

## **WORKSHOP SUMMARY**

**Centre on Asia and Globalisation  
and  
Business for Social Responsibility**

**Workshop  
on  
Corporate Social Responsibility and the Public Roles  
of Private Corporations**

**17-18 April 2007**

**Centre on Asia and Globalisation (CAG)**, created at the Lee Kuan Yew School of Public Policy, National University of Singapore in August 2006, brings together leading scholars and policymakers from around the world to analyze the management of global issues and Asia's role in a rapidly changing and integrating world. The Centre provides a home to world-class researchers and convenes seminars, conferences, and policy dialogues that explore critical issues related to Asia's existing and potential roles in defining and managing global affairs. The Centre aims to become a leading producer of innovative and pragmatic thinking on global governance.

**Business for Social Responsibility (BSR)** provides socially responsible business solutions to many of the world's leading corporations. Headquartered in San Francisco and with offices in Europe and China, BSR is a non-profit business association that serves its 250 member companies and other Global 1000 enterprises. Through advisory services, convenings and research, BSR works with corporations and concerned stakeholders of all types to create a more just and sustainable global economy.

On 17 and 18 April 2007, the Centre on Asia and Globalisation (CAG) and Business for Social Responsibility (BSR) convened a closed-door workshop on “Corporate Social Responsibility (CSR) and the Public Roles of Private Corporations”. Participants included business executives and CSR practitioners based in the region and representing a cross section of national, regional and global companies. The workshop provided participants with a forum to determine how business could anticipate and shape the trends that will define the intersection of business and society in the coming decade. For BSR, the meeting was the third in a series of three “blue sky” dialogues convened by BSR on the future of corporate responsibility, with the first two in the US and Europe. For CAG, the workshop was intended to help in identifying research topics of greatest importance to Asia.

## **Overall Trends and Possibilities**

Participants discussed current trends and explored the wide range of existing and emerging possibilities and barriers to business-society engagement: corporate philanthropy, public disclosure, voluntary standards, public-private partnerships and new business models.

On the first day, participants identified the major trends and most urgent challenges that private sector faces today in Asia and the world at large. Climate change was ubiquitous and featured prominently on most agendas. Other key trends include Asia’s economic rise, with Asian companies growing larger and becoming more global, and changes in wealth and power distribution, all of which contributes to creating new market opportunities. Participants observed that changes in technology have greatly increased the number of sources of information available and the individual’s access to information. The ability of individuals to generate information in the ‘YouTube’ generation makes it harder for the business sector to keep secrets and much easier for outsiders to monitor and expose business activities. Participants also noted that corporations are dealing with aging and more highly educated customers and shareholders, whose expectations of the business sector may be more demanding than ever.

On the following day, participants discussed the private sector’s responsibilities and contribution to sustainability, with conversation shifting to how the private companies are implementing CSR tools - codes of conduct, disclosure, investment screens, philanthropy and public-private partnerships - in reality.

There was much discussion on the topic of codes of conduct, with questions raised on its effectiveness in Asia. Some participants argued that the non-binding nature of such codes renders them ineffective in compelling companies to comply with them. Others remarked that their company would only sign on to a code of conduct such as the Global Compact if it is compatible with the company’s current practices. Although most participants asserted the need for a legal framework with rules and regulations, one participant informed the group that codes for licensees and manufacturers in his company had been reasonably enforced for the past ten years with the use of a third party whistle blower. For some, codes of conduct are useful for companies familiarising themselves with the CSR debate, while for others the codes drive change. In the Asian context, codes could be vital for engendering standardisation, especially for Chinese companies that wish to expand overseas. Participants also touched briefly on investment screens, noting that to date such screens have not been widespread in the region.

Non-financial disclosure, an increasingly hot topic on the Asian agenda, may prove a more immediately effective driver of change in corporate behaviour. One participant referred to India's sweeping Right to Information law and China's expected national disclosure regulations as evidence that Asia is fully part of the global trend toward greater transparency. Another reported that companies in China publishing CSR reports had increased from 20 last year to more this year. India's new law, which gives individuals the right to request information not only from the government but under some conditions also from private companies, could make a significant contribution to promoting disclosure as a means of bringing about changes in corporate practices.

The workshop wrapped up with a discussion of strategies for moving forward through such means as public-private partnerships. Participants agreed that private corporations can be very useful in bringing the government to the table when working with NGOs. One participant gave an example in China, where private sector engagement with local government proved necessary to induce the government to participate in joint projects involving the three parties. However, others noted that political will on the part of the government is essential for a successful public-private partnership as the government can be very obstructive if the programme or scheme is not a priority on its agenda. One participant gave an example of a successful social development project in India that came to a grinding halt with the advent of a new state government whose political agenda excluded continuing support for that project.

Although there are some examples of successful public-private partnerships, some participants emphasised a need for more extensive serious engagement across sectors that goes beyond the superficial level. NGOs and government officials often do not understand business well enough and therefore do not know what would appeal to the private sector and what it has to offer. There was general agreement that there is a requirement to map what businesses can do with what the needs are, before the three sectors can embark on more successful public-private partnerships.

## **Research and Education Agenda**

There was much talk of metrics and measurements of CSR. One participant argued that that CSR is impossible to measure as there is no consensus on the definitions, and several agreed that it is difficult to implement that which is not quantifiable. Another participant commented that the trend that is emerging amongst corporations to address environmental issues reflects the relative ease of measuring environmental factors. Several participants noted that research institutions such as CAG could play an important role in developing appropriate metrics, as businesses have neither the expertise nor inclination to do so.

One participant recommended that CAG should conduct an in-depth case study of an Asia corporation to gain a comprehensive understanding of how it works. Just as cultures vary country to country within Asia, so too might the methods of doing business in these different countries. Therefore, in order to find out what Asian companies are doing in the field of CSR, CAG must first have a clear understanding of how such companies operate.

Participants also suggested that CAG's research could include exploring the role of small and medium enterprises (SMEs) in Asia as more than 70% of businesses fall into this category. Some participants observed that most SMEs do not know what CSR is as they are not compelled by the market to take an interest in the field. Therefore one of the challenges is to create a platform where these companies could meet and be educated on CSR.

The issue of learning cropped up repeatedly over the two days. One participant noted that the CSR field still lacks an adequate degree of professionalism. The participants agreed that more training is required and suggested that research institutions such as CAG could help to articulate what that should entail. Many participants felt that dedicated individuals within companies are paramount to the promotion of the CSR agenda, thus emphasising the training imperative for these personnel. They also noted the importance of educating the financial sector about CSR, particularly hedge funds and venture capitalists.

### **CSR - Asian Perspectives**

The discussions indicated that CSR work in Asia has to date focused on environmental issues and corporate philanthropy. The meeting underlined that many companies have social development programmes that address poverty alleviation, education and community development, with less attention paid to areas such as wage policy, human rights, child labour, bribery and corruption. Some participants noted that because Asian perspectives on the application of human rights principles often differ from those present in the West, this aspect of CSR is often implemented differently in Asia than elsewhere. While it emerged that some Asian companies are engaging in practices that would fall under the CSR agenda but are not termed as such, other participants emphasised that the current attitude in Asia is to leave child labour, poverty alleviation and other developmental issues to other organisations, such as NGOs, to address.

Participants also pointed out that the informal sector, typically women making things for larger companies in their homes, is extensive in Asia. The practices of this sector are nearly impossible to regulate and monitor despite their significant contribution to the economy.

Western MNCs represented at the meeting noted their interest in ensuring that their approaches to CSR reflected application of global principles relevant to the local context, taking into account different cultures, values and priorities that exist in Asian countries. They noted that some issues and opportunities (e.g., microfinance in India) will have greater relevance and importance than they might elsewhere in the region, or elsewhere in the world. While recognising the necessity and difficulty associated with legal compliance, some participants concluded that it is essential for CSR solutions to be comprehensive and holistic in order to be effective.

## **Participants List**

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**Conference Participants**