

## 1. INTRODUCTION

Leading up to the second Asia-Pacific Business Forum to be held 13-15 May 2005 in Bangkok, Thailand, UNESCAP and the World Bank Institute (WBI) in collaboration with the United Nations' International Trade Centre organised an international e-discussion on "**Corporate Social Responsibility in Asia and the Pacific**". The objective of the two week e-discussion was to engage a wide range of stakeholders from various professional and geographical backgrounds and solicit their expertise and opinions on CSR in Asia, in order to identify key opportunities, constraints and priorities for action. The discussion focused on:

- The role and issues of CSR in the Asian and Pacific context from 18 – 24 April 2005
- Implementation of CSR in Asia and the Pacific from 25 April – 1 May 2005

CSR experts moderated the discussion and encouraged participants to share their experiences and ideas. The rationale behind organising the e-discussion was that its findings, recommendations and conclusions should act as a stepping stone for the breakout sessions on CSR during the Asia-Pacific Business Forum. Hence, you will find below a short abstract of the main conclusions and recommendations generated during the e-discussion. This report can also be downloaded from [www.unescap.org/apbf](http://www.unescap.org/apbf) or [www.worldbank.org/wbi/corpgov/apbf](http://www.worldbank.org/wbi/corpgov/apbf).

It is hoped the main conclusions from this rewarding debate, summarised below, will provide you with additional input, thoughts, ideas and reflections, and will enrich your participation during the Asia-Pacific Business Forum in Bangkok and beyond.

## 2. STATISTICS

Invitations to participate in the e-discussion were sent to ICC focal points, chambers of commerce and investment promotion agencies in the ESCAP region, Pacific Basin Economic Council to forward the invitation to their networks, UNESCAP Business Advisory Council who are connected to several business networks, Global Compact Focal Points, UN agencies, NGOs, speakers in the CSR track of the APBF, CSR interested companies in Bangkok, network of national CSR centers for Asia and the Pacific, company contacts and business associations from across the region, contacts at the Asian Development Bank and Asian Development Bank Institute, leading academics across the region who have worked with WBI UN Global Compact partners, subscribers to CSR newsletters and listserves that focus on Asia and the Pacific, and regional contacts from the World Bank Institute database of over 1300 CSR experts and interested parties.

- A total of 824 participants registered, representing wide global representation. Over 380 of the registered participants were from countries in the Asia-Pacific region. In addition, a number of the participants commenting from Europe and the US were of Asian descent.
- Different stakeholders were well represented in the discussion which included business people, business associations, government officials, NGOs in the field of CSR, other NGO representatives, academics and business students.
- A total of 483 messages were contributed by the participants, generating a lively debate from many perspectives on a number of key CSR topics.

## 3. MAIN CONCLUSIONS AND RECOMMENDATIONS

### Week 1: THE ROLE AND ISSUES OF CSR IN ASIA AND THE PACIFIC

The following are some of the CSR-related issues that were pointed out by participants in the e-discussion during the first week of discussion as being important for Asia and the Pacific:

#### Is CSR really something new in Asia and the Pacific? What are the challenges, taking into account the diversity of cultures?

##### *It's not new!*

- CSR is not new for example requirement for environmental compliance, corporate governance
- Known by different names - Community development, Health, Safety
- Philanthropy and community development are widely known and understood in Asia

- CSR is emerging in Asia due to globalisation and there is a need to be aware of private sector responsibilities
- The traditional value system (e.g., Buddhist way of doing things) is being eroded by capitalism
- SR always existed in Asia: it's the 'C' that is new
- Not new but more organized as a movement now

### ***Challenges***

- Educating consumers and communities on their rights and protection
- All stakeholders must want to act responsibly for CSR to gain roots
- Integrating CSR into school curricula
- Making Asia aware of the long-term value of improving management practices, the environment inside and outside factory, and the community
- Awareness of the diversity in CSR in Asia is critical for its dynamics and vigour
- Forming cross sector partnerships
- Train employees on the specific social implications and responsibilities of their employer
- Have more stringent laws and regulations to ensure companies are minimally responsible - voluntary CSR will not yield sustainable results
- Need for harmony and a shared vision in training, speaking and acting
- To protect Asian values eroded by imported culture, commodities, and work practices

### **What are the CSR issues in Asia and the Pacific?**

It was pointed out that, for many companies in Asia and the Pacific, corporate social responsibility has been equated with philanthropy, resulting in little stakeholder engagement; a patriarchal approach taken by companies. This "philanthropic" attitude is often a matter of enhancing companies' self-image. Companies with no commitment to CSR in its broader sense have often little focus on issues such as responsibility in the supply chain; employee training and development; women in the workforce; product / service quality and safety; board transparency; working conditions such as working hours, minimum wages and worker safety.

Few, if any governments have a CSR vision and strategy and there is little collaboration between governments. Several participants in the discussion pointed out that governments should take the lead in bringing together various segments in society to discuss CSR. Others felt that the corporate sector is often ostracized for the shortcomings of the public sector and in some cases some felt that the private sector was performing the government's role of corporate monitoring, self-regulation, and oversight.

NGOs were felt to be looking at companies as the "new bankers" and it was noticed that there has been a large increase in NGO's becoming CSR specialists even though this is not a part of their core business.

### ***Reporting***

- Reporting is not substantial and often focused on the lighter issues such as employee volunteering
- Multi-national corporations do not often produce regional CSR reports
- There is little correlation between CSR and business made in annual reports

### ***Challenges for business***

- Companies in Asia need to enhance their accountability
- Corruption and ethics of companies
- Insufficient stakeholder engagement to define CSR for the company
- Higher cost of products when companies implement CSR means that business must bear this additional cost and therefore suffer as a result of these higher standards. Buyers do not want to pay a higher cost.
- Most multi-nationals are not motivated to address CSR in the region when local Asian companies are not.
- Many companies do not understand CSR

### ***More CSR research required***

- Quantifying the cost and benefit of CSR
- Who currently defines CSR for a company?

- Are CSR standards a form of protectionism?
- How to build coalitions to end the use of chemical pesticides in food and fruit production in Asia and the Pacific?

#### *Questions raised*

- What is the business case for CSR?
- What is CSR in APAC?
- Is CSR enough?
- Should there be an international standard for CSR?
- Should the socially responsible aspects of companies be allowed to compensate for their not-so –socially responsible behaviour?
- How can we raise awareness of CSR in Asia?
- How to initiate proactive measures to forge public private partnership?
- How do we increase the pressure on companies to address CSR?
- What is the definition of CSR in region?
- What is the role of business in the future sustainability of these societies?
- Is compliance enough when enforcement is weak?
- Is CSR a foreign concept viewed as an imposition on Asia?
- APAC needs a CSR network, a voice for CSR in the region. Maybe this network can be that voice?

#### Who (or WHAT) are the main CSR drivers in Asia and the Pacific?

##### *Existing Drivers*

- MNCs through their supply chain
- Social, Political and Economic Reform e.g. In Indonesia since 1998
- Pressure from international/ regional bodies e.g., directives on forest certification
- Individuals who live for a “common good” and adopt a “think local / act global” ethos. Organisations are, after all, made up of individuals.
- Western Chambers of Commerce
- Some NGOs

#### Who should be the CSR drivers in Asia and the Pacific?

##### *Government*

- “Because not only they are the legitimate elected body of the society, they have the proper tools to control.”
- “Governments should pass and implement laws by identifying the costs that cannot be externalized to the benefits of society. For example, child labor reduces labor costs for the corporation but the cost charged to the well being of the individual and thus to the well being of society. Thus, it should be controlled and prohibited.”
- “Government should provide strong support and not control cooperative development in the informal sector particularly in rural areas in support of CSR.”
- “Government should promote CSR by providing basic rights to all workers in tax havens and by providing guarantees for timely and full enclosure of information and mechanisms for local participation before granting exploitation rights to companies threatening the livelihood resources of the poor in rural areas.”

##### *Corporations*

- Enlightened leaders including CEOs, CFOs, Audit Committees, Boards of Directors, Boards of Commissioners (however some argued that the social responsibility of business is to make profit). “There ought to be a CSR club for enlightened top level management.”
- “Banks, financial institutions, leasing and insurance companies should also drive CSR for without their money, corporations may not be able to expand their business.”
- International companies should report on their activities and impact on labor and environment in tax havens in rural areas in Asian countries.

### *Universities*

- Local universities should create local programs with local support from all sectors of the community and led by local visionaries

### *International Finance Agencies*

- Should restrict any lending to Governments who do follow CSR policies

### *Media*

## Should CSR be voluntary or regulatory?

This discussion showed a divide on whether CSR should be voluntary or regulatory. Not surprisingly, a middle category emerged where it was suggested that there should be a combination of voluntary and regulatory effort.

### *Voluntary*

- If regulatory, be just another trade body to lobby for concession
- Voluntary but cannot wait for organizations to be more responsible must have pressure – advocacy
- But will need innovative incentives to motivate corporations
- Difficult to legislate across different industries and countries
- Can only set minimum level of responsibility and business truly committed to sustainable business do not rely on regulators to define programmes
- Regulations also do not equal commitment to social responsibility as regulations are responsive rather than progressive
- CSR is not law but laws are often inadequate. CSR attempts to fill in the gaps.

### *Regulatory*

- Most MNCs and TNCs are “only after profit and do not care about environment.”
- Governments must regulate or risk losing big consumer market in developed countries
- Regulations are needed to make corporations responsible and accountable
- Only when businesses fail to act in socially, environmentally, economically responsible ways
- Rather than mandate specific measures, information disclosure is paramount
- Do regulations cause investment and businesses to shift to countries where there are no regulations?

### *Mixture of voluntary and regulatory*

- For the short-term, regulations are needed but voluntary standards will make it more sustainable
- Voluntary efforts should be rewarded with tax breaks, investment incentives, etc. but regulations are needed to raise minimum standards
- Who should develop and enforce regulations which may lead to corruption and competitive disadvantages between MNCs and SMEs

### *Problems*

- Inadequate resources to enforce
- Lack of will power from business and government
- If CSR is regulated and becomes law, will it be CSR anymore?
- Education, as suggested, remains the key to CSR

## Week 2: IMPLEMENTATION OF CSR IN ASIA AND THE PACIFIC

### Barriers in implementing CSR in Asia and the Pacific

- A lack of commitment from senior executives
- Confusions between CSR and philanthropy
- Misunderstanding of the costs and benefits of CSR
- Lack of individual commitment to social responsibility values
- Poor definition of CSR
- Lack of knowledge and expertise in the region
- Lack of support for CSR initiatives from government
- Lack of recognition of CSR by business schools
- No convergent understanding of CSR between different groups in society
- The difference between basic values and understandings between East and West
- The high incidence of corruption in the region

### How to get senior management to engage with CSR?

- Make them engage with stakeholders so they really begin to understand their role in society.
- Create better links between CSR performance and financial performance
- Stress the risks of not doing CSR, engage in risk management strategies and put a particular emphasis on reputation risk.
- Create CSR cooperation by way of forums, business clubs and provide case studies and success stories (and maybe sometimes disaster stories, linking back to 3. above).
- CSR might have to be hidden in other initiatives, shrouded in other terms, and brought in through the backdoor.

### Do different standards act as catalyst for CSR implementation or hinder the voluntary spirit? Should Government use already established standards for regulation or use other ways and means?

#### *Standards*

- Standards (ISO series) help to create global understanding of CSR issues and guidelines such as GRI guidelines provide direction for the CSR implementation process.
- Standards act as a starting point for companies to realize the benefits of CSR practices.

#### *Governments should ...*

- Play the role of an enabler more than that of a regulator / controller (although others felt that government should both control and enable)
- Be more effective in implementing laws and regulations, and create an enabling environment for businesses to improve CSR performance
- Encourage CSR by giving tax breaks on import or purchase of sustainable technologies
- Create awareness and learning (e.g., UK government's CSR Academy)
- Provide incentives including awards, recognitions, CSR Index
- Bring different stakeholders on one platform for sharing and understanding
- Encourage CSR knowledge experts and providing channels for linkages with corporations
- Watch out for the unfair treatment of national companies in the international market
- Provide and maintain a level playing field for companies to compete internationally
- Develop and encourage co-operation between businesses, governments and non-government organizations
- Endorse, support, and subsidize achievement of international standards

**How CSR can be implemented to improve the competitiveness of both companies and of the countries where they are located?**

*This was a tough question!*

- There is evidence to support the view that environmental management can save money and lead to increased competitiveness - it may not be so clear with social issues though
- If reputation, brand and image are part of competitiveness then CSR certainly helps.
- In the future there are going to be very real opportunities for increasing competitiveness via emissions trading and pollution charging, etc.
- If standards and labels can be oriented to rewarding the best companies with respect to CSR - and if people are educated about these awards - then this will increase competitiveness.
- If we encouraged lobbying by stakeholders, then companies would move fast to avoid being uncompetitive
- CSR codes and performance levels should be built into government contracts, giving priority to those with the highest levels of CSR
- There is an important link between CSR and employee satisfaction, reduced absenteeism, retention and commitment - all of which potentially increase competitiveness
- Companies seen as socially responsible maybe able to attract better human resources in the future
- There is evidence to suggest countries where companies are better prepared for CSR and sustainable development also have higher competitiveness levels
- People prefer to invest in countries with good legal, governance and ethical standards - all can be linked to CSR.

**4. CLOSING REMARKS**

On behalf of UNESCAP, World Bank Institute (WBI) in collaboration with the International Trade Center of UNCTAD / WTO, we would like to thank the following people and organisations for their generous assistance and contributions:

ICC, chambers of commerce, business associations, and investment promotion agencies in the ESCAP region, Pacific Basin Economic Council, UNESCAP Business Advisory Council, Global Compact Focal Points, UN agencies, non-governmental or non-profit organizations, CSR-interested companies in Bangkok, national CSR centers for Asia and the Pacific, Asian Development Bank, Asian Development Bank Institute, leading academics, subscribers to CSR newsletters and listserves that focus on Asia and the Pacific, and interested parties for generously distributing invitations to their networks and promoting this event amongst their contacts and partner organisations.

The moderators of the e-discussion who so expertly managed all the contributions whilst not losing sight of the direction and focus of the discussion, and who so generously contributed time and effort to deepen the discussion with their expert contributions, real life examples and guidance:

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## **ABOUT THE MODERATORS**

### **Loke Chi Ten Stephen**

President, Centre for Corporate Social Responsibility

Mr Stephen Loke is currently the President of the Centre for Corporate Social Responsibility, a not for profit organization that promotes awareness of corporate social responsibility in Singapore since May 2003. The Centre has spearheaded the Asia Pacific CSR Group last July 2004 and is networked amongst others to the Prince of Wales International Business Leaders Forum, the Social Venture Network (SVN) and the Business and Community of the United Kingdom. The regional centres are from Australia, Hong Kong, India, Indonesia, Pakistan, Philippines, Sri Lanka and Thailand.

Mr Loke has spoken in several regional seminars and forums on corporate social responsibility. Mr Loke was invited and participated as an expert to the APEC Workshop on "In pursuit of Asian CSR under the global economy" in Tokyo from 19 to 20 January 2005. He was appointed as an Advisory Committee Member of a new NGO-Corporation Cooperation Network launched this February and supported by the Asian Development Bank and GSK Bio and for which Kenan Institute Asia in Bangkok has been selected as its secretariat.

Mr Loke is also participating in the Development of the CSR Guide for Canadian Firms as a "sounding board" stakeholder from a developed country. Mr Loke is also a liaison member for the ISO/ TMB/ WG on Social Responsibility which met in March 2005.

Mr Loke is a lawyer and partner at Loke and Seah. He has been practising for over 18 years and is active in areas such as Codes of Practice, Corporate Governance and Community and Business Development.

### **Shalini Mahtani**

Founder and Chief Executive Officer, Community Business

Shalini is Founder and Chief Executive Officer of Community Business - a Hong Kong based non-profit organisation working with member companies in Corporate Social Responsibility (CSR). Founded in January 2003, Community Business is today the Centre of Corporate Social Responsibility in Hong Kong and works with over 23 member companies, comprising some of the world's largest. She has also produced research on Corporate Social Responsibility, Employee Volunteering, Women in Leadership and Work-life balance. Shalini has been instrumental in putting Hong Kong on the world map of CSR and today Community Business is the Hong Kong CSR representative on a number of international networks.

Shalini Mahtani, born and raised in Hong Kong, started her career in the private sector where she worked with PricewaterhouseCoopers as a Senior Associate in their Business Advisory Services division and Banque Nationale de Paris as Assistant Vice President in the Private Banking Division. Shalini is a Certified Public Accountant and a graduate from the London School of Economics.

In a personal capacity, Shalini remains actively involved in a number of non-profit organisations in Hong Kong and abroad. Her focus remains on issues of gender, race, youth and education.

### **Ambreen Waheed**

Founder and Executive Director of RBI

RBI was founded in 1998 in Pakistan. Ms. Waheed is among the country's first qualified social auditors. She is also founding member of the SAARC Alliance for Responsible Business and the Asia-Pacific CSR Center Group. She serves on the Stakeholder Council and Board Nominating Committee of the Global Reporting Initiative, national Steering Board of the United Nations Global Compact, and the Securities & Exchange Commission's joint task force on NGO Governance. She is recognized as a CSR expert for the ICAP Corporate Governance Committee and serves on the juries of the Asian Forum Corporate Social Responsibility Awards and the ACCA-WWF Environmental Reporting Awards.

Ms. Waheed has served on International Standard for Accounting and Reporting Review Committee on "CSR indicators for Corporate Reporting". She represents RBI on as one of the Global Compact's "Globally Responsible Leaders". She developed an on-line Social Audit System for the CIDA, and drafted the first non-food product-specific sourcing and monitoring guidelines. She is involved in management and social audits for Nike, Inc. and the Fair Labor Association. She has developed and introduced CSR as a teaching subject to Pakistani business schools and she is steering Pakistan's first CSR benchmarking research in twelve industrial sectors. As UNIDO's national CSR expert for Pakistan, she led a pioneering triple bottom-line demonstration project. She has taught at the Wharton Business School, University of Pennsylvania and the Business School at the University of Michigan.

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Richard Welford is Director of the Corporate Environmental Governance Programme at the University of Hong Kong. He was formerly Professor of Corporate Environmental Management at the University of Huddersfield and Professor of Sustainable Management at the Norwegian School of Management. He has considerable expertise of international business and has lived in both Europe and Asia. He has worked for the Samsung Corporation in Korea and carried out research for the UN in South East Asia. He currently advises the Swire Group and Cathay Pacific and has worked as a consultant to the MTR Corporation in Hong Kong. He has written 15 books and over 100 articles relating to globalization, international business, environmental management, human rights and social responsibility. He has carried out a number of surveys on corporate social responsibility and sustainable development across the world giving him unique insights into the current state of play of CSR with regard to Asia. He is a founding director of a major think tank initiative, CSR Asia.

## SUGGESTED READINGS

Centre for Social Markets papers available at [www.csmworld.org](http://www.csmworld.org).

CSR Asia Weekly Newsletter, [www.csr-asia.com](http://www.csr-asia.com)

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