

PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY IN THE ASIA PACIFIC: IMPLICATIONS FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

Corporate Social Responsibility (CSR) has been a growing trend in Sustainable Business practices for the past decade or more. This paper examines the growing trend and the changing attitudes of senior business executives to CSR. The paper reports on a survey of 600 top level managers and business owners in the Asia-Pacific region and their attitudes to CSR. The paper reveals the issues faced by business and the constraints to implementing sustainable property and business practices within the region. It also compares and contrasts the issues faced within different countries within the Asia –Pacific region and the greater emphasis placed on sustainable development in developing countries over that experienced in the more developed markets with a longer exposure to sustainable development and CSR.

Keywords: Corporate Social Responsibility, Sustainable Development, Asia Pacific,

INTRODUCTION

Action on Climate Change is a defining feature of contemporary business practice with increasing government intervention to reduce greenhouse gas emissions and the increasing adoption of Corporate Social Responsibility (CSR) by business to meet their environmental goals. The driver for the environmental sustainability agenda dates back to the 1980s and culminating in the United Nations commissioned Brundtland Commission Report (Brundtland Commission 1987). The Brundtland Report and its definition of sustainable development were endorsed at the UN Earth Summit in Rio in 1992 and gave rise to the global agreement within the Rio Declaration and Agenda 21 which requiring all member states to develop a national sustainability development strategy (UN 1992). The following two decades have seen some ongoing debate as to the degree to which climate change might impact our environment however there has been widespread acceptance that climate change is real and that action is required. While the CSR movement in recent times has been linked to sustainability and issues of environmental management its origins date back to the industrial revolution in Europe and the early social reform agenda (Barthorpe 2010).

The global response to the prospect of climate change have been many and varied, governments around the world have continued to debate the affirmative action required with 37 industrialised countries signing the 1997 Kyoto Protocol which establishes a set of greenhouse gas reduction targets to be met by 2012 (United Nations 1998). As governments seek to meet their Kyoto Protocol commitments they have introduced a wide range of measures to both encourage and require business to become more environmentally responsible. The introduction of statutory measures range from emission reporting requirements such as the building energy certificates introduced in Europe and Commercial Building Disclosure in Australia through to carbon emissions trading schemes in Europe, New Zealand and parts of the USA (Eves et al. 2012; Warren 2010). Government and industry have also embraced a range of softer, largely voluntary initiatives aimed at improving environmental sustainability and reductions in CO₂-e emissions.

A significant focus of the sustainability and CO₂-e emission reduction agenda has fallen on the built environment. This is not surprising given that buildings account for between 40% and 70% of global energy consumption and so represent an easy target for implementation of savings initiatives (McDonagh 2011; WBCSD 2009). The built environment industry has responded to the challenge of developing a more sustainable environment and one which embraces the challenges of climate change. There are now numerous schemes which rate the environmental credentials of commercial, industrial and retail property around the world. The establishment of the World Green Building Council in 2002 has led to the development of some of the leading tools for ranking of commercial buildings, The US LEED and Australian Green Star being the best known examples with the UK BREEAM also establishing an international reputation (Warren 2009). It has been widely recognised that for these voluntary environmental measures to reach their full potential their needs to be a breakdown in the perceived 'circle of blame' by which investors, developers, valuers and corporate occupiers need to stop putting the blame for slow uptake of sustainable development on the other parties and to recognise that only by leading can the impasse be overcome (Birkeland 2008; Ellison et al. 2007; RICS 2008). In the post GFC climate there are signs that wider adoption of sustainable development principles is becoming the new normal business practice driven in a large part by the corporate sector and the rise of corporate social responsibility.

The Rise of Corporate Social Responsibility

The economic paradigm of government by the market does not sit well with a vision for organisations embracing a triple bottom line management approach in which environmental and social reporting sit alongside the financial reporting framework. The fully market driven economic model was never a reality with governments and corporations forced to temper the solely profit driven approach in order to operate in a rational market (Chang 2010). The post GFC era has seen an increasing recognition by business that the ethics and corporate governance model adopted by business must be more open to public scrutiny with improved governance structures and the delivery of greater social outcomes to their stakeholders and the wider public interest (Kolk et al. 2010).

This business model that incorporates more than a purely profit driven approach that reports on a triple bottom line basis and seeks to balance the three aspects of financial social and environmental factors is generally referred to as Corporate Social Responsibility (CSR). While there is much debate as to what CSR really constitutes with many conflicting notions as to what the term might mean, there is a general acceptance that it at least embraces voluntary attention to the ethical, social and environmental implications of business (Carroll 1999).

In adopting a CSR approach to business, organisations need to establish a strategy which amalgamates the profit objective of the investor with the delivery of social and environmental outcomes. These CSR objectives are increasingly linked with the environmental movement and response to climate change (Kolk et al. 2007). The delivery of sustainable business practices and business attitudes to CSR are, therefore, fundamental requirements to the achievement of international CO₂-e emission reduction targets and the goals of governments to meet their Kyoto Protocol commitments.

CSR AND SUSTAINABILITY IN THE ASIA PACIFIC REGION

This paper seeks to understand the attitudes of business owners and managers within the Asia Pacific region to CSR and sustainable business practices. Identification of the underlying attitudes held by corporate managers will help to inform the wider development of strategies and tools both by the public and private sectors to enhance sustainable development measures and climate change responses. Government has two principle courses of action to achieve its environmental targets it can seek to enforce compliance through statutory regulation or it can work through coercion and partnership with business to achieve the desired outcomes. Obviously a softer partnership approach is a more desirable methodology but is dependent on the attitudes of business managers and their willingness to participate in CSR and sustainability measures.

In order to gauge business attitudes to CSR a survey instrument was developed which sought to identify the level of importance placed on CSR/Sustainability by key participants in the business process. The survey not only identified if organisations were responsive to CSR but also at what level within the organisation these issues were being actioned.

The survey was developed in collaboration between the authors and distributed through the business database of Eco-Business in Singapore. The survey format used a simple Likert scale response methodology with five possible responses from very important to not important with a neutral midpoint. The contact database comprised the leading business organisations identified within the region and built up from a number of industry contact sources. The web based survey was targeted at senior managers and business owners within the Asia Pacific region and was distributed in March 2012. The web based survey received 582 responses. It is acknowledged that this is not necessarily a representative sample as participation rates were only 20% of the database pool and as such were self-selecting. This could introduce a survey bias with respondents having an interest in CSR and sustainability more likely to participate in the survey. Despite the limitations of the survey method the results do provide a picture of what a large number of leading businesses within the region are doing in terms of CSR and sustainability.

ATTITUDES TO CSR AND SUSTAINABILITY

The survey results from the Asia Pacific Region provide an insight into the perceptions of business managers within the region. The survey received 582 valid responses with a wide distribution throughout the region. The varying roles of respondents within an organisation and the location of that business within the region allow the survey results to be presented in a number of formats reflecting the different constituents of the respondents.

Survey demographics

The survey sought to identify information about the individual respondents, their role within the organisation and the region within which the organisation is based. This data will allow comparisons between regions and within management the management hierarchy of the organisations. Responses from businesses based in Singapore represented the largest group with 35% of respondents followed by Australia 12%, USA 8%, and, China and India each on 5%. Other countries in the region ranged from 1% to 4%. The respondent's function within the organisation is an important indicator with respect to the importance which an organisation places on the CSR agenda. Respondents to

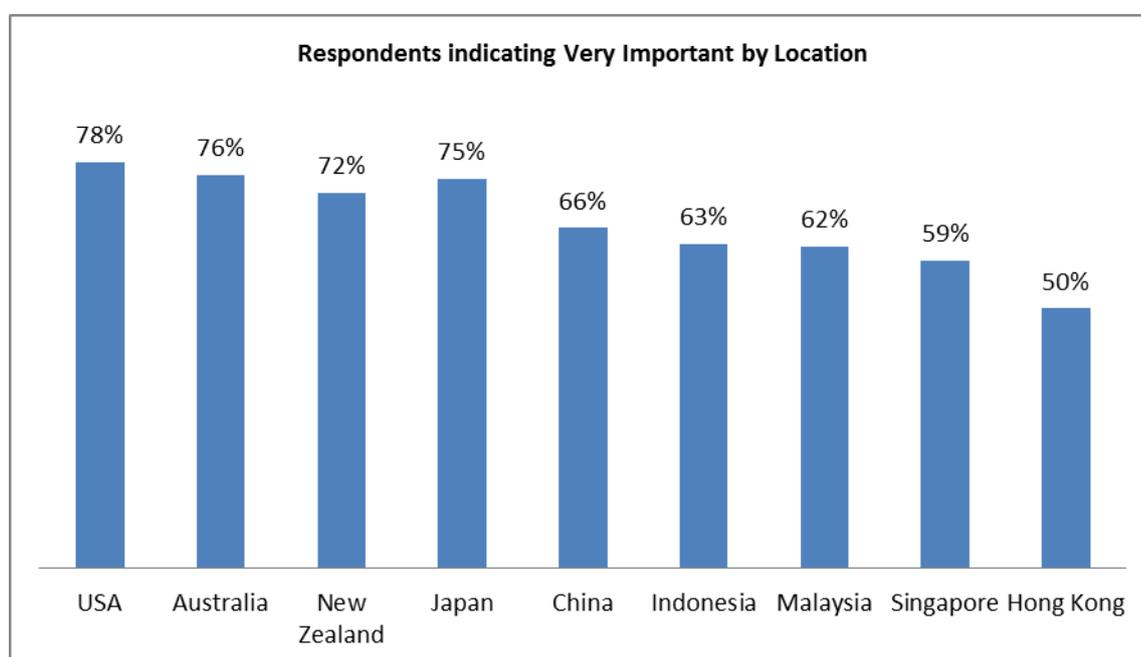
the survey reported their role within the organisation with 29% identifying as Founder or CEO, 34% were Head of Department, 12% were director level and 4% each for technical and academic respondents. An additional 14% were consultants or professional advisors. The strong senior management response allows differentiation in the results among the different management groups.

Importance of CSR

The survey asked respondents how important it was for their organisation to embrace environmentally responsible practices. The Responses show that the majority of respondents, 89% stated that it was ‘important’ or ‘very important’ with most, 67%, indicating ‘very important’ as their response. It is also interesting to note that the largest group of respondents which indicated ‘very important’ were the Founder/CEO category where 79% answered ‘very important’. The next largest group at 67% were the Directors with Department heads at 64%. This result clearly shows that environmental responsibility is an important issue at the very highest levels of the organisation.

This result was further broken down into the major geographical regions and showed that respondents in India, USA, Australia and New Zealand all responded at a higher level than the average with a ‘very important’ response. Figure 1 shows the breakdown by country. This result reflects the differing attitudes across the Asia Pacific region.

Figure 1 Importance of environmental responsibility by country



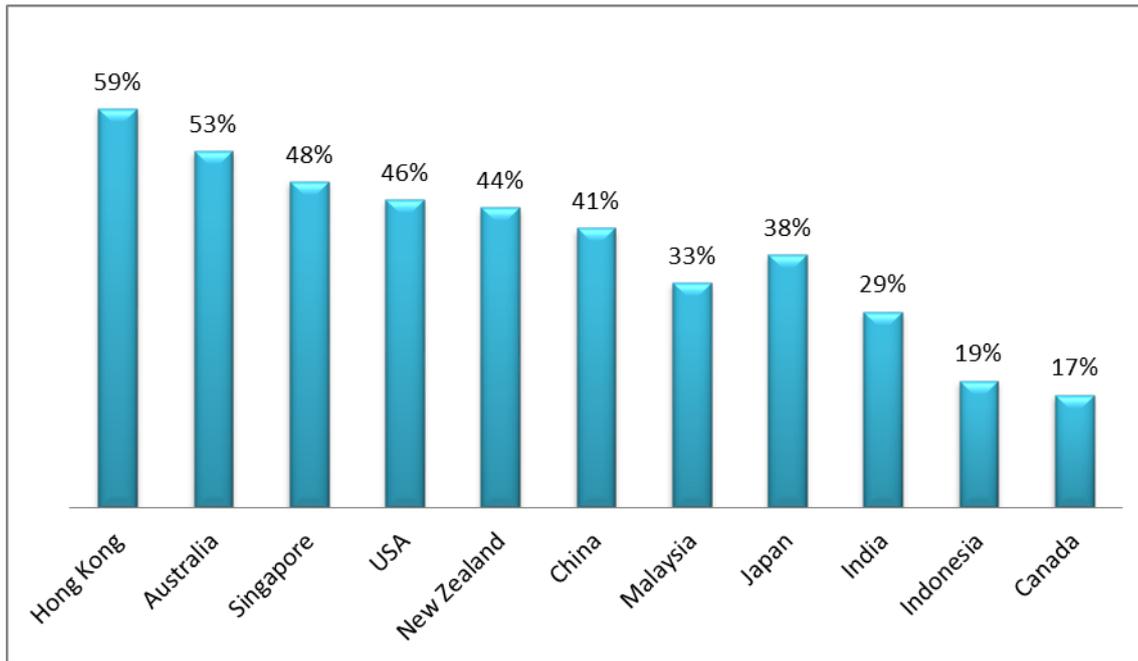
The importance placed on CSR was also gaged by the level, within the organisation at which issues of CSR and Sustainability are actioned. The survey asked if, within their organisation top management were involved in shaping sustainability strategy. The survey responses show that 85% of respondents indicated that top management was involved with just 10% responding negatively and the remainder not able to respond. There were some regional differences in the responses with Hong Kong and Malaysia each with 95% of respondents answering ‘yes’ to this question while at the other end of the scale India and Indonesia were at 77% and 75% respectively.

The survey also sought to identify the target of any CSR/Sustainability strategy within the organisation, the majority 70%, indicated that customers were their target, closely followed by employees at 64%. Investors were the target for only 28% of respondents.

Organisational Response to CSR

The organisation’s response to CSR/Sustainability was investigated with respondent’s ask if their organisation had an Environmental Management System (EMS) in place in their organisation, 42% indicated they had an EMS system with a further 24% stating they were ‘working on it’. Only 27% stated they had no EMS. There were considerable regional differences with higher positive scores coming from the more advanced economies in the region. See Figure 2.

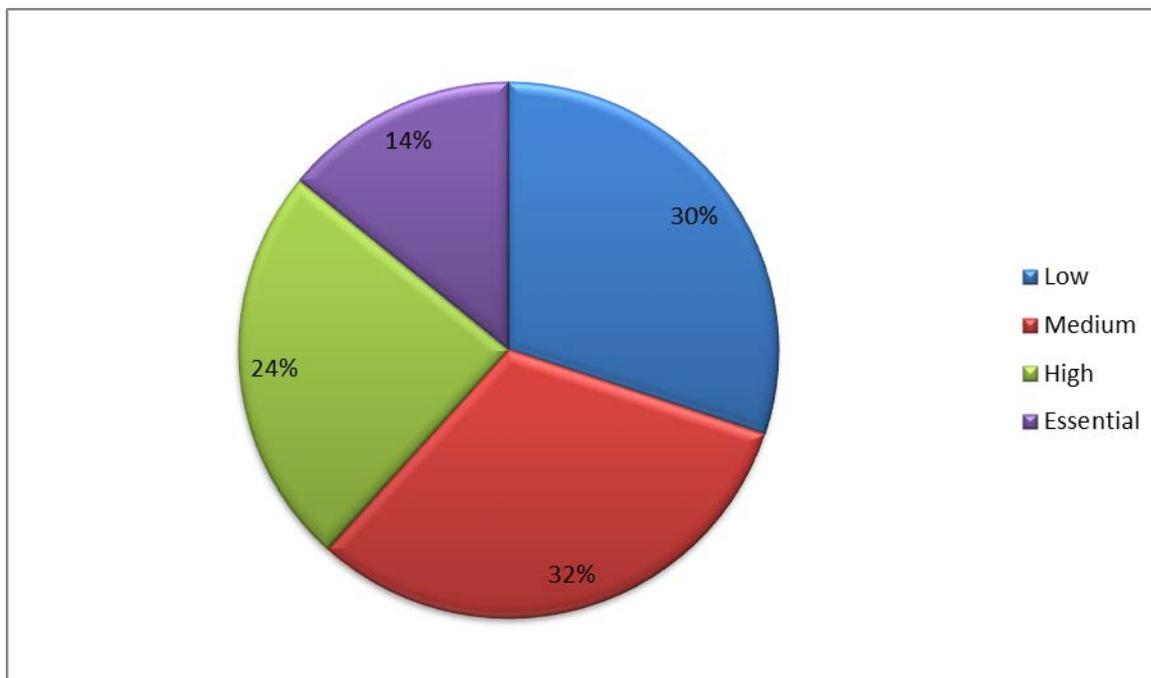
Figure 2 Environmental Management System by Region



In a similar question respondents were asked if their organisation had an internal 'Green Team.' The results are similar to those for EMS with 45% answering 'yes' and 34% 'no' with a further 16% working on establishing a green team. Once again the regional differences were very similar to those in Figure 2 for environmental management systems.

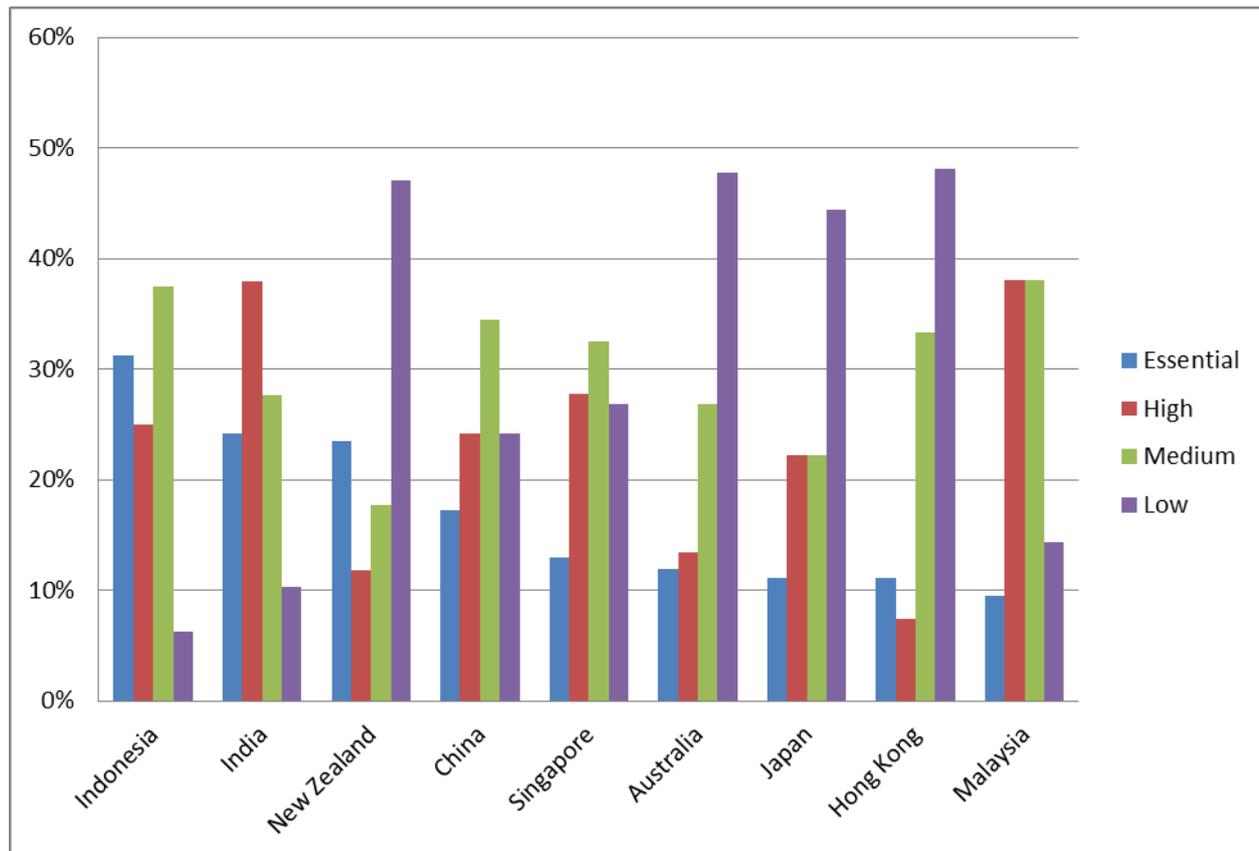
Respondent's views on the international Standard for establishing an Environmental Management System, ISO 14001 were sought. When asked to rank the standard as a measure of sustainability credentials only 14% thought it essential with 30% ranking it as low, Figure 3 shows the full range of responses.

Figure 3 Ranking of ISO 14001 Certification



Once again there were considerable regional differences with the higher positive responses coming from Indonesia and Malaysia and with the larger 'low' responses from Hong Kong, Australia and New Zealand.

Figure 4 ISO 14001 Ranking by Region



This regional result is interesting in that it shows that the countries with the stronger EMS and Green Team representation are ranking the international standard much lower than those that are yet to develop their EMS and Green Team approaches. The results also show that higher level managers, Founders/CEO were among the lowest rankings for the standards while technicians and engineers were the respondents that ranked the standard most highly. This result has implications for both the International Standards Organisation and the senior management of organisations as it would appear the standard is not serving the purpose for which it was developed.

CONCLUSION

This survey of attitudes towards CSR and Sustainability by business managers in the Asia Pacific region provides some valuable insight into the future of our efforts to improve our environment and mitigate the negative effects of climate change. What these results show is a very healthy interest in CSR at the highest level of the organisation. It also shows that the more developed countries within the region are leading the way with the establishment of EMS and Green Teams to improve sustainability outcomes principally focused on customers and employees.

These findings have significant implications for the property sector as they clearly show that there is a strong and growing desire by business to embrace sustainability measures and that the investors and developers of buildings should take notice of this business driver when developing new assets. The results have also shown some disparity between the developed countries in the region and those developing countries with less well established sustainability agendas. These survey results from this study closely match the recent findings of a study of sustainable property practices globally which indicate that the Oceania region is leading the world with Asia slightly ahead of the Americas and just behind Europe in terms of both management expertise and Environmental Management Systems in sustainable property (GRESB 2012). The GRESB study also echoes the results of this study in that it reveals considerable scope still exists for building owners to engage with the occupying tenants of their buildings, but as this study shows there is an overwhelming willingness on behalf of senior management to participate in CSR and Sustainability measures.

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