

KEY DRIVERS OF CORPORATE SOCIAL RESPONSIBILITY IN ASIA

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Abstract. Few years ago the concept of corporate social responsibility was not a household term in most organizations in Asia. Times are changing and now corporate social responsibility has appeared in most countries of the region. The aim of this article is to identify the main CSR drivers in Asia.

Key words: corporate social, main CSR drivers in Asia.

Introduction. Business opinion polls as well as corporate behaviour both show increased levels of understanding of the link between responsible business and good business. In addition to attracting good customers and employees, acting responsibly towards workers and others in society can help build value for firms and their shareholders.

Although much of CSR in Asia is still limited to philanthropy, the recognition of the significant effect the activities of the private sector have—on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others is growing, and companies focus on more and more diverse methods that enable them to realize their vision of social responsible companies. In many parts of the world CSR actions have their own, unique forms and dynamics, and different aspects drive companies apply such policies and actions. This article deals with the key drivers of CSR in Asia.

Definition of CSR. On a wide range of issues corporations are encouraged to behave socially responsibly (Welford and Frost, 2006; Engle, 2006). At the very beginning one must stress that CSR is an evolving concept that currently does not have a universally accepted definition, in both the corporate and the academic. CSR is understood as the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner

and thereby establish better practices within the firm, create wealth and improve society.

There have been many attempts to establish a better understanding of CSR and to develop a common, robust definition. One of the best known attempts Carroll's (1999) literature review of CSR definitions in academic literature, dating the first formal definition to Bowen (1953). Moir (2001) followed this methodological approach, but expanded the analysis to include definitions used by business. Others as well have presented reviews of available definitions, e.g. Joyner and Payne (2002) and Carter and Jennings (2004). These reviews are necessary in order to provide an overview of the historical development of concepts such as CSR. Table 1 presents more popular CSR definitions.

One must be aware that 'some...researchers...distort the definition of corporate social responsibility or performance so much that the concept becomes morally vacuous, conceptually meaningless, and utterly unrecognizable' (Orlitzky 2005); or that CSR may be regarded as 'the panacea which will solve the global poverty gap, social exclusion and environmental degradation' (Van Marrewijk 2003).

It is worth stressing that corporate social responsibility (CSR) is also known by a number of other names, such as corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, etc.

A link between PR and CSR. The formal practice of "public relations" dates to the early 20th century. In the relatively brief period leading up to today, public relations has been defined in many different ways, the definition often evolving alongside public relations' changing roles and technological advances. The earliest definitions emphasized press agency and publicity, while more modern definitions incorporate the concepts of "engagement" and "relationship building."

Popular CSR definitions

Definition source	Definition
Commission of the European Communities, 2001	A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis
World Business Council for Sustainable Development, 1999	The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life
World Business Council for Sustainable Development, 2000	Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large
Commission of the European Communities, 2001	Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment
Business for Social Responsibility, 2000	Business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment
Business for Social Responsibility, 2000	Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. Social responsibility is a guiding principle for every decision made and in every area of a business
IBLF, 2003	Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success
Khoury et al., 1999	Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance
Business for Social Responsibility, 2003b	Corporate social responsibility is achieving commercial success in ways that honour ethical values and respect people, communities and natural environment
Commission of the European Communities, 2003	CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large
CSRwire, 2003	CSR is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees and the environment are reflected in the company policies and actions
Hopkins, 1998	Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation
Ethics in Action Awards, 2003	CSR is a term describing a company's obligations to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies

Source: Own study.

Public relations has developed very rapidly in recent years, partly because management of various commercial and non-commercial organizations have discovered a need for public relations activities. There has also been a considerable increase in the means by which public relations messages can be conveyed.

The term public relations is understood in this study as a corporate function that manages relationships with strategic constituencies (Hutton, 1999). The term public relations is used as an umbrella term to describe the organizational function that adjusts business to society and society to business is consonant with the emerging behavioral paradigm in public relations theory and practice. The corporate public relations function is central to the implementation of corporate social responsibility.

Asia. Asia's time has come. For centuries, this vast, complex and diverse continent has been forced to play catch up with the Western world. However, the emergence of China and India as fast-growing economies is the biggest shift in geopolitical power since the US replaced Europe's imperial powers as the world's dominant trading block. While India and China are Asia's driving force, the continent also boasts some of the most technologically advanced territories on the planet. Long time ago, Japan graduated to the economic and innovation elite. But now it has been joined by, Taiwan, South Korea, Hong Kong and Singapore. At the same time Indonesia, Malaysia, Thailand, the Philippines and Vietnam are all experiencing economic growth and advances in infrastructure.

Asia is a dynamic place and home to some of the richest as well as the poorest people in the world. The nature of its rapidly growing economies results in huge opportunities for businesses but also great challenges.

Both in geographical size and in population Asia is the largest continent. It is probably the most complex region as well. Asian countries such as China and India have emerged as significant markets for multinational corporations. This process of international trade in Asia continues to expand. The creation of these new markets will continue to demand an increase in the level of public relations activity in the continent. (Sriramesh, PR Encyclopedia, 2005).

Globalization has opened up the economies of a dozen or so Asian countries, resulting in a significant inflow of multinational corporations into the region. A concomitant result has been the entry of leading multinational public relations agencies into

Asia, resulting in an infusion of Western perspectives of public relations practice. Some observers have rightly commented that this development has led to an increase in the level of professionalism among public relations practitioners in the continent. Nevertheless, it is also important to recognize that there has been no corresponding flow of information out of Asia that could help in the development of effective strategies for conducting public relations globally. It is reasonable to believe that a continent as rich as Asia, with its long heritage, has something useful to offer the public relations industry and pedagogy¹.

CSR in Asia. Across Asia, CSR initiatives and CSR issues vary hugely. In China there have been much interest from the government side. A number of guidelines and initiatives around CSR were developed. In Hong Kong, NGOs have demanded improved CSR initiatives from large companies. In Malaysia there have been significant leadership on CSR issues from stock exchanges. In Vietnam, one can see leadership from the Chamber of Commerce working in partnership with the United Nations Development Programme. Singapore presents a tripartite approach including business, government and trade unions. In Japan many companies have been leaders on environmental initiatives. A great deal of voluntary initiatives are apparent when one considers CSR in India. Bangladesh has introduced tax exemptions for companies engaging in CSR programmes. In Sri Lanka there has been an emphasis on CSR in small enterprises and CSR initiatives were linked to peace in the country.

Key Drivers of CSR in Asia – research method and findings. The research method used in this paper is a qualitative analysis of discussion forums concerning international aspects of CSR, especially in Asian region as well as company and industry reports. Research was conducted from the beginning of November until the end of December 2012. The author has analyzed 23 internet sites and reports. Among others the following sources have been used: Grant Thornton International Business Report, The Lloyd's Register Group Report, CSR IN ASIA, THE REAL PICTURE, Asean Foundation, CFO innovation Asia, CSR Asia Center at AIT, CSRwire.com, International Centre for Corporate Social Responsibility, Amsterdam Conference on the Human Dimensions of Global Environmental Change. Table 2 presents grouped research results:

¹ <http://www.icpr.ir/The%204th%20International%20Conference%20on%20Public%20Relations.pdf>

Key drivers of CSR in Asia

Institutional drivers	In Asia there are increasing number of government actions to guide or legislate CSR activities. Many experts in this field believe that eventually some Asian governments will be likely to adopt similar European frameworks to regulate mandatory reporting and disclosure.
Business	Another important driver for CSR in Asia are businesses. Businesses are focused on how moving towards more ethical business practices can help them control costs.
Quasi-public bodies	In Hong Kong, Malaysia, China, and more recently Singapore as well as Thailand, stock exchanges are playing an important role in raising the visibility of businesses and encouraging reporting on sustainability.
Employment	Recruitment/retention remains a key driver indicates the importance to businesses of attracting the right staff and keeping them satisfied. The big challenge faced by many companies operating in Asia is finding and hiring highly professional people, particularly in middle management level. Finding good professional -level talents is a constant pressure. The war for talent is consistent across all industries”.
Transparency and accountability	Still in many Asian countries, families have controlling interests in large listed companies. It is questioned whether in such circumstances companies are run in the interests of all stakeholders. For that reason, transparency is an essential step to CSR. It opens companies’ conduct to public scrutiny and indicates that a company values the opinions of its stakeholders.
Social media	There is no doubt that social media is now playing an important role in driving CSR in Asia. Only in China there are more than 80 million bloggers from a large and constantly growing community of internet users engaged in online discussion about contemporary issues.
Supply chain concerns	Asia is seen as the workshop of the world. With increasing consumer pressures for more responsible products, there is perhaps even more attention being placed on Asia’s complex supply chains. Attention is focused not only on labour and human rights abuses, but also on the environment and product traceability.
Environment	Environmental issues are considered to be one of the least important drivers of corporate social responsibility not only in this region but also globally.

Source: Own study.

Summary. The future will probably see Asian stakeholders becoming more sophisticated and expecting more from business. They will use social media to discuss the activities of large companies and brands will have to be increasingly aware of the new emerging issues. A new Asian consumer class is both more educated and more aware and will expect value from their purchases reflected not only in how much they can get for their money.

A new wave of Asian multinationals is also set to upset the existing international economic order. Many of those new companies are recognising that CSR practices are part of their license to operate on the competitive international playing field. It shouldn’t be assumed that the emerging brands cannot be every bit as good at CSR as their Western counterparts, if they need to

be. Companies operating and investing in Asia, have to be aware of the Asian issues that can affect their business. Replicating Western forms of CSR and introducing them into Asia may end with limited success. That is why CSR will have to be tailor-made to the needs of the region and the aspirations of stakeholders. CSR must be aligned with Asian challenges if they are to provide opportunities for business.

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Key drivers of corporate social responsibility in Asia

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