

Corporate Social Responsibility in Asia: the Beginning of the Road

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Abstract

Up until a few years ago the concept of corporate social responsibility (CSR) was certainly not a household term in most organizations in Asia. This is despite the fact that the Asian continent arguably concentrates at the highest level possible the most pressing issues related to corporate social responsibility, from the defense of human rights and, more specifically of workers' rights, the protection of environment and health and the action against corruption. Now corporate social responsibility has appeared in most countries of the region but few local companies have gone so far much beyond traditional philanthropic responsibilities. The main proponents of CSR in Asia remain the Western multinational corporations. Many recent initiatives show that times are changing, though. A number of Asian companies adopt CSR practices and reporting standards embedding a broader definition of CSR incorporating responsibility vis-a-vis workers and defense of human rights. In a still small but growing number of them CSR is now internalized as part of their main business activities. Public authorities are taking initiatives to develop a more consistent regulatory policy in this regard. At the same time, at private and public levels the debate is open among the main stakeholders involved in the issues. Many points related to the true nature of CSR remain ambiguous in the mind of business and policy decision-makers, though. The criteria for reporting and assessment of any CSR policy are unclear with many overlapping points between codes of conduct devised by a number of public and private operators. Overall, local Asian companies are still struggling in the process of transforming what often started as a defensive tool or a fad into real business and social changes opportunities.

Introduction

Although some parts of the Asian continent achieved high economic growth during the last five decades, further economic development and poverty reduction efforts are bound to be very much constrained by environmental degradation, from fisheries to forests, growing scarci-

ty of freshwater, and human health problems as a result of air and water pollution (Asian Environmental Outlook, Asian Development Bank, 2004). Asian continent remains home of the largest number of poor people living on less than \$1 per day and many countries suffer from growing income inequality that may cause widespread social unrest and hinder the development of human capital. While most East Asian countries have taken enormous strides towards the education of their populations, universal literacy has still not been achieved in many countries. The AIDS crisis in some Asian countries, notably in South-East Asia is on its way to match the severity of the epidemic in Africa. Asia has become the factory of the world but the extremely fast development of production facilities has been accompanied by widespread labour-related abuses and disrespect of the ILO Conventions and Recommendations. Blatant gender discrimination, exploitation of migrant labour, uncontrollable human trafficking, and child prostitution seem to indicate that human rights problems in Asia far exceed the capacity of local public institutions to address them.

All this calls for a wider and deeper involvement of local business concerns in the search for sensitive solutions, allowing adequate sustainable economic growth keeping the environment and the socio-economic fabric in balance. Corporate social responsibility is a concept born in Western countries and the management tools that have been developed to sustain it have been largely elaborated in settings where, so far, Asian organizations have played a minor role. Nevertheless, during the last 4-5 years a growing involvement has been observed in the field. From now on, it can be expected that they will devote more attention and resource to the use of the concept. CSR may be considered only in a defensive manner. Companies have to protect their reputation if attacked for being perceived as behaving irresponsibly. It can also be considered in a pro-active way and offer the opportunity of developing new types of sustainable advantages. Situation is still very uncertain and many companies have difficulties to grasp all the negative and positive implications that the concept may entail. Like Western organizations, Asian companies must now think about the benchmarks and appropriate criteria to evaluate their needs in term of CSR, establish legitimate and effective reporting and assessment of the non-financial information linked to the issues of CSR in order to adopt the right policies on the field.

The present article attempts to describe the issues that Asian organizations consider in their approach of the concept and in the subsequent elaboration of their CSR practices. In view of the heterogeneity of the region, different religious, social and cultural heritages and different level of economic development the priorities and key drivers to corporate social responsibility cannot be the same in each country in terms of risk, reputation, image and brands, or other criteria. Nevertheless, it is possible to examine the general trend in the region and to assess the

similarities and differences in emphasis among Asian countries and with the Western approach on key issues.

Asia: a latecomer into the field of CSR?

It is often argued that Asia lags behind CSR in the West especially in respect to the social side of it, e.g., human rights and employment practices. Asian companies remain with some exceptions more reactive than pro-active with insufficient stakeholder engagement to define CSR for the company (Roche, 2005). Few companies in the region seem to have gone much further than the externalizing of welfare-related activities largely de-connected from the key business activities (Moon, 2002). For most of them, little is observed of the adoption of CSR practices reflecting a significant change in the conceptualization of the concept such that it implies an internalization of specific ways of doing business, be it in the management of the supply chain or in human resource management and industrial relations.

The first explanation of the situation is simply that CSR is inevitably a function of wealth accumulation. Because they are associated with higher rates of per capita economic wealth companies, individuals and public authorities in the West can use their surplus either in making donations or sponsorship or in deploying resources in activities that are not directly profitable to a much greater extent than in all Asian countries except Japan. Related to that, both the United States and Western European countries are said to have greater capacity for CSR by virtue of their earlier development of large multinational companies that are the organizations most usually associated with CSR and diffusion of its values. They combine organizational expertise and, in many cases, face more broadly based risks in term of reputation and brand value than Asian companies (Matten, 2004). International brand ranking confirms that very few Asian companies (outside of Japan) have yet truly developed global brands (Interbrand, 2004). As a result, the spread of CSR most often arises from Western companies in the region bringing their CSR practices with them and either applying or adapting them to local circumstances.

It may be also contended that a higher awareness of civil society in Western countries to CSR stimulated CSR activities long before Asian societies by generating greater societal demands and expectations of business responsibility. Those concerns grew increasingly important in the 1990s with the development of consumerist social movements in the Anglo-Saxon and Northern European countries. They started to organize symbolic actions or boycotts of some companies, backed up by NGOs such as Oxfam, Amnesty International and Greenpeace, involved in fair trade, human rights and environmental defense. Symbolic of the socio-political drive the 1990s decade ended up in Seattle at the WTO forum with the affirmation of a strong contestation of the neo-liberal globalization drive by those movements.

Therefore, in leading Western countries CSR appear, at least partly, as a response from the corporate elites to social movements contesting the powers and practices of multinational corporations. On the one hand, higher level of social awareness in the Western countries provided a greater demand for CSR. On the other hand, it also created a more stable and sophisticated context for the investment of CSR to be recognized and rewarded by the main stakeholders. In most Asian countries but more specifically in Japan, there is traditionally a strong emphasis put on the environmental dimension of CSR. Ever since ISO 14000-series certification became available, Japanese companies have made diligent efforts to acquire it (Ministry of the Environment, 2004). In terms of the number of certified companies, Japan is far ahead of all other countries (ISO, 2004). Besides the fact that there is evidence to support the view that environmental management can save money and lead to increased competitiveness this can indeed be explained by the active presence in Japan of citizens' movements in this field. Japanese companies may not be so keen to deal with social issues linked to labour practices or/and human rights in the absence of strong citizens' groups ready to fight for a cause. There is an obvious link between CSR and employee satisfaction, reduced absenteeism, retention and commitment, all of which potentially increase competitiveness. In Japan, large Japanese companies have gone a great length to provide long-term job guarantee and good treatment to their male regular employees. But they have done little to improve the working conditions of the atypical workers and to give equal employment opportunities to women because their economic contribution did not seem important and nobody was there to defend their cause, this including the workers' unions. Abroad, there is little action to defend the rights of workers in foreign subsidiaries and in the suppliers' workplaces. Japanese companies have never done much to support diversity in the workplaces, lead action on child labor and take anticorruption measures. The attempts to establish links between Japanese and foreign workers have been developed with very limited success by the smaller unions federations and not by Rengo, the mainstream workers' union confederation.

Challenged by their local public opinion for their perceived unethical behavior abroad, large Western business organizations have tried in a first stage to defend their reputation and the internal and external legitimacy of their actions. But if the multiplier effect caused by their cross-border activities oblige them to be very careful everywhere in the world lest they may be taken off-guard and suffer image damage, they became rapidly aware of the advantages they could develop in pro-actively extending CSR activities beyond their traditional home basis constituency.

CSR is originally an outworking of long-run developments in the relations among government, society and business in a given country. The term of 'corporate citizenship', is presu-

ably to signal the engagement of the company with the agenda of the home society. But in the case of large multinational corporations, there is a declining identification with a home country, in terms of values but also employment practices, financing and markets. Of course, to reassure stakeholders of the basic commitment of the company to a particular society's shared values is still important. This is all the more true that this society may still be a big market and provide a substantial percentage of workers. However, the aim of multinational companies is to become good corporate citizens wherever they go and to build local constituencies in order to optimize global competitive advantages. Far from detracting from CSR because it undermines national patterns of business-society relationships globalization is thus likely to become a new driver for CSR (Matten, 2004).

Western multinational corporations shift in Asia from a mainly resource-based strategy to a mix of resource and market-oriented one because of the growing purchasing power of Asian people on liberalizing local markets. For the time being, CSR policy is unlikely to become a decisive source of competitive advantage in Asia but it may change in a longer perspective. Recent studies have shown that both Asian consumers and companies value price, quality and brand name as the top factors for purchasing decisions. Environmental concern is growing but Asian companies still fail to perceive social issues as an important factor that is valued at the top by a significant portion of the consumers (Roche, 2005). There is a very small penetration of social labeling on Asian markets. The lack of responsiveness of the Asian public at large to socially-related CSR problems that high profile multinational companies faced during the last 10 years, also shows that the level of awareness remains still low. Multinational companies never faced in Asia boycotts orchestrated by NGOs and nobody ever tried to bring them to the courts as happened to Nike and others in the United States. This is despite the fact that most products by those companies were made in Asia by Asian workers.

But, consumer behaviour of the Asian middle and upper classes is likely to change with their growing sophistication, higher income and access to information. Asian consumers are bound to give more importance to the CSR issues in their purchasing behaviour in the following years. This will lead to a paradoxical situation. Ironically, Western multinational corporations are increasingly criticized at home because they are thought not to fulfill anymore their social obligations vis-a-vis their traditional labour constituency. American, German or French companies are accused of not creating jobs in their home countries and even to destroy the existing ones through their delocalization, outsourcing and re-import strategies. However, the likely growing assertiveness of Asian public opinion to CSR can play in their favour and help them to become 'good corporate citizens' in Asia, instead. Many Western multinationals have developed sophisticated CSR management skills that would allow to effectively and rapidly replicate practices

across key Asian markets should they perceive they could be a significant source of competitive advantage on the markets. This represents a major challenge for Asian companies on their home-ground. In view of their lack of management skills in this respect most of them are likely to have difficulties to compete with Western multinationals if they do not react rapidly and improve also their expertise in CSR.

It is also contended that corporate governance is more developed in Western countries, especially in the Anglo-Saxon world and thus also encouraged greater CSR than in Asia. Indeed, it might be expected (Hodess, 2001) that high standards of governance would be positively correlated with CSR, particularly as there have been findings of a negative correlation of corruption and environmental performance. Demand for greater accountability and transparency of business activities spurred a shareholder activism in the United States and, thereafter, in Europe, which was unknown in Asian countries until very recently. This shareholder activism whilst having as usual the objective of defending shareholders' interest has, nevertheless, been utilized increasingly to foster causes related to CSR. This was shown for example in the case of Free Tibet and the pressure on British Petroleum through the shareholders' general assembly to change its policy in the People's Republic of China a few years ago. Compared to that, detailed shareholder-motivated changes in individual company actions have yet to blossom in Asia.

Likewise, the development and implementation of the rule of law might be expected to be faster and deeper in a society in which legal and non-legal responsibilities are clearly recognized, understood and enacted. As a result it may be argued that systems of regulation in Western countries have permeated the conduct of investment, employment and marketing practices, and product standards to a larger extent than in Asian countries. Where the rule of law is reinforced by freedoms to express values and by democratic practices to formally convey these values and preferences in order to inform the composition and policies of government, expectations of business responsibility become more explicit because in these systems societal attitudes can inform the readiness of government to regulate business whose practices are deemed disputable (Matten, 2004). Although it cannot be denied that Japan, South-Korea and Singapore are states of law, in general terms it could nevertheless be argued that overall few Asian countries have had the extent of citizen rights to information, a free press and systems of government and business accountability existing in many Western political and business systems (Rodan, 2002). They do not have, or not to the same extent the institutions, standards and appeals systems that gave life to CSR in North America and Western Europe. In fact, it can be said to some extent that it is precisely for that very reason that in many Asian developing countries the corporate private sector is often forced to compensate the shortcom-

ings of the public sector and to perform the government's role of corporate monitoring, self-regulation, and oversight.

A gradual development of CSR in Asia

Although it is difficult to completely deny the arguments mentioned here above the situation may not be as clear-cut as it seems to be. A number of elements point out that Asia is not the "black continent" that it is often considered to be in terms of CSR. This is true for its developed economies, especially Japan but also for India for instance. Likewise, following the reasoning developed here above, the absence of democratic institutions and the legacy of state-owned enterprises would seem to preclude the development of CSR in the People's Republic of China. Therefore, from start China could be considered as an outlier in this respect. However, it may not be the case for much any longer.

Admittedly, local Chinese companies still play a minor role but the change agent role of the multinational corporations is very important and is dragging an increasing number of them into the game. Senior government officials emphasize the importance of CSR in corporate governance. A number of so-called "social organizations" (the term used to designate NGOs in China) that enjoy good relationships with public authorities, are establishing guidelines on CSR encompassing all its social and economic dimensions, from corporate governance standards to anti-corruption measures, equal employment opportunities and environmental protection (Ho, 2005). Moreover, the rapid spread of internet blogs means that news (largely uncontrollable and often of dubious value) can be read by a very large number of people. This is bound to exert a strong pressure on local companies but also, interesting enough, on multinational companies themselves which become increasingly the victims of CSR-related rumours diffused on the Chinese internet (Ho, 2005).

As a reaction to criticism from the West it is often replied that Asian companies have always practiced 'CSR', although they may never have used the term. In the case of Japan, CSR reports published by Japanese companies are covering broader issues than before, related to the economy, the environment and society. However, as usual, they virtually do not touch on the issues of maintaining employment or eliminating social inequality, because this is considered as taken for granted in a Japanese social context. The Gini coefficient is getting higher than before in Japan but, nevertheless, the social disparity is still small compared to the United States, for instance. Top managers of large Japanese companies have an annual income of about 50 million yens, which is about 10 times what average employees receive. Moreover, in the midst of the 1990s recession, it was not unusual to see top managers in Japanese companies accept a substantial cut in their salary in order to assume their social responsibility, an at-

titude unlikely to ever be seen in any Western company.

In Asia, as in most Western companies, attitudes related to social responsibility have often had a religious connotation at start and it continues to be so in some countries such as India and Thailand. Following such tradition the very old India Tata conglomerate but also a leading software house such as Infosys, and many others all over Asia indulge in community development, health, safety, and philanthropic activities. In the patriarchal Asian businesses present all over the place business success has always created social obligations to return some of the wealth to the local communities and to take care of the employees' beyond any kind of contractual agreements. It may not be CSR in the same sense as in Europe. Through the creation of Foundations, it is true that most of the activities are often externalized. With small commitment to CSR in its broader sense the activities provide 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. But, in the case of some companies they sometimes acquire characteristics that go far beyond traditional small-scale philanthropy. They include long-term partnerships with local communities in educational projects, infrastructure building or poverty alleviation. In that sense, it is closer to CSR as it is practiced by many American companies.

These forms of involvement tend to increasingly institutionalize CSR in company deliberations even through their objects remain outside the company. For instance, the Infosys Foundation runs orphanages, hostels, hospitals, libraries, relief shelters and homes for destitute and mentally retarded women, and invests in tribal welfare (Asia Times, 2004). This implies large investments that have a significant economic and social local impact.

A Growing Pressure to Adopt more Comprehensive CSR Policies

Asian business relies on Western capital markets. As a consequence awareness is growing that CSR practices will be under increasingly strict scrutiny as large institutional investors adopt ethical investment guidelines. The decision of Calpers not to invest in the People's Republic of China for the time being and to withdraw from countries such as Thailand and Indonesia is a case in point (Association for sustainable and Responsible Investment in Asia, 2002). Moreover, although the sustainable responsible investment (SRI) initiatives in Asia still represent only a small part of the money flow (less than 1% of the total compared to 4-5% in Europe and about 20% in the US), their growth reflects the change of mind-set in the region. Japan has been the forefront runner of such initiatives. Nippon Asset Management and Daiichi Life were the first to launch eco funds in Japan in the spring-summer of 1999. Since then,

around 50 funds have been established in this country.

In other Asian countries many private investors are now seeking guidance through organizations such as the Association for Sustainable and Responsible Investment in Asia (AsrIA), in order to make informed decisions about socially responsible investment. This is an important issue for Asian businesses. Asia, the world's most populous region, will face a profound challenge in the following decades: a social security crisis due to the rapid ageing of the population and the inadequacy of the pension provision so far in almost all countries in the region. As a result, a high growth in new private pension schemes can be expected, draining very big amount of money. Although SRI is not yet an investment option for pension management in Asia it is likely to be so in the coming years. Following the action of the large American and European funds in this regard, Asian pension funds are also bound to include the SRI option in their policies.

This poses the problem of reporting of CSR activities. On the whole, even in Japan, reporting is much less comprehensive than in the most advanced Western countries (Nippon Keidanren, 2005). Asian companies remain very cautious about disclosure of information to outsiders on matters related to CSR. This partly reflects the traditional concept of company in the region, with expectations to be more responsive to the surrounding community and the cultivation of trust in a more self-sustained closed business environment than in the West. As a consequence, Asian companies tend to underreport their CSR activities. What they provide is most often not substantial and focused on the lighter issues such as employee volunteering and philanthropic activities. This attitude may come indeed from their traditional attitude towards the external world and a strong risk avoidance bias. But it also reflects the perplexity many companies still have concerning the possible economic and possible legal consequences of the adoption of reporting codes of conduct (GRI, SA8000 and others) that do not have yet a clearly recognized legitimacy.

True, as the business case for CSR acquires more prominence, the possibility of CSR being related to marketing and branding strategies increases. Given the visibility of large Asian companies but also of the numerous firms integrated into the supply chain of Western multinationals to stakeholder scrutiny, there may even be an added incentive for CSR reporting in Asia as a means of anticipating criticism of their environmental, human rights and labour standards, for example, among Western stakeholders. Asian business leaders are well aware that evidence of the emergence of shared workplace values is appearing in the corporate codes of conduct arena where multi-stakeholder efforts such as the Ethical Trading Initiative and SA 8000 are gathering ground. Significant workplace changes are beginning to result from the implementation of such codes (Nippon Keidanren, 2005) but strong uncertainties remain in the interpreta-

tion of the codes and the objectives of those insisting on their adoption. SA8000 for instance may be considered either as a non-tariff barrier or as a ticket to export success. Moreover, the situation is very different from industry to industry. In some industries such as shoes it may be possible to establish long-term CSR-related agreement with a number of key suppliers. This is exemplified by the success of Nike and Adidas in this respect. However it is already more difficult in the apparel industry where companies deal with hundred of small suppliers at the same time and face the issue of a very high turnover ratio of the manpower, preventing practically all attempts to develop long-term stable policies.

And it is close to impossible in the retail industry where companies deal with thousand of suppliers on whom they have almost no leverage because each of them represent only a small percentage of their sales turnover (Mamic, 2004). Therefore, in some cases the damage in reputation a company would face if it had made efforts to disclose information indicating socially responsible practices and then is found to be behaving irresponsibly could be greater than if it had not made the effort in the first place.

It also clearly appears from a recent survey undertaken in 7 Asian countries (India, South Korea, Thailand, Singapore, Malaysia, the Philippines, Indonesia + Japan and the United Kingdom as benchmarks in some stages of the study) comparing the content and manner of reporting CSR activities that priorities are different from country to country.

Different national systems of business-society relations develop their own styles or systems of CSR and therefore no uniformity in the CSR of Asian countries should be expected. In general term, the internal CSR policies are more advanced in Japan and South Korea than in Singapore and Hong Kong, Malaysia and Thailand. However, it should be pointed out that in no country do more than a third of companies engage in socially responsible employee relations as part of their CSR. The issue of salary and working hours is put into written form in Japan and South Korea (75% and 68.8%) but is largely neglected in Singapore (33.3%) and Hong Kong (31.3%). Although they are developed countries very little is done in terms of recognition of workers' rights and standardization of the working hours in those two latter countries. Reflecting the pragmatism of Asian organizations and the very strong emphasis put on building a 'business case' in the development of their CSR activities, few Asian companies put forward an internal policy concerning human rights: 43.8% in Japan, 37.5% in South Korea; 28.6% in Thailand and in Malaysia; 22.2% in Singapore and 18.6% in Hong Kong (Matten, D. (2004).

Singapore is in advance in regards of the suppliers' respect of working norms (77.8%), the development of local communities (77.8%) and the dialogue with the stakeholders (77.8%). The codes of conduct and the fight against corruption are quite developed in Malaysia and Singapore, probably because of the important part of business transactions being made by compa-

nies of those two countries with other countries perceived as corrupted (Matten, 2004). In analyzing the modes of CSR which companies adopt it is possible to distinguish those which use the relatively traditional philanthropic mode from those which better institutionalize and embed the ways in which their CSR is deployed. In the 7 countries examined, over 50% of community involvement issues were addressed through the philanthropic mode. Over 90% of product responsibility issues were addressed through codes, suggestive of the sort of development in Western countries. However, over 80% of employee responsibility issues were addressed through philanthropic modes, in contrast with the Western trend towards codification.

The Challenges Ahead

There are already many examples of fructuous relationships between Asian public authorities, companies and NGO, notably but not exclusively in Japan. As in Western countries it seems that there is a consensus in many Asian countries on the point that CSR should be both voluntary and regulated. In principle, CSR should be voluntary because it is the source of its dynamism and innovative characteristics. Regulations do not equal commitment of companies to social responsibility. To shift from responsiveness to pro-activeness requires freedom to develop original policies that can lead to new types of sustainable competitive advantages.

But, it may not bring sustainable results without more stringent laws and regulations to insure that companies become minimally responsible. In that sense, the position is not different from that of the European Union. The European Commission also emphasizes the voluntary characteristics of CSR, considered as a complement of rules enacted by the public authorities at the European Union, national, regional and local levels (European Commission Website, 2005).

At the same time, defense of national interest runs high in the agenda of the key countries in the region. Although the People's Republic of China is increasingly involved in international projects related to environmental protection, it remains quite closed on social issues linked to employment practices and human rights. CRS may be a good thing for Chinese economy because it could enhance the image of its companies and improve their governance standards. Therefore, Chinese government intend to go ahead with plans to develop CSR standards but it has to be managed according to Chinese laws, 'adapted to local reality and resisting some of the more unreasonable standards being put forward globally' (Ho, 2005).

The worry not to be imposed norms from outside that may impede competitiveness is also present in Japan and in India. The concern of being dragged into compulsory schemes with a strong political overtone explains why Japanese companies reacted coldly to the UN Global Compact project just a few years ago. That is also why Japanese business associations actively

participate to the elaboration of ISO CRS standards that would have a wide recognition from start. However, they are skeptical as to the success of the project in view of the wide differences in approach among the parties. Similar to the ISO environmental norms that many Japanese companies consider as inadequate although they adopted them out of necessity they would be ready in case of failure or stalling of the project to work on the elaboration of specific Japanese voluntary CSR norms (Nippon Keidanren, 2005).

Conclusion

In the United States and Western Europe (especially) more attention has been focused on differentiating corporate social responsibility from philanthropy. More attention goes now on integrating CSR into business objectives and, above all, on redefining the role of a company in society and its environment. To respond to the trend, not only corporations but local public bodies are also developing CSR policies in Europe. For example, there are already regions (North-West of England or some regions in the Netherlands and Italy) that attempt to promote themselves as CSR-conscious regions in order to attract investments from companies for whom CSR may be a strategic element of business policy. It is also pointed out that CSR is trickling down slowly to small and medium sized enterprises. Some of them position themselves as CSR-conscious suppliers (European Commission Website, 2005).

In Asian countries, there is still a lot of misunderstanding of the costs and benefits of CSR for individual companies but also at the regional and national levels. While nobody questions the likelihood of a company suffering in the long term if it inflicts constant and significant harm to the community, the upside of CSR is so hard to quantify that it let many companies dubitative. Admittedly, while things may become relatively straightforward for large companies following a consistent code of conduct, the situation gets far more complex for those companies operating as outsourcing operators and facing the relentless pressure from clients whose objectives are not to become 'good corporate citizens' but just to cut production costs. Delivering price-competitive manufacturing while sharing also the costs of CSR is hard to swallow for most Asian suppliers and smacks easily of large companies' hypocrisy or PR postures in their minds.

This being said, there is an explosion of CSR-related activities within the non-governmental sector in Asia. Many of the CSR groups are quite recent and there are still developing in terms of knowledge and capabilities. But they are fast establishing links with counterparts around the world and are likely to become more effective in the years ahead. Their input will be important to clarify the issues, improve the still low level of knowledge and expertise in the region and leverage resources skills, competencies, technology and networks, thereby maximizing the

social impact.

High governance standards are necessary to penetrate global, especially Western markets. Where regulations are not in place or insufficiently enforced, CSR is important. But, as legal instruments evolve, there needs to have a better integration of voluntary approaches and laws or government regulations as in the European Union for the moment. This reinforces the consensus that education and training should be given priority in respect of CSR and that it has to be extended to companies of all sizes. There is a need for integration of CSR concepts in school curriculum and to train employees on the specific social implications and responsibilities of their companies. If companies have a cohort of graduates that at least understand the language of CSR and begun to seriously think about what such concepts might mean in reality for the workplace, it might be expected that even if they only engage now in long-term partnerships, sponsorship relationships, and encouraging employee volunteering, such companies will be able to gradually build their CSR into their mainstream activities.

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