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Allegations Against Aveo Group: A Critical analysis of the Commentary Provided by Aveo

Stephanie Dunk

Introduction

As Warren Buffet said, ‘It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently’. In 2017, a joint Fairfax/Four Corners investigation made serious and emotionally charged allegations against retirement village operator, Aveo Group (‘Aveo’). This essay examines Aveo’s efforts to ensure that this did not precipitate its five minutes of ruin. A critical analysis of the commentary provided by the company demonstrates that the responses come in three main phases: the immediate response; the official reporting season; and ongoing impacts. Through each of these phases, Aveo deploys three key strategies, it: dismisses the media reports; recontextualises the allegations; and presents solutions. These strategies are used differently through the three phases. This essay finds that Aveo, while attempting to respond in a clear and factual manner, demonstrates limited empathy for its residents and does not commit to culture change.

About Aveo

Aveo is an ASX200 company that owns, develops and manages retirement villages. It provides housing for more than 13,000 residents (Aveo, 2016, iii) across 91 owned or managed villages (Aveo, 2017f, p. 7).

The ethical issue

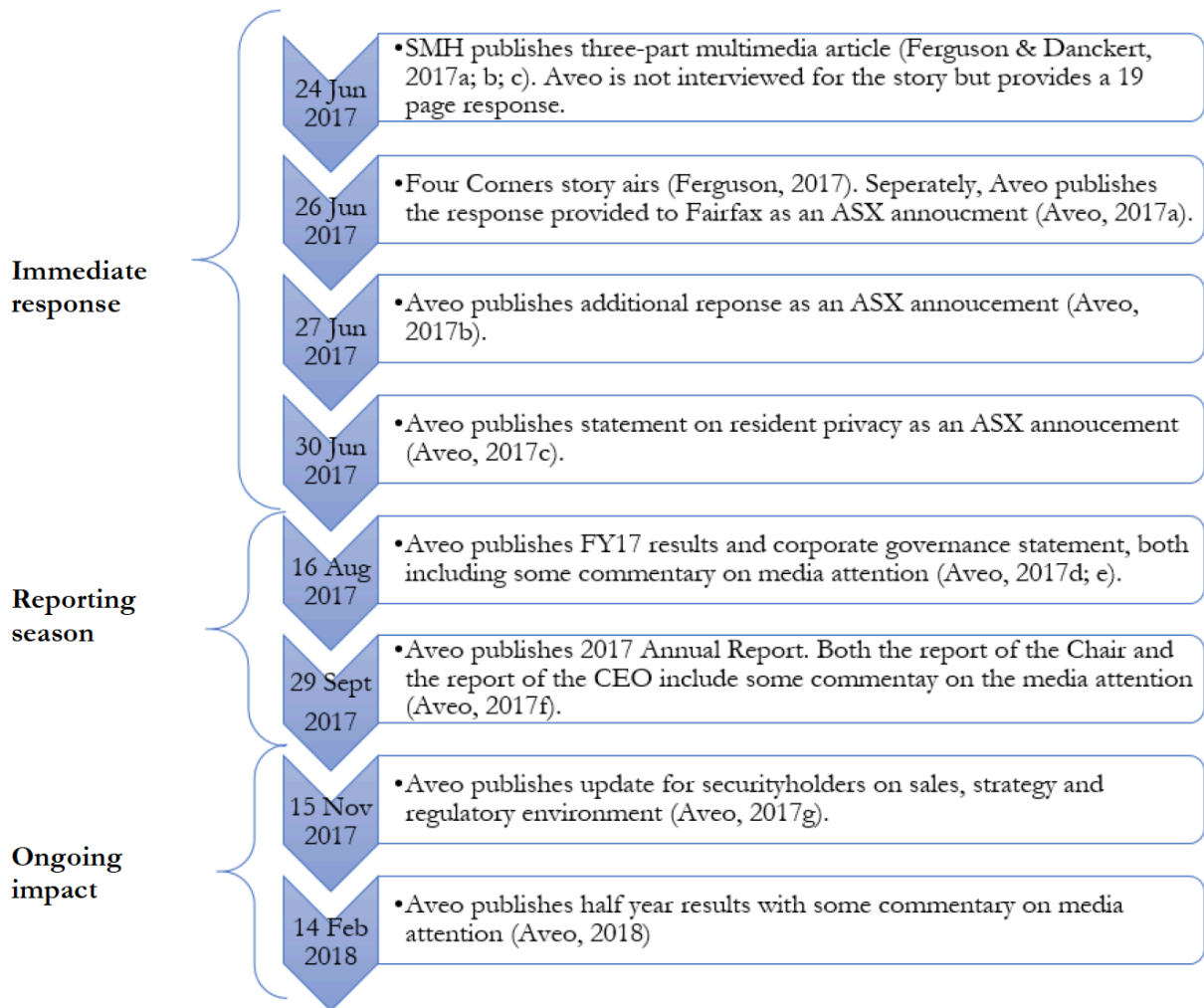
A joint investigation conducted by Fairfax/Four Corners in June 2017 uncovered resident allegations against Aveo of complex contracts, exorbitant exit fees, safety issues and ‘churning’ – an alleged targeted percentage of residents to leave the retirement villages per year. A three-part

interactive article series published by the Sydney Morning Herald and a Four Corners report marshalled the emotive forces of individual stories including that of John Hayto, who after a fall, ‘lay on the floor of his Aveo unit for five days’ before being found by his cleaner (Ferguson, 2017; Ferguson & Danckert, 2017a; b; c).

Summary of commentary provided to the issue by the company

Aveo provided commentary to the issue in media statements and investor disclosures. No employees were interviewed for the media reporting.

Timeline of commentary provided by Aveo



Critical analysis of commentary

Aveo's commentary will be analysed according to the three response strategies. Dismiss Media Reports

From the start of the controversy, Aveo attempted to dismiss the media reports by presenting Aveo as the expert, and the journalists as uninformed. Aveo corrects technicalities and terms, refers to the laws under which they operate, and provide descriptions of existing policies (Aveo, 2017a, p. 1).

In the reporting season, Aveo turns to explicit comment. In the 2017 Report of the Chairman Seng Huang Lee says that the aged care industry 'has received extensive media attention that was unfairly focused on Aveo. This media attention has neither been fair nor balanced' (Aveo, 2017f, p. 3).

As the issue goes on, Aveo refers to the reporting as 'some concerns in the industry' (Aveo, 2017g, p. 1) and 'negative media sentiment' (Aveo, 2018, p.1).

Recontextualise the Allegations

Aveo also recontextualises the allegations. This is initially achieved by providing more details on the individual stories reported by the journalists, for example by describing their need to 'manag[e] serious

counter allegations from other residents' against one of the complainants (Aveo, 2017a, p. 7). Aveo also points to positive survey results (Aveo, 2017a, p. 12). Both strategies help to present the individual stories reported by Fairfax/Four Corners as non- representative cases.

During the reporting season, Aveo places the allegations in an industry context. It describes itself as 'Australia's leading pure retirement group' and describes initiatives that have been 'adopted to raise standards across the industry' (Aveo, 2017d, p. 3).

By 2018, Aveo recontextualises the allegations by slotting them into a corporate success story focused on the initiatives and their impacts on enquiries and sales – 'an increasingly positive response from existing and new residents' (Aveo, 2018, p. 1).

Present solutions

Initially, Aveo offers limited solutions to the alleged problems, including commitments to investigate one of the allegations as well as emphasising the new resident contracts they have already introduced (Aveo, 2017a, p. 6).

During the reporting season, Aveo presents solutions through 'important initiatives' including complaint handling and contract simplification (Aveo, 2017f, p. 6). However, in an effort to focus on the positive, these are presented in the Annual Report as solutions without a generative problem.

Aveo presents solutions in the ongoing impacts phase designed to cater to 'the increasingly complex wants and needs of Australian seniors' (Aveo, 2017g, p. 1). It also presents solutions to the negative media: a 'corporate marketing campaign' (Aveo, 2018, p. 1).

Overall

Through the three phases, Aveo does not offer an apology. It does not publicly demonstrate empathy for its residents. Rather, the focus is on the impact to the potential and actual financial performance of Aveo. Media reports are dismissed as 'unfair', allegations are reframed as referring to industry-wide issues and solutions are weak at best. The most proactive solution presented is not to the substance of the allegations, but to the allegations themselves, a marketing campaign. While this focus on financial impacts throughout the response is

appropriate for investor briefings, Aveo did not provide additional commentary through other outlets to demonstrate a different, more resident-focused perspective. This is particularly salient given the leading criticism of the company – that it sold the elderly a "get poor quick" scheme' (Ferguson & Danckert, 2017b). Aveo does not offer any of the common corporate responses to scandal, such as attempting to infuse ethical principles through the organisation or designing clearer codes of ethics (Fombrun and Foss, 2004).

Conclusion

Aveo's commentary on the allegations attempts to: minimise the problem by dismissing the media coverage; recontextualise the allegations as industry-wide problems; and present solutions. Aveo does not offer an apology, nor does it declare empathy for its residents. While the recovery from the negative

media attention may be ‘underway’ (Aveo, 2018, p. 1), without deeper work on the culture of Aveo and a more sophisticated framework to marry the commercial and community aspects of its business, Aveo is likely to struggle to care for Australia’s elders in a way that is acceptable to the community.

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