

ASOCIO Policy Paper

# **CORPORATE SOCIAL RESPONSIBILITY**

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# 1 CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalisation accelerates and large corporations serve as global providers, these corporations have progressively recognised the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe.

## 1.1 What is corporate social responsibility?

The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organisation's performance against economic, social and environmental parameters.

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are<sup>1</sup>:

- ❑ **Enlightened self-interest** - creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function well together.
- ❑ **Social investment** - contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.
- ❑ **Transparency and trust** - business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas
- ❑ **Increased public expectations of business** - globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.”

## 1.2 Asia Pacific Perspective

Corporate social responsibility is represented by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropy programmes and its engagement in public policy. In recent years CSR has become a fundamental business practice and has gained much attention from chief executives, chairmen, boards of directors and executive management teams of larger international companies. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. Companies have determined that their impact on the economic, social and environmental landscape directly affects their relationships with stakeholders, in particular investors, employees, customers, business partners, governments and communities.

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<sup>1</sup> Source: Positive Outcomes website <http://www.positiveoutcomes.com.au>

The Asia Pacific context is distinct. On the one hand, there are long-standing traditions of respect for family and social networks, and high value placed on relationships, social stability and education. Diverse religions and cultures also bring distinct attitudes towards community social behaviour and engagement as well as support and philanthropic contributions. Governments in the region also play distinct roles – often stronger in terms of influence on economic and social priorities, yet not as advanced in terms of social safety nets. This has resulted in the drivers for corporate citizenship being very different from those in other regions.

Many of the large corporations in Asia Pacific are private, and many do not have the same public pressures on corporate behaviour that public companies in Europe and North America have for progress on corporate social responsibility, although this is changing. Yet many of the larger companies in Asia Pacific have strong localized philanthropic programmes. Also, regional companies that are engaged in supply chains of major global corporations, and local affiliates of global corporations from Europe and America have significant pressures and a strong business case to develop corporate citizenship policies and practices within the region, not least on the environment, human rights and labour standards.

### **1.3 Corporate Social Responsibility: Unlocking the value**

According to the results of a global survey in 2002 by Ernst & Young, 94 per cent of companies believe the development of a Corporate Social Responsibility (CSR) strategy can deliver real business benefits, however only 11 per cent have made significant progress in implementing the strategy in their organisation. Senior executives from 147 companies in a range of industry sectors across Europe, North America and Australasia were interviewed for the survey.

The survey concluded that CEOs are failing to recognise the benefits of implementing Corporate Social Responsibility strategies, despite increased pressure to include ethical, social and environmental issues into their decision-making processes.

Research found that company CSR programs influence 70 per cent of all consumer purchasing decisions, with many investors and employees also being swayed in their choice of companies.

"While companies recognise the value of an integrated CSR strategy, the majority are failing to maximise the associated business opportunities," said Andrew Grant, Ernst & Young Environment and Sustainability Services Principal. "Corporate Social Responsibility is now a determining factor in consumer and client choice which companies cannot afford to ignore. Companies who fail to maximise their adoption of a CSR strategy will be left behind."

[http://www.ey.com/Global/content.nsf/Australia/News\\_Release\\_-\\_Corporate\\_Social\\_Responsibility\\_26Aug02](http://www.ey.com/Global/content.nsf/Australia/News_Release_-_Corporate_Social_Responsibility_26Aug02)

### **1.4 World Economic Forum & CSR**

The World Economic Forum has recognised the importance of corporate social responsibility by establishing the Global Corporate Citizenship Initiative. The Initiative hopes to increase businesses' engagement in and support for corporate social responsibility as a business strategy with long-term benefits both for the companies themselves as well as society in general. <http://www.weforum.org/site/homepublic.nsf/Content/Global+Corporate+Citizenship+Initiative>

At the Forum's Annual Meeting 2002, the Initiative launched a joint CEO statement, *Global Corporate Citizenship: The Leadership Challenges for CEOs and Boards*. This joint statement recommends a framework for action that business executives can use to develop a strategy for managing their company's impact on society and its relationships with stakeholders. [http://www.weforum.org/pdf/GCCI/GCC\\_CEOstatement.pdf](http://www.weforum.org/pdf/GCCI/GCC_CEOstatement.pdf). This statement was endorsed by the CEOs of over 40 multinational companies, including the CEOs of Accenture, Deloitte Touche Tohmatsu, Deutsche Bank, Rio Tinto, Siemens, Renault, McDonald's, Infosys Technologies, Coca-Cola, DHL and PricewaterhouseCoopers.

## 1.5 Case Studies

The case studies below demonstrate how diverse company activities can be for businesses of all sizes.

### **SAP**

Here for Life is a not-for-profit public benevolent organisation focusing on education, awareness and research aimed at the prevention of youth suicide. The organization provides resources, education and school based life skills programs to help prevent suicide amongst young people. Through its charity sponsorship program SAP Australia supports Here for Life with monetary contributions, volunteering and staff involvement in the agency's programs

### **Sun Microsystems**

In 1998, Sun became Musica Viva's first and only principal sponsor. By associating itself with a leader in the IT industry, Musica Viva gains networking opportunities within the corporate sector, resulting in further sponsorship openings. It gains access to Sun's staff and customer base to increase awareness of Musica Viva's activities and performances, enabling it to achieve its own aims of taking the beauty of music into the lives of ordinary Australians and forging meaningful links between the arts and the corporate world. The exchange of expertise helps both partners. Sun provides its technological know-how and assists with market reach for Musica Viva, which in turn provides opportunities to give something back to Australia's cultural life through supporting and engaging with music in various ways.

### **IBM**

IBM - Japan's 'e-elder' initiative is a national program using training materials and other support from IBM Japan which will hire and train seniors as instructors for other seniors in an effort to help elder citizens (expected to make up one-fifth of Japan's population by 2008) more fully participate in a Web-based society.

### **HP**

In Singapore, HP staff raised nearly \$295,000 for charity in 2003 and received a SHARE Gold Award from the Community Chest of Singapore for employee participation exceeding 50%. One event was Gladiathon, a fundraiser in support of the President's Challenge 2003. Leading by example was the Managing Director from HP Asia Pacific, who wore a gladiator costume and competed with other IT industry leaders in the battle for charity. HP was the largest corporate donor of this event, raising a total of \$121,000.

### **Microsoft**

Microsoft works closely with international organizations such as the World Food Programme, Save the Children, and Mercy Corps to provide technology-based development assistance through the HEART (Humanitarian Empowerment and Response through Technology) program. More and more, global organizations rely on technology to improve the effectiveness of their humanitarian efforts around the world.

## **1.6 Should ASOCIO have a role?**

Increasingly, for many organisations, CSR is an integral part of the way they operate and a key element in productivity and competitiveness, particularly through managing their impact on society and engaging stakeholders.

Many business leaders wish to have a beneficial impact on the societies in which they operate, and offer some accountability to their stakeholders. CSR takes place at the level of the individual company, which has to take decisions on priorities, purpose and values, strategy and engagement with its stakeholders.

By engaging in dialogue with industry and government, ASOCIO can assist in:

- supporting and stimulating collaboration and greater understanding between the corporate, Government and community sectors regionally;
- raising awareness of the positive contributions that ICT industry makes towards key social and environmental issues relevant to the ICT industry; and
- developing a network of representatives across the ASOCIO membership to shape and drive this program on CSR.

**Adopted as ASOCIO Position Paper on 1<sup>st</sup> December 2004**