World Vision* are now doing, is just not good enough.**[xvi]**

Leaders across the aid sector are engaging in discussions like never before to end racist and paternalistic thinking and practices perpetuated by international child sponsorship programmes when fundraising. Business models that smack of colonialism or "white saviour" mentalities are losing favour to those that shift more power to the poorer non-western countries.

It is within the power of international charities who run such programmes to vigorously explore new fundraising initiatives to connect and support wide-ranging locally led programmes developed in the poorer recipient countries themselves. Management accountants must be aware of how these initiatives will frame how they as professionals respond to fundraising strategies in the charity sector.

It is time for the computer clicks on that vulnerable little boy behind the "Choose Me" slogan to fade into the history of a former time.

Professor Janek Ratnatunga

The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive.

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THE SOCIAL CONTRIBUTION INDEX (SCI™): A NEW ALTERNATIVE FOR EVALUATING CHARITIES' IMPACT ON SOCIETY

How can we evaluate the overall contribution of charities to the society? With more than 45,000 registered entities served by more than 3.6 million volunteers to raise $160 billion gross revenues, the Australian charity sector is one of the significant contributors to improving its citizens' welfare.

However, since the term 'welfare' includes non-financial benefits such as positivity and emotional well-being, the charity sector has struggled for years to identify credible methods of valuing welfare-based social benefits provided to various stakeholders including customers, volunteers, employees, investors, landlords, suppliers, students and the public. Though some methods (see Zappalà and Lyons 2009 for an analysis of social audit network) advise separate reporting of financial and non-financial benefits separately, such methods have not been widely adopted by the charity sector.

Currently, the only method that has gained increasing attention among both donors and charities is the 'social return on investment' (SROI) method, which monetises all social impacts using financial proxies. This method proposes that a charity organisation determines the discounted value of social benefits provided to all stakeholders over the life of the project and divides the same by the present value of all investments made in order to identify an SROI index measured over the lifecycle of a specific project. (see Flockhart 2005 for a description of SROI).

However, several practical criticisms have been levelled against this methodology. First, the SROI index is customised to a particular project and hence the index does not facilitate benchmarking or comparisons across different charity segments. Second, the index captures the whole lifecycle investment performance, which is not suitable for evaluating routine operational performance of the charities. Finally, the investment value (i.e. the denominator figure of the SROI index) does not consider the cost of notional resources such as volunteer efforts because these are not 'actual' outlays. However, we all know that notional resources are so central to the functioning of charities, and it is hard imagining an accounting system not capturing the value of such resources (see Faivel et al. 2012; Jones et al. 2020; Maier et al. 2015 for a description of these criticisms).

Therefore, performance measurement continues to be a problem for charities. Is it possible to develop a new accounting model that helps overcome the criticisms of the SROI methodology?

In addressing the constraints, an ***Adelaide Business School*** team led by *Associate Professor VG Sridharan* at the *University of Adelaide* has developed a new accounting model titled ***'Benefits Received and Provided' (BRP™)***. This model considers a multiple stakeholder group perspective to understand the value of all the benefits that a charity firm receives from the diverse groups, and in return what benefits the organization provides to such groups. The model is developed within a positivistic paradigm as compared to the SROI frameworks that are driven by interpretivist-oriented financial proxies (see Klemelä 2016). As such, this BRP™ model considers the economic and social valuation of both actual and notional costs.

Three points are noteworthy in this BRP™ model: First, some transactions such as the economic value of volunteer efforts can appear on both sides of the statement with different values since both parties benefit to different degrees from the bilateral cooperation. Second, in this model, theory-led concepts such as 'market differential' and 'opportunity gain' are developed to value

primary and secondary benefits provided. Finally, the outcome, Social Contribution Index (SCI™) is obtained by dividing benefits provided by benefits received. While some charity firms may find this index valuable in their negotiations for additional federal funding, other charity organizations may adopt it for evaluating its ESG policy and developing new strategies for social impact. The preliminary template of the model (as shown in Appendix 1) is based on VG's work on computing the social contribution index for Vinnies' charity opportunity shop segment. The model is planned to be tested in several diverse charity organisations and then refined before it can be generalised as the complementary system that can address the limitations of the extant SROI model.

Currently, the research team is working with a large Australian charity organisation to test the model for their *Lifeline* Project, which offers emergency help to people undergoing addiction, violence, health, relationship, seclusion and suicidal-inclination problems. The team believes that the *Lifeline* case study will enable the identification of new conceptual bases for capturing the indirect tertiary benefits provided by a charity organization. In this regard, the team welcomes the first professional recognition support partnership from the leading ANZ professional management accounting body, *The Institute of Certified Management Accountants of Australia & New Zealand.*

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See **www.csi.edu.au**

Appendix 1

An Example of the Application of the Model to a Charity Selling Association.

Benefits Received and Provided (BRP) Statement for a Charity Selling Association for the year 20XX

Benefits Received by XX Charity (A)			**Benefits Provided by XX Charity (B)**		
Offering Stakeholders	**$**	**Note**	**Receiving Stakeholders**	**$**	**Note**
1. Goods Donors			**1. Customers**		
Sale of donated goods and purchased goods			Any savings to customers on goods sold (by low-pricing)		
2. Volunteers*			**2. Volunteers***		
Notional economic value of volunteer efforts		**[1]**	Social benefits offered in excess of the notional economic value		**[2]**
3. Employees		**[3]**	**3. Employees**		**[3]**
Economic value of employee efforts provided			Economic value of employee efforts as compensated by the firm		
4. Goods suppliers		**[4]**	**4. Goods suppliers**		**[4]**
Market value of all goods (purchased and donated to the firm)			Market value of goods as paid by the firm to the suppliers		
5. Landlords		**[5]**	**5. Landlords**		**[5]**
Contracted lease value of all space (leased and donated to the firm)			Contracted value of leased space as paid to the landlords		
Total Benefits Received (A)	XXX		Total Benefits Provided (B)	XXX	
			Social Contribution Index (B)/(A)		**[6]**

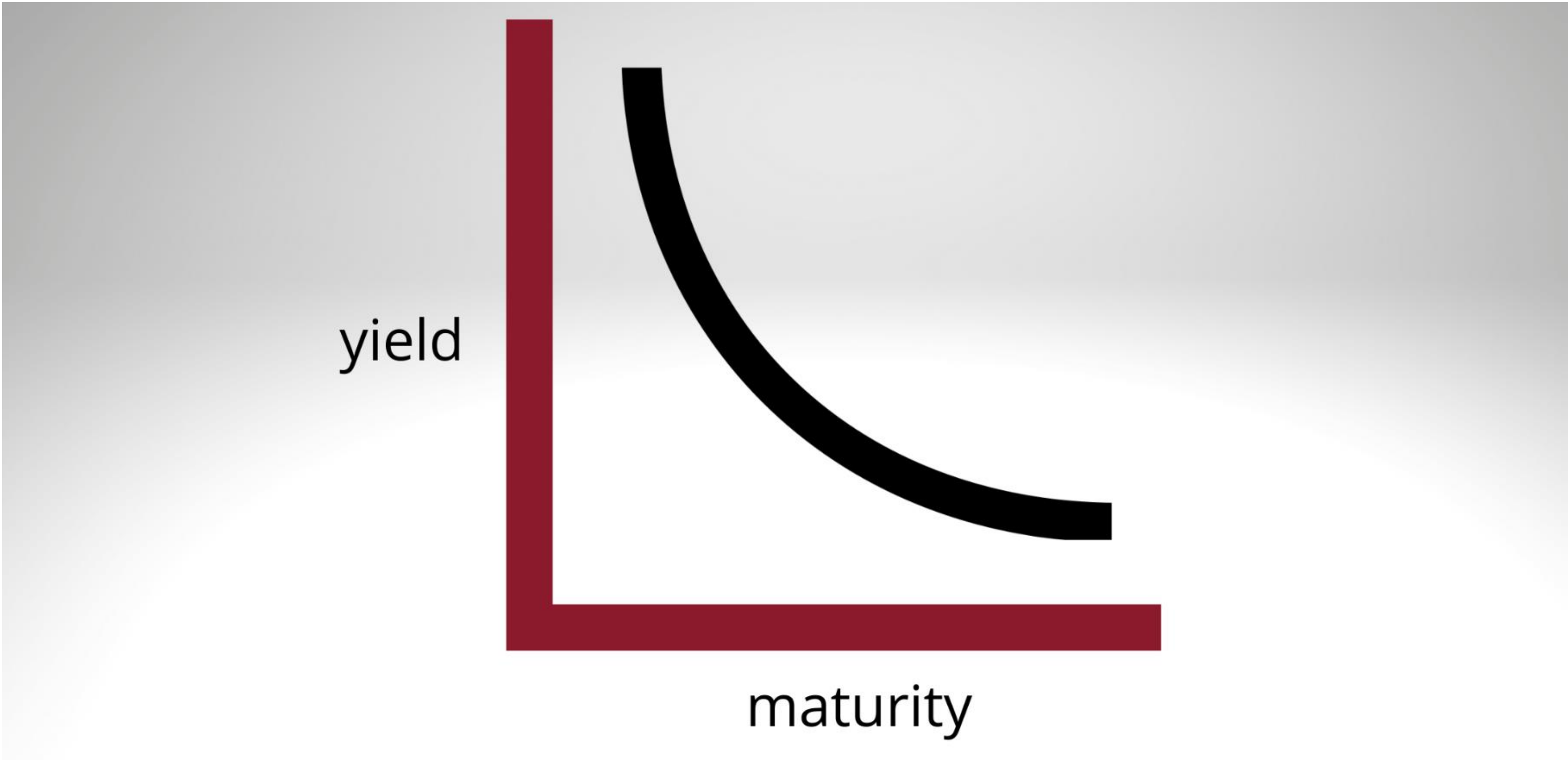
Notes:

[1]: This value calculates the opportunity costs of employing the volunteers (i.e., multiplying the total volunteer hours by the general retail industry award or any other appropriate rate). It then subtracts the economic value of the *deadweight* factor (which is the notional value of all the additional volunteers that the firm may not be utilizing, if these volunteers were to be replaced by paid workers). Note that this term 'deadweight' is an accepted term in the economics literature but the team believes that it must be rephrased to respect the sentiments of charitable organizations.

[2]: This is the economic value of the deadweight factor in addition to any other benefit that the firm provides to the volunteers indirectly (such as saving their work-test hours or providing a source for gaining experience).

[3] to [5]: These stakeholders appear under both columns at the same value because their contributions are received and compensated at the same time. At times, these values are likely to differ between the two columns (if for example, the goods suppliers offer goods to charity firms at a significant reduction from its current market price)

[6]: The social contribution index is the resultant value of benefits provided upon benefits received.



WHAT IS AN INVERTING YIELD CURVE AND DOES IT MEAN WE'RE HEADING FOR A RECESSION?

One key predictor of downturns in the economy is what is known as the yield curve. This typically refers to the market for what the US government borrows, by issuing bonds and other securities that mature over different time horizons ranging from weeks to 30 years.

Each of these securities has its own yield (or interest rate), which moves up and down in inverse proportion to the security's market value – so when bonds are trading at high prices, their yields will be low and vice versa. You can draw a chart that plots the yields of securities at each maturity date to see how they relate to one another, and this is known as the yield curve.

In normal times, as a compensation for higher risk, investors expect expect higher rates of interest for money they lend over a longer time horizon. To reflect this, the yield curve normally slopes up. When it instead slopes down – in other words, when it inverts – it is a sign that investors are more pessimistic about the long term than short term: they think a downturn or a recession is coming soon.

This is because they expect the Federal Reserve, the US central bank, is going to cut short-term interest rates in future to stimulate a struggling economy (as opposed to raising rates to cool down an economy that is overheating).

Most closely watched is the relationship between two-year and ten-year US treasury debt. The so-called spread between these two metrics can be seen in the chart below, with the grey areas indicating recessions that have tended to follow shortly after.

Spread between two-year and ten-year treasuries

As you can see, the yields of these two securities are getting very close to being the same, and the trend suggests that the two-year will soon have a higher yield – meaning the curve is inverting. The key question is, does an inverted yield curve hint at an upcoming downturn? Not necessarily. Let me explain why.

Inflation expectations

One complication is that bond yields don't only reflect what investors think about future economic growth. They also buy or sell debt securities depending on what they think is going to happen to inflation. It's generally assumed that prices will increasingly rise in the years ahead, and investors need to be compensated for bearing that risk, since higher inflation will erode their future purchasing power. For this reason, bond yields contain an element of inflation premium, normally with an increasingly higher premium for bonds with longer maturity dates.

The following chart shows the spread between the inflation expectations built into 10-year and 2-year treasuries. The fact that it is in negative territory suggests the

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market thinks that inflation may fall, and this may also explain why yields on longer-dated treasuries are lower than on shorter-dated ones. And although inflation would fall in the event of an economic slowdown or recession, there could be a situation where inflation fell but the economy remained buoyant. Hence a yield curve inversion doesn't have to mean that we are up against an imminent recession.

Inflation expectations (ten-year vs two-year treasuries)

Which yield curve should we consider?

It is also sometimes argued that two-year/ten-year spreads are not the most useful ones to watch, and that instead **one should focus** on yields at the shorter end of the yield curve. In this set up, if you look at the difference in yields between two-year and three-month treasuries, it is **actually steepening**: in other words, it is hinting that economic growth is going to increase in the short term.

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Quantitative easing

Another factor that is potentially affecting the yield curve is the Federal Reserve's moves to buy government debt as part of its **quantitative easing programme** (QE). The idea behind QE is that by buying long-term bonds, the Fed is able to keep long-term interest rates low, which decreases the rates on mortgages and other loans, thereby stimulating the economy. Conversely, when sold, lending rates will go up and economic activity will be reduced.

Earlier in March, the Fed started raising the benchmark US interest rate and stopped the asset purchases under the QE programme that it launched in 2020 in response to the COVID pandemic. But it also indicated that it would only start selling these assets after several months of hiking the benchmark rate. Since the benchmark rate is a short-term rate, the yield curve inverting might indicate market expectations that short-term interest rates will be higher than long-term ones for the foreseeable future.

Economists sometimes argue that these near-term yield curve movements have stronger predictive power than those further out. At the very least, the fact that these are saying something different shows the need to be careful because different data about treasury yields can depict a different (or even opposite) picture depending on what time horizon you are considering.

Spread between two-year and three-month treasury yields

To summarise, it doesn't necessarily follow that an inverted yield curve will be followed by a recession. It certainly could mean that, in which case unemployment would likely rise and inflation would potentially come down more quickly than many are expecting. But for now, it's too early to say. The debt market is certainly signalling that change is coming, though it's often easier to say in hindsight what it meant than at the present time.

Luciano Rispoli, Teaching Fellow in Economics, ***University of Surrey***

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HIRING FRIENDS AND FAMILY MIGHT ACTUALLY BE GOOD FOR BUSINESS – NEW RESEARCH

Mark Zuckerberg, the CEO of Meta/Facebook, **recently remarked** in a podcast interview that when it came to hiring new staff, his preference was people whose "values aligned in the things that you care about". This, he said, was akin to "choosing a friend or a life partner". He went on to state that many young people were too "objective-focused" and "not focused enough on connections and … people".

This speaks to one of the eternal questions for managers in deciding who to hire: do you choose the candidate who has objectively higher ability or the one whose values are more in common with your own?

While some would unambiguously select the higher ability candidate, others like Zuckerberg might weigh differences in candidates' abilities against the extent to which they share the values of the employer. Some would go further and hire family or friends.

Many firms actually promote this with employee-referral incentive schemes that encourage hiring individuals of similar characteristics – or at the very least those who move in the same networks. The **stated purpose** of such schemes is to reduce the costs of hiring, increase employee retention rates and improve employee engagement. There are **even guides** dedicated to helping managers who hire their friends.

On the other hand, such a buddying approach to recruitment seems to contradict anti-discrimination laws. These have been enacted around the world to ensure that certain groups of individuals are not treated more poorly than others. For example the UK's **Equality Act 2010** makes it unlawful to discriminate on the basis of age, gender, religion, race or sexual orientation (among others). The US equivalent, the **Equal Employment Opportunities laws**, similarly aims to reduce workplace discrimination.

The problem with hiring your friends

Broadly speaking, anti-discrimination laws promote diversity, while prioritising hiring friends, family or those with shared values seems to do the opposite. The American psychologist **Gordon Allport**, in his 1954 work **The Nature of Prejudice**, noted a distinction between hiring based on negative prejudices (discrimination), and hiring based on positive prejudices (factors other than ability). He claimed that while hiring based on negative prejudices created social problems, hiring based on positive prejudices did not.

Gary Becker, the American economist, made a similar distinction in his 1957 book **The Economics of Discrimination** but reached a different conclusion. He termed hiring based on negative prejudice as discrimination, and hiring based on positive prejudice as nepotism, and he argued that both led to economic inefficiencies. This was because both involved hiring workers for reasons other than ability, which he reasoned was the greatest predictor of output.

The role of human behaviour

But why would many companies explicitly focus on recruiting friends and family if it were really bad for business? Could it be that hiring decisions that don't prioritise a candidate's abilities might lead to lower output, but having employees with shared values is still better for an organisation overall?

In a **recent paper** myself and two research colleagues, Catherine Eckel and Rick K. Wilson, sought to find out. We conducted a controlled laboratory experiment with a sample of university students with strong social ties at Rice University, Texas. Upon admission, students at Rice are sorted into "residential colleges", which are essentially housing where they typically stay throughout their studies. Students of the same college live together, eat together and compete against other colleges in a variety of activities, inculcating a strong college-based identity and shared values.

In our experiment, we got the students to play a **famous two-player game** that economists use to measure trust. This simulates a manager-employee relationship by first giving an individual in the role of a manager a small sum of money – usually US$10 (£7.66).

They are then asked how much they would like to transfer to an individual in the role of an employee. Whatever they transfer is then multiplied, usually by three, and given to the employee. The employee must decide how much to give back to the manager. Both are trying to end up with as much money as possible. Hence the manager is investing in the employee and trusting them to return some of the investment. The employee chooses how much to send back to the employer, which is a measure of reciprocity/effort.

In our version, managers had to choose between investing in an employee from the same residential college (meaning they had shared values), and one that was not. They were also made aware that different employees had different “abilities”, in the sense that the multiplier that determined how much money they received from the investment would be smaller – for example, 2.5 instead of three.

In some cases, the employee with the shared values was “lower ability”. This meant that the manager would need to trust them to give back a higher proportion of their money than the alternative choice would give back.

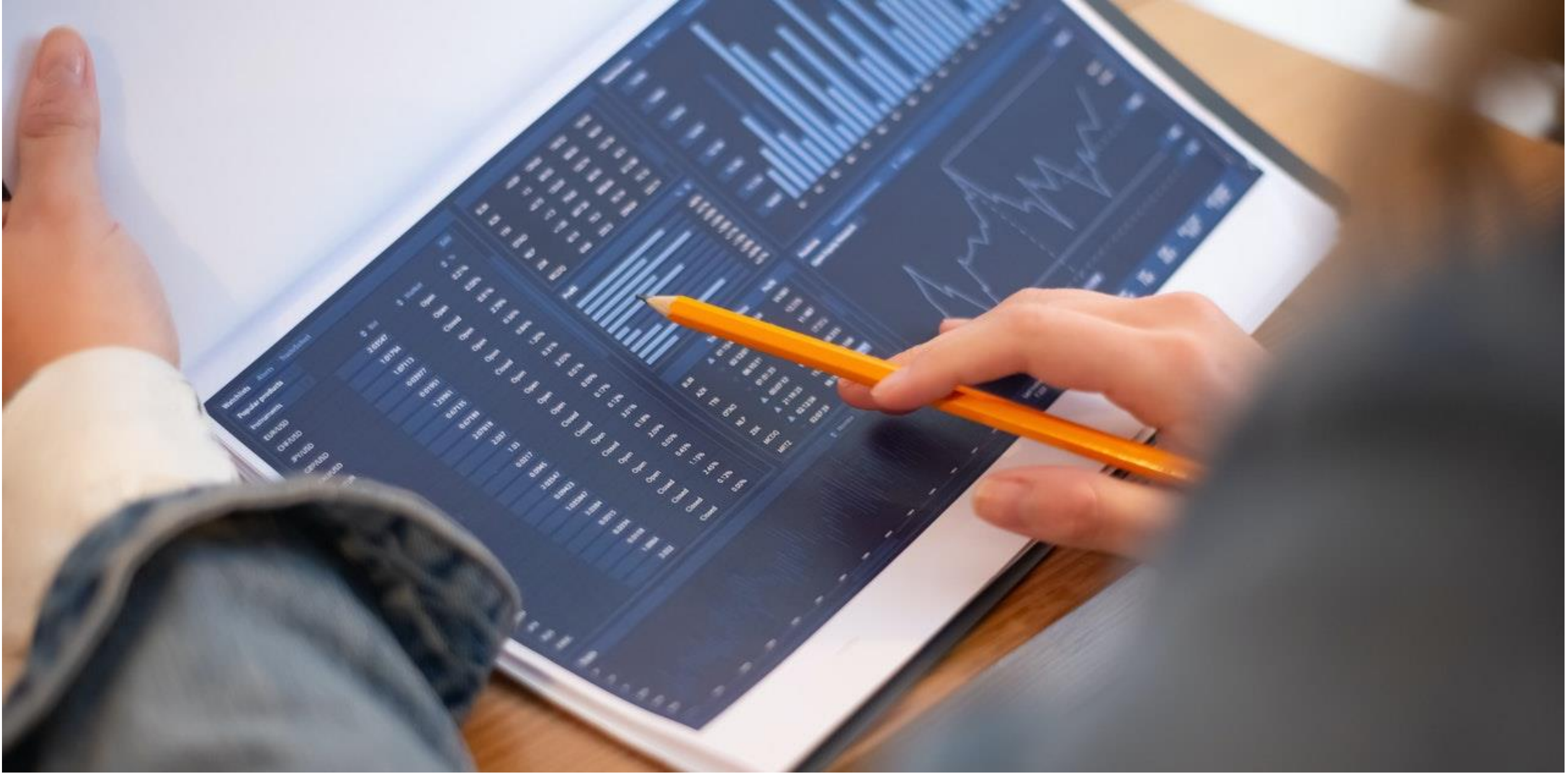
When faced with employees of equal ability, 80% of managers chose the one from their college. Even when their fellow college member was “lower ability”, 40% of managers still chose them. In other words, while at least some managers were choosing partners based on ability, a significant proportion incorporated college membership into their decision.

Employees from the same college exerted more effort for their managers (meaning they returned a larger share of the money) when they were “lower ability” than the other candidate. This suggested that “lower ability” group members compensated for their handicap by increasing their effort. On average, when managers with a choice of candidates of “equal ability” went with their college mate, they made 10% more money. And among those offered a “lower ability” college mate and a superior outsider, they made 7% more by going with the college mate.

These results imply that focusing on ability alone ignores the contribution to output of behavioural factors such as engagement, trust, motivation and effort. As long as differences in ability are not too large, hiring from within employee networks would appear to be a profitable strategy. Becker had it wrong, in other words.

So while it was previously thought that hiring based on network or familial ties was mainly altruistic, our research suggests otherwise. It may still bring up **managerial challenges**, such as having to tell these employees what to do, or calling them out when they don’t meet expectations. But employers trust employees more when they share their values, and the employees may compensate for their lower ability by working harder, benefiting the organisation as a result.

Sheheryar Banuri, Associate Professor, School of Economics, **University of East Anglia**



THREE USEFUL THINGS TO KNOW ABOUT BUSINESS ANALYTICS

Business analytics is an increasingly in-demand skill in Australia and globally. It is a set of skills and practices that utilise big data, statistical analysis, and data visualisation to help solve business problems, inform strategic and operational decisions, and create organisational change through digital transformation. In an increasingly data-driven world, it's no surprise that the global big data analytics market is projected to **increase by US$172.77 billion from 2020 to 2025**, with small- and medium-sized businesses expected to lead this growth.

But where does the customer fit into this process of data analysis-inspired digital transformation? In a recently published paper, **Disciplined autonomy: How business analytics complements customer involvement for digital innovation**, **Dr Yunfei Shi**, lecturer in the School of Information Systems & Technology Management at UNSW Business School, explores the role of the customer in the process of utilising business analytics for digital innovation.

For example, "digital innovation companies often face the dilemma of pursuing mass customisation and following a roadmap to deliver their digital products," explains Dr Shi. "To help companies address this dilemma, our research examines how companies harness the power of big data using business analytics capabilities in conjunction with customer involvement capabilities to achieve a reasonable balance between the strategic vision and pursuing customisation," she says.

Specifically, Dr Shi and her co-authors examine the technical skills and the cultural aspects of business analytic capabilities in augmenting a company's customer involvement capabilities for generating and growing digital innovation.

A data-driven culture is vital to digital innovation

Dr Shi explains that technical business analytics capabilities, or business analytic skills, power customer involvement capabilities via a top-down process. Specifically, these skills integrate internal and external information to generate actionable insights and provide high-level guidance on the strategic road map that digital innovation can follow. For example, through predictive analytics techniques, companies can forecast the trend of technological advancement and customer preferences for innovation.

On the other hand, cultural business analytics capabilities, or simply business analytics culture, power customer involvement capabilities via a bottom-up process. "Specifically, data-driven culture empowers employees with the autonomy to make fact-based decisions to adapt to technological and customer requirement changes," explains Dr Shi.

So instead of business analytics simply predicting what innovations customers might prefer, employees should be driving those decisions. "In addition, autonomous interactions are driven by the differences in employees' and customers' knowledge and capabilities rather than by formal management, which is beneficial for the emergence of innovative ideas," says Dr Shi.

These mechanisms – a top-down and bottom-up process – ensure a "disciplined autonomy" for companies to engage with their customers to grow digital product innovation, and should be central to decision making, explains Dr Shi.

The findings of her research paper reveal several things about how businesses should approach utilising business analytics. First, technical skills directly improve digital innovation's market performance (e.g., sales, profit), whereas culture alone does not.

However, culture demonstrates more substantial complementary effects than skills do when interacting with customer involvement capabilities (and these complementary effects exist when the value of a capability is augmented by interacting with another capability). This means that superior technical skills are necessary but insufficient for innovation. And when interacting with other capabilities, Dr Shi says business analytics culture displays more potent effects in augmenting organisations' existing capabilities for innovation.

What can businesses do with this information? Given that business analytics culture has stronger effects on increasing organisations' existing capabilities, fostering a data-driven culture is as vital as developing technical skills in business analytics. This is because the development of a business analytics culture challenges traditional decision-making processes, requiring top management to commit to fact-based decision-making and promote the benefits of leveraging big data to enable digital innovation. Doing so results in new opportunities for innovation.

Leaders must support cross-functional teams

The findings also suggest that companies should encourage cross-functional collaboration between business analytics and customer involvement teams to enhance digital innovation. Analytics-based innovation is more likely to happen if business analytics and other functional employees frequently interact with each other because data-driven insights are helpful for the customer involvement team to make informative decisions, explains Dr Shi.

"To facilitate such interactions, leaders must establish and support cross-functional teams involving business analytics staff and customer engagement staff to engage with customers," says Dr Shi, who adds companies need to develop an organisational mindset of balancing the flexibility of coping with changing needs in the marketplace and the stability of legitimising a vision for growing innovation.

"Leaders should empower front-line employees to make data-driven decisions and provide high-level principles for them to follow when needed," she says.

Effective use of business analytics relies on human decision-making

According to Dr Shi, business analytics present several business opportunities, including:

- Enables organisations to access information at an unprecedented volume and pace, which helps generate valuable insights for making decisions effectively and efficiently.
- Transforms many business processes by leveraging the value of big data, for example, customer engagement, supply chain management, human resource recruitment, etc.
- Transforms traditional decision-making processes where top management's intuition and experience dominate by empowering employees with autonomy and creativity.
- Encourages a data-driven culture where organisational members should value and promote insights derived from data analytics.

But there are also several challenges. For example, business analytics increases the pace and the intensity of the competition in the industry. As a result, using business analytics to power organisations' existing capabilities becomes the source of competitive advantage.

Additionally, businesses also need to be mindful of the ethical use of big data. Although data can be powerful in generating informative insights, companies need to ensure privacy, transparency, and equity issues when using business analytics to make decisions.

Despite its usefulness, Dr Shi warns that business analytics should not be the single source for business decisions because analytic insights focus on significant data patterns and lack contextualised consideration for an individual business case.

"To mitigate decontextualised insights using business analytics, companies need to use human judgement to complement big-data insights for decision making. Furthermore, data-driven insights can be biased if the input data is not reliable or comprehensive to capture real-world problems," she says.

"For example, evidence has shown that analytical prediction leads to biased decisions across gender, race, and age in allocating healthcare staff and resources during the COVID-19 pandemic. Under these situations, organisations need to keep humans in the loop to ensure the fairness of decision making," she concludes.

*Dr Yunfei Shi is a Lecturer in the School of Information Systems & Technology Management at UNSW Business School. Her primary research area focuses on digital innovation and entrepreneurship. For more information, please **contact Dr Shi directly**.*

GREEN INVESTING: THE GLOBAL SYSTEM FOR RATING COMPANIES' ETHICAL CREDENTIALS IS MEANINGLESS

As the war in Ukraine rages, finance professionals on Wall Street and in Europe recently attracted outrage by suggesting that investing in arms manufacturers should be treated as ethical investing. In the fight against tyranny, they argued that such an investment "preserves peace and global stability" and defends "the values of liberal democracies". As such, it belongs in the increasingly lucrative investment category known as ESG or environmental, social and governance.

ESG is viewed as a kitemark for socially conscious investing. If you tick a box that says you want your pension or savings to be invested ethically, whoever looks after your money will put it into ESG funds – meaning funds that hold only companies with an ESG rating.

Unfortunately, the label is not currently worth the paper that it's written on – and not only because of the controversy over defence contractors. My recent research shows that this completely undermines ESG's potential as a force for good. As we shall see, however, regulators are at least making moves in the right direction.

How ESG works

ESG investing conjures up ideas of companies devoted to a fairer and more sustainable world. You imagine them reducing carbon emissions and water usage, creating good jobs with equal pay and opportunity, or ensuring that they are well managed and accountable to shareholders, employees and customers.

From a standing start around a decade ago, Bloomberg reckons that US$41 trillion (£31 trillion) of financial assets under management will carry the ESG label by the end of 2022. This is projected to rise to US$53 trillion by 2025, or one-third of all the assets under management in the world – an incredible statistic. Yet the more closely you look at what ESG means, the harder it is to get clear answers.

Companies are scored on their ESG performance by a host of ratings agencies, the biggest of which are MSCI and Refinitiv, both headquartered in New York, and Amsterdam-based Sustainalytics. These agencies produce opaque scores using differing methodologies. Scores aggregate hundreds of inputs that mask often inconsistent and incomplete data provided by the company being rated. There is no standardisation across the industry, and no regulation of the ratings.

Equally troubling is the way that fund managers assemble the ESG funds that they offer to financial advisers and amateurs as investment opportunities. Any fund can be labelled ESG so long as the fund manager has taken ESG factors into account, but some funds turn out to be much more ethical than others.

There are broadly three types of funds. The ones likely to be the most ethical have sustainable investment or a reduction in carbon emissions as their objective. Then there are those that exclude whole sectors such as tobacco or the aforementioned weapons manufacturers. You know you're definitely not getting exposure to whatever is excluded, but the logic behind what is included might be harder to discern.

The third category is funds that have been relabelled as ESG. According to investment research firm Morningstar (which owns Sustainalytics), 536 funds across Europe were relabelled in this way in 2021, double the number that were relabelled similarly 2020, so we're talking about a huge chunk of the industry. Many funds have higher fees than non-ESG funds, which suggests that this is one attraction of relabelling.

What scores mean

There is also a fundamental issue with what ESG scores mean. For example, recent research found that tens of leading banks including Wells Fargo, Citi and Morgan Stanley were awarded higher ESG scores despite increasing their lending and investments in fossil fuel companies.

This was possible because ratings agencies are solely concerned with assessing the external environmental, social and governance risks to a company's ability to generate cash flow and profits in future (known as "materiality"). They are not concerned – contrary to what most people probably assume – with the risks that the company poses to the environment or society. So when the ratings agencies increased the ESG scores of those leading banks, they were simply saying that the environmental and social risks to profits were lower than previously.

Were weapons manufacturers to be considered ESG, you could apply similar logic: the Ukraine war has reduced the risks that these companies will be hit by a peaceful period in which they don't sell much hardware, so arguably their ESG score should rise. The only reason this is not happening is because the defence sector gets excluded from ESG funds for not being considered ethical per se. Sector exclusions are arguably the only ethical judgement in this entire business.

ESG ratings agencies have also been using artificial intelligence and machine learning to make scoring even more unhelpful. They scan the internet for company ESG disclosure statements and public sentiment about company activities on social media, and feed this data into algorithms that often increase the ESG scores of the companies in question.

The problem is that ESG disclosures are usually just marketing documents. Unlike company financial reports, there is no legal requirement for them to be assured by certified public accountants. Companies can cherry-pick positive facts and ignore whatever they don't want us to see. The entire US$41 trillion of stocks with ESG ratings is being coloured in this way. My research terms this the "ESG echo effect". It means that the more a company markets its ESG disclosures, the better its ESG ratings are likely to be.

Hope for the future

So what are the regulators doing? New EU rules introduced in 2018 make ESG reporting more meaningful by requiring large listed companies to report on a series of metrics annually alongside their financial reporting. They have to not only weigh the external risks to their profits and cash flow, but also the ways in which their activities threaten environment and society (including both types of risks is known as "double materiality"). From April 6, large UK-listed companies must meet similar requirements (though only for climate issues initially).

The US has also just published proposals requiring company ESG disclosures, but only for climate-related risk and there's no double materiality requirement. The Chinese appear to have taken a similar approach in new rules introduced in February.

The EU also introduced rules in 2021 requiring fund managers to define and label ESG funds in specific ways for the first time. This is a massive shift which gives investors much more clarity over what they're putting their money into. Meanwhile, the EU and China have published proposals for international standards for defining green investments and guiding investments towards sustainable projects across six industrial sectors, with a focus on mitigating the climate crisis.

Overall, progress is promising but it's still patchy. Many parts of the world still need to get on board with requiring companies to do a double materiality analysis. Small and medium businesses everywhere need disclosure requirements, albeit with a lighter reporting requirement than bigger companies (just like with financial reports). Disclosures need to be assured by certified public accountants – even in the EU this is still voluntary. And ESG ratings agencies must be regulated: they have broadly been ignored by regulators to date.

The point is that there's a huge business opportunity in sustainable business. But if ESG is to live up to its potential, we're still a long way from making it meaningful.

Marc Lepere, PhD Candidate in Political Economy, King's College London

ASIC ISSUES INFORMATION FOR SOCIAL MEDIA INFLUENCERS AND LICENSEES

ASIC has published an information sheet about discussing financial products and services online. It outlines how the law applies to social media influencers, and the licensees who use them.

ASIC Commissioner Cathie Armour said, 'The way investors access information is changing. It is crucial that influencers who discuss financial products and services online comply with the financial services laws. If they don't, they risk substantial penalties and put investors at risk.'

In 2021, the **ASIC young people and money survey** found that 33% of 18-21 year olds follow at least one financial influencer on social media. The survey found a further 64% of young people reported changing at least one of their financial behaviours as a result of following a financial influencer.

INFO 269 *Discussing financial products and services online*:

- highlights activities where influencers may contravene the law if they are unaware of the legal requirements, using a series of practical examples on:
  - financial product advice
  - dealing by arranging
  - misleading or deceptive conduct
- explains issues for influencers to consider including:
  - whether an AFS licence is needed
  - being familiar with relevant regulatory guidance
  - doing their due diligence on people who are paying them (including non-monetary benefits)
- reminds AFS licensees who use influencers to:
  - do their due diligence
  - have appropriate risk management systems and monitoring processes
  - have sufficient compliance resourcing to monitor the influencers they use
  - consider their design and distribution obligations.

'ASIC monitors select online financial discussion by influencers who feature or promote financial products for misleading or deceptive representations or unlicensed advice or dealing. If we see harm occurring, we will take action to enforce the law,' concluded Ms Armour.

Background

The licensing provisions under the *Corporations Act 2001* (the Act) apply to persons who provide financial product advice or arrange for a person to deal in a financial product when carrying on a financial services business. Carrying on an unlicensed financial services business is an offence under the Act, unless authorised as a representative of a licensee or relying on an exemption.

The Act imposes significant penalties, including up to five years' imprisonment for an individual and financial penalties into the millions of dollars for a corporation.

The law also prohibits conduct that is misleading or deceptive, or is likely to mislead or deceive, in relation to financial products or services. An influencer does not need to be licensed to breach the misleading or deceptive provisions.

In 2020 and 2021, ASIC conducted two **Young People and Money surveys** to better understand the challenges young people are facing. The survey responses provide new insight into how young Australians learn about, engage with and feel about their finances.

RISING NUMBER OF AUSTRALIANS HIT BY FRAUDS AND SCAMS

The proportion of Australians who suffered from personal fraud was 11 percent last year (2020/1) – with card fraud, identity theft and scams leading the way – according to **data released by the ABS**.

The last year that the ABS released similar data was in 2016 when 8.5 percent of people suffered fraud loss.

Dean Mitchell, KPMG Forensic Partner, said: "This significant spike in Australians victimised by fraud is driven by more of our daily and business lives being conducted virtually or over the internet, and the increasing sophistication of fraudsters and organised crime gangs attacking Australians online."

Card fraud remains the largest threat to Australians. A breakdown of reported card fraud shows that a large proportion were unable to determine how their information had been obtained, a hint toward the growing sophistication of fraud schemes.

Dean Mitchell said: "Credit card details are being stolen, criminal gangs, both here and overseas, are stealing our money and many of us don't know it has happened to us. The criminal syndicates are becoming more coordinated, more secretive and hard to detect".

Many people reported having information stolen over the internet, highlighting the ongoing risk COVID-19 driven changes to behaviour are creating. Remote working is also having an impact on the number of frauds occurring online.

Dean Mitchell said: "Fraudsters coordinate their attacks, often using a scam email or text message to get access to your credit card details or take over your identity. Scams are often the entry point for personal fraud. Scams are the trojan horse, the email or text pretending to be from a bank is how they get hold of your information. Once these criminals have the virtual keys to your life that's when people are really vulnerable".

Dean Mitchell says there are five simple steps anyone can take to ensure their safety online:

1. Use strong passwords and change them regularly
2. Don't use the same passwords on low security accounts like online games as you do for high security accounts like online banking
3. Never give out personal information unless you are sure the person is genuinely who they claim to be
4. Avoid giving away personal information on social media, posts which encourage you to share pet names or where you went to school are often scams trying to gather information linked to secure accounts
5. Make sure the sender is genuine before following any link sent via email or text

Such is the growing threat of fraud, Mr. Mitchell and KPMG Australia this week launched a podcast series, Forensic Lens, based on ten interviews with experts in the field – including interviews with detectives, psychologists, regulators and board directors – to delve deeper into all aspects of white collar crime.

Management Accounting Frontiers
The Research Journal of the Institute of Certified Management Accountants

Call for Papers: ***Special Issue on Unethical Behaviours and Management Controls: Issues and Challenges to Management Accounting***

Guest Editors:

Vincent Chong (University of Western Australia, Australia)
Zuraidah Mohd Sanusi (Universiti Teknologi MARA, Malaysia)
Jan Alpenberg (Linnaeus University, Sweden)

Organizations continue to face issues and challenges on unethical behaviours such as corruption, fraud, and/or misreporting among their managers. Understanding how unethical behaviours occur and how they can be prevented is an essential managerial issue. This Special Issue aims to provide a research forum for scholars to contribute and/or investigates how an organization's formal and informal management controls can be used to prevent or control unethical behaviours.

All research methods are welcome, and topic areas of interest include but are not limited to:

- Issues and challenges of management controls on unethical behaviours;
- The impacts of performance measures and reward systems design on unethical behaviours;
- Issues and challenges of unethical behaviour and management control research in public and/or not-for-profit sectors;
- Unethical behaviours and management controls: Implications of organizational culture;
- The effect of leadership style and management controls on unethical behaviours
- Individual differences, unethical behaviours, and management controls;
- A cross-cultural investigation of the relationship between management controls and unethical behaviours.

Any other topics related to the Special Issue theme can also be considered.

Important Dates:

31 May 2022	Deadline for Initial Submissions
15August 2022	First Editorial Decisions
30 Setpember 2022	Due date for Revised Submissions
15 November 2022	Final Editorial Decisions

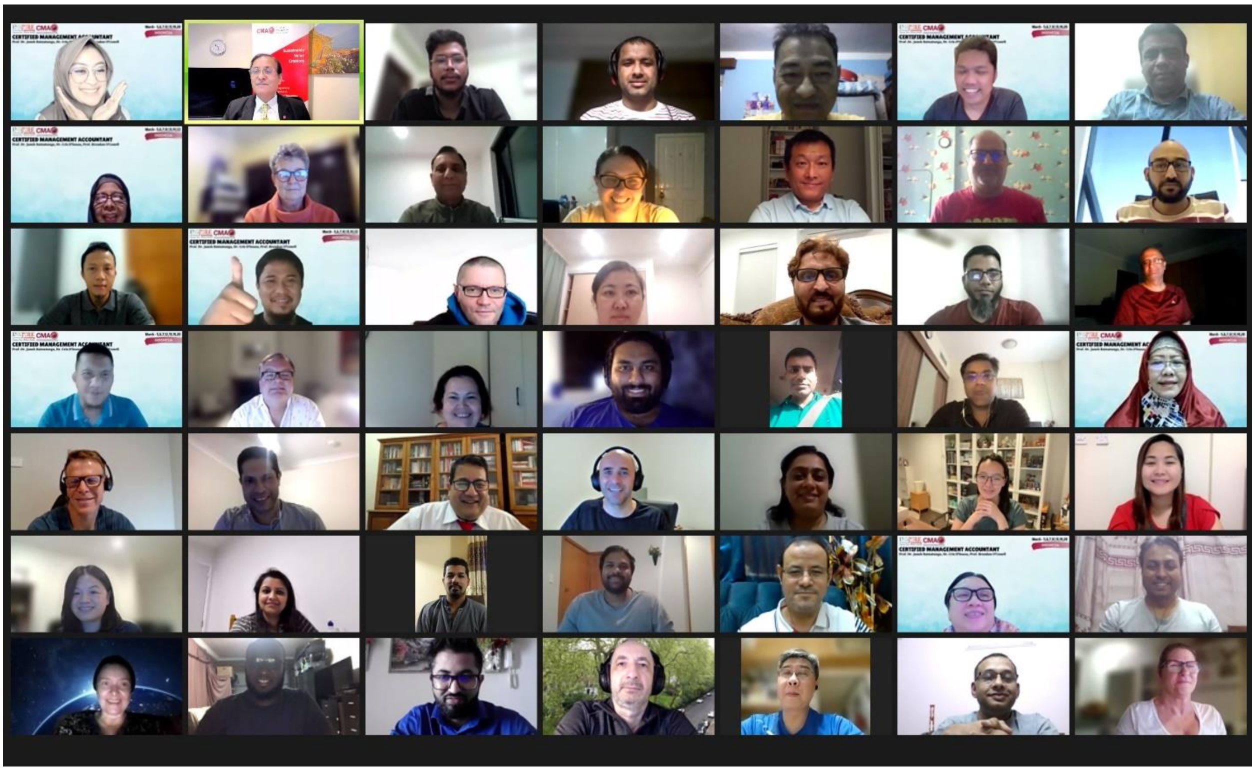
Submission of Manuscripts:
Submission implies that the content of the manuscript has not been published elsewhere or currently under consideration by another journal or publisher for publication. All submissions are subjected to a double-blind review process. Potential contributors should submit manuscripts by email: editor@cmaaustralia.edu.au.

REGIONAL OFFICE AND BRANCH NEWS

GLOBAL ZOOM CMA PROGRAM

The fourth Global Zoom CMA Program was held over 3 weekends in in March 2022. It was an immense success with 74 participants from 22 countries. It commenced at 2pm AEDT and finished at 10pm each day. There were those who tuned in from Canada at Midnight the day before; and from New Zealand who finished after midnight the day following! There were also participants from Europe, Africa, the UAE, Bangladesh, Indonesia, Sri Lanka and also Australia.

The presenters were Prof Janek Ratnatunga, Prof Brendan O'Connell and Dr. Chris D'Souza; and the Zoom Host was Dr Chintan Bharwada; ICMA's COO. Given the incredible logistics involved, it was a team-teaching effort on all the days. From the comments posted in the chat boxes; it was extremely well received. This program had a number of participants from Australia and New Zealand. Special commendation must go to Dr Ana Sopanah and Dr Josua Tarigan , the Regional Directors from Indonesia; and also Mr. Sazzad Hassan, the Regional Director of Bangladesh, Mr. Kapila Dodamgoda, the Regional Director of Sri Lanka, and Shakeeb Ahmed the Regional Director of UAE.



HONG KONG - ACCOUNTANTS, WECARE

With the COVID-19, members are facing increasing stress and anxieties. The ICMA (ANZ) Hong Kong Branch joined hands with other accounting associations once again to present *Accountants, WeCare* stress management sessions for accountants to learn how to enhance our own well-being and performance and/or those of our friends and families.

Lead Organizer: The Association of Christian Accountants 基督徒會計師團契

Organizers: Hong Kong Institute of Certified Public Accountants 香港會計師公會; 香港華人會計師公會 SCAACPA; CPA Australia

Co-organizers:

Supporting Organization: Baptist Oi Kwan Social Service

SRI LANKA PROGRAMS

On February 19-27, 2021, the Sri Lanka Regional provider, *Academy of Finance* and ICMA successfully delivered the second the *7-Day CMA Program* in mixed-mode (online plus face-to-face teaching). Professor Janek Ratnatunga and Dr. Chris D'Souza successfully delivered the course from their homes in Melbourne using the Zoom platform, and Mr. Kapila Dodamgoda and his team took some lectures and case studies from the Galadari Hotel.

INDONESIA ZOOM *WEBINARS*

Throughout the Covid-19 pandemic, ICMA Australia Indonesia Branch continued its commitment to facilitate the capability development for CMA Members, professionals and academics in the fields of accounting and finance. In the March-April 2022 period, 3 more webinars were held. ICMA facilitated the events, which were moderated by ICMA Australia's Indonesia President, Mr. Daniel Godwin Sihotang, Dr Ana Sophana, Mr. Nursakti Niko Rosandy, the Branch Treasurer.

Online CPDs

Business Valuation

Enterprise Risk Analysis

International Business Analysis

Project Finance Analysis

Project Management Analysis

(Special Promotion Members get 90% off for a limited time)

www.cmaaustralia.edu.au/ontarget/online-cpds/

A WARM WELCOME TO NEW MEMBERS (Feb & March 2022)

Abuelgasim, Eltayeb
Adugnaw, Aman Tegete
Alfard Al Ali, Musabeh
Alfard Al Ali, Musabeh
Alqiwani, Azah
Armendi, Pancho Miguel
Bakir, Mohamadu
Barua, Setu
Bautista, Moriele
Borata, Clit Feanbelle
Camus, Hander
Candra, Jacky
Chan, Chiu Tung
Chen, Hua
Cheung, Suk Mei
Chowandy, Ebel
Chowdhury, Md.
CMA Australia Member Service
De Silva, Manoj
Dela Rosa, Elaine Grace
Dihne, Robert
Do Thi Huong, Duong
Elliott, Kevin
Enang, Eyong Ernie
Endhy, Cathlyn Putri
Faruk, Md Omar
Firby, Sonja
Fok, Sze Wing
Foster, Kim
Framancilla, Erlyn Jobelle
Gabrie, Jonathan
Gatan, Jamil John
Handono, Michelle Rosalina
Hartono, Angela
Hasan, Mohammad
Hong, Zhou
Iida, Yuki
Jayatilake, Nimali
Jha, Vikram
Jiang, Zheng
Joviaal, Devina
Katariya, Shalini
Kim, Terry Tae-Hoon
Kohar, Paulina
Kuizon, Ma. Thyrsha
Kwok, Shu
Lachmi, Thadani
Laver, Annette
Lebis, Anthony
Lee, Abel
Lee, Yee Haw
León Rosa, de, Confesora
Liang, Weiqiang (John)
Limantara, Calvin
Lizam, Aminath
Maceda, Arjay
Madhawa, Dissanayake Mudiyanselage
Manila, Julius Andrew
Marimuthu, Ramesh
Martinez, Xhienna Marie
Mendoza, Carol Anne
Mishra, Abhishek
Montajes, Darlene
Montajes, Darlene
Montanez, Miguel
Mucti, Jennifer
Mwale, Tinta
Natasha, Naomi
Nshitima, Chelemann
Olan, Nickol
Palero, Jhumar
Paulino, Mary Ellaine
Piperment, Taher
Prasad CMgr FIML, Karan
Priscilla, Sherin
Pui Chi, Cheung
Racadio, Allyson Kyle
Rafat, Huzaifa
Rahman, Md
Razu, Md
Rehab, Mohamed
Repasa, Hamilee
Romblon, Marjorie Krystie
Salic, Nourhakim
Salim, Jasna
Salim, Jasna
Salim, Stanley
Santhakumar, Nagarajah
Setiono, Jeremy
Sharma, Sangeeta
Sheptitskaya, CPA (Australia), Olga
Silva, Sameera
Sinaga, Sylvia
Soesilo, Monika
Soetanto, Veronica
Sri Vithana, Harsha
Stiles, Shane
Surendran, Vinod
Sutanto, Jacqueline
Tan, Wing Xian
Taya, Bhanu
Tionloc, Rosalie
Tran Anh, Thu
Tran Dai, Nghia
Tran Thi Thu, Hang
Tran Thi Viet, Anh
Trivedi, Paushi
Wang, Ruochen
Wattileo, Lidya
Wijewickrama, Hashini
Yung, Kin Tung
Zayed, Islam

CMA EVENTS CALENDAR

March 5-7 & 12-13 & 26-27, 2022: Fourth CMA Global Zoom Program in Strategic Cost Management & Strategic Business Analysis, Syme Business School, Australia. (Online).

July 16-18, 2022: Certificate of Proficiency in Strategic Cost Management, SMU Academy, Singapore (8th Intake).

July 29-31 & Aug 1, 2022: Certificate of Proficiency in Strategic Business Analysis, SMU Academy, Singapore (8th Intake).

August 18-20, 2022: Webinar in Strategic Cost Management, Hassan Associates, Bangladesh. (Online).

August 26-27, 2022: Webinar in Strategic Business Analysis (Part 1), Hassan Associates, Bangladesh. (Online).

September 2-3, 2022: Webinar in Strategic Business Analysis (Part 2), Hassan Associates, Bangladesh. (Online).

September 10-12 & 17-18 & 24-25, 2022: Fifth CMA Global Zoom Program in Strategic Cost Management & Strategic Business Analysis, Syme Business School, Australia. (Online).

October 22-24 & 27-30, 2022: CMA Program Workshop organised by Academy of Finance, Sri Lanka. (proposed).

November 4, 2022, Australian Hall of Fame Awards, Melbourne (proposed).

November 12-14 & 17-30, 2022: CMA Program Workshop organised by SMART Education, Dubai. (proposed).

November 21, 2022: CMA Graduation Convocation, Sri Lanka (proposed).

November 28, 2022: IMAC Bali, Indonesia (proposed).

Private Providers

Wharton Institute of Technology and Science (WITS), Australia

Syme Business School, Australia

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Singapore Management University Academy (SMU Academy)

Business Sense, Inc. , Philippines

HBS for Certification and Training, Lebanon

SMART Education Group, UAE

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

Segal Training Institute, Iran

Business Number Consulting, Indonesia

Inspire Consulting, Indonesia

STRACC Learning LLP, India

Hassan Associates, Bangladesh

Ra-Kahng Associates Ltd, Thailand

Academy of Management Accountancy, Nepal

Blue Globe Inc, Japan

FFR Group APAC, Malaysia

Unnayan Educational Services, India

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Prof Carol Tilt, PhD, CMA
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University of South Australia

Western Australia
Dr. Vincent Ken Keang Chong
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