

# CSR ASIA

## CSR in Asia: Who is getting it done? The role of CSR professionals in Asia



**Playing It Safe!**

# CSR in Asia: Who Is Getting It Done?

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## ABOUT CSR ASIA

CSR Asia is the leading provider of training, research and consultancy services on sustainable business practices in Asia. Through our offices in Beijing, Hong Kong, Kuala Lumpur, Shenzhen and Singapore and our partnerships in Vietnam, Thailand and Bangladesh CSR Asia builds capacity and promotes awareness of CSR in order to advance sustainable development across the region.

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# Executive Summary

This survey was designed to determine the status of CSR professionals in Asia. Companies are increasingly recognising the strategic importance of building business practices that create sustainable bottom lines, sustainable global economies, environments and societies but how are they building capacity within their organisations to meet these challenges?

This report allows those working in CSR roles within companies in Asia to understand how their role compares to others. It will enable those organisations working to support companies to understand what is needed to build capacity and to review developments going forward.

The research returns were completed by those responsible for the implementation of CSR within organisations. Details relating to 80 CSR managers from 14 countries in Asia are represented in the findings.

There are clearly a number of CSR managers who are tackling global challenges and responsible for creating value for the companies by which they are employed. However it is obvious that a large number of CSR managers are managing projects that are in many ways separated from the core focus of the business, mainly by managing philanthropic projects.

Seventy percent of all respondents refer to their activities as corporate social responsibility (CSR), the remainder are evenly split between describing their activities as sustainability, corporate responsibility (CR) and corporate citizenship.

The survey is subtitled 'Playing it Safe' because the results show that the majority of companies seem to be somewhat conservative in respect of the take up and implementation of CSR as indicated through the status of the CSR manager. Overwhelmingly the current cohort of CSR managers are working in high risk industries rather than across a range of industries. The CSR issues that are top of the agenda are the development of CSR strategy, community investment, health and safety and internal awareness and training. Under a third of CSR managers are looking at a broader range of issues that are integral to the long term performance of a business including the development of CSR policy, climate change, poverty alleviation, water and broader community health issues. Even fewer are addressing issues related to supply chain, product responsibility, responsible marketing, diversity and biodiversity issues.

It is encouraging to note that there are companies where the CSR manager reports directly to the Board or CEO, however, this is only the case for 19 percent of respondents. The survey finds that 29 percent of respondents report that the operational level of the CSR manager is only that of an administrator or junior manager. Given that CSR should be directly linked to corporate strategy and the way in which a company enacts its business, it seems unlikely that the CSR manager within these companies is having an impact on the company's activities.

An increasing number of companies are employing CSR managers and CSR Asia will track this development through an annual survey to determine what issues CSR managers are working on, how CSR is managed within the organisation, what challenges exist and the status of CSR managers within organisations over time.

# Recommendations

CSR managers must have a clear job specification, which identifies the area that they are responsible for and what the company expects as value for the position. If the activities of the CSR manager are not aligned with the core activities of the business then the ability of the CSR manager to deliver value is compromised.

CSR managers must deliver value to the organisations which employ them. In order to be able to do this the employer must ensure that the CSR manager has access to the Board in order for the strategy of the company to address long term issues that will create sustainability. It is not feasible to expect a junior member of staff, an administrative assistant or a volunteer to drive sustainability throughout an organisation in order to deliver value. CSR managers must be empowered to work with others in the business to assess key priority areas based on assessment of need and stakeholder expectations.

CSR managers should engage with material social and environmental issues for the company. Their role is to manage risks and identify business opportunities inherent in a move towards sustainable development.

As the number of CSR managers increases in the Asia Pacific region year on year this body of professionals need internal and external support and ongoing guidance and clarity as to what is excellence in this profession.

## DEFINITION

In this report, the term “CSR manager” is used as a generic term to describe any person employed to manage corporate social responsibility within their organisation. This may include employees with a range of job titles, including but not limited to CSR, CR, sustainability, corporate relations, community relations amongst others.

## METHODOLOGY

The data was collected using an online data collection tool.<sup>1</sup> The survey was announced at the CSR Asia Summit in Bangkok on the 2 November 2008, the Asian Forum on CSR in Singapore on 21 & 22 November and was available online at [www.csr-asia.com](http://www.csr-asia.com). The deadline for data collection was 10 December 2008. This was deliberately a short survey for 2008 asking ten basic questions. This survey will be repeated, expanded and updated for 2009 to include what salary CSR managers are receiving, how they benchmark the work they do and how they measure the value of their position, the size of CSR teams, the type of company that employs a CSR manager (listed/private), the background of the CSR manager and who their key external and internal stakeholders are.

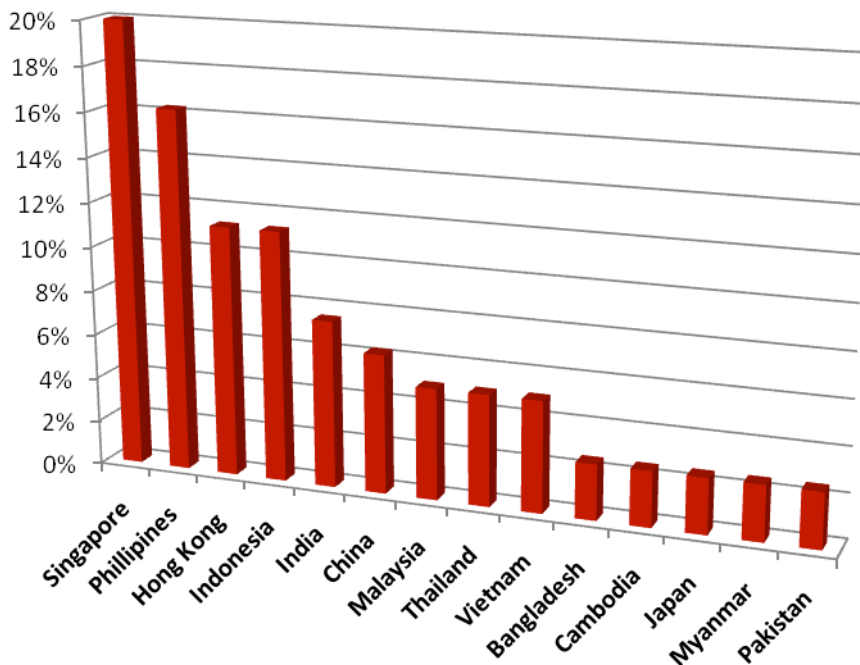
CSR Asia would like to thank all those who completed this survey

<sup>1</sup> [www.surveymonkey.com](http://www.surveymonkey.com)

# The Results

The questions and the answers to each of these questions are detailed in the following pages.

## Question 1: In which country are you currently located?

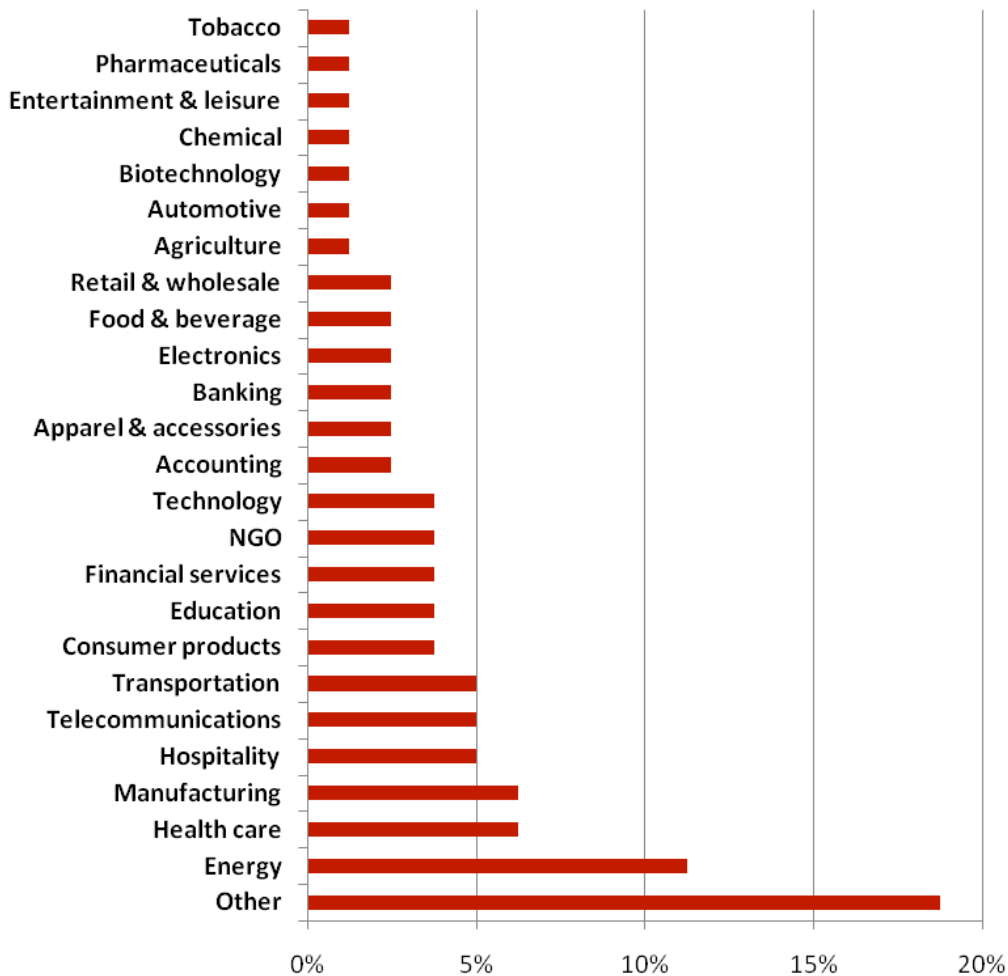


The survey results show that there are a number of CSR managers operating throughout the region and that the data therefore captures a variety of country concerns. There are clearly some countries which are better represented than others.

The survey does not show a high response level from Japan which is surprising given the high level of CSR disclosure amongst Japanese companies. Conversely it is also surprising that there is a high level of CSR managers responding from Singapore despite a very low number of Singaporean companies who currently disclose their CSR activities. It is noted that a high number of multi-national companies headquartered outside of Asia also employ local CSR managers with regional responsibilities which could account for these results.

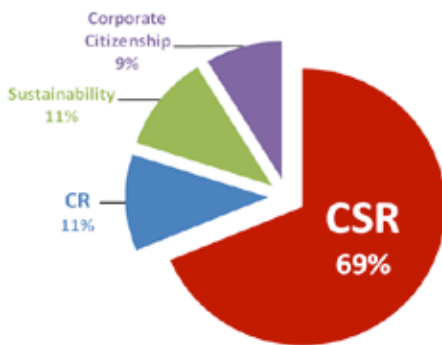
Overall, given the number of businesses operating in the region, the total response of 80 CSR managers is low. It would be reasonable to conclude that this is a reflection of the current level of implementation of CSR in Asia. It is still unusual to find a business that has a CSR function. We would argue that the respondents to this survey are amongst the leading companies in this regard in Asia.

## Question 2: In which industry does your company operate?



The energy sector has the highest number of CSR managers, this is unsurprising given the high environmental, social and governance risks associated with this industry. The remainder of the respondents are spread across different sectors with the highest representation after energy being in healthcare, manufacturing, hospitality, telecommunications and transportation. Those in the 'other' category were representatives of government, media, service and insurance.

### Question 3: What term is most commonly used in your company to mean corporate social responsibility?



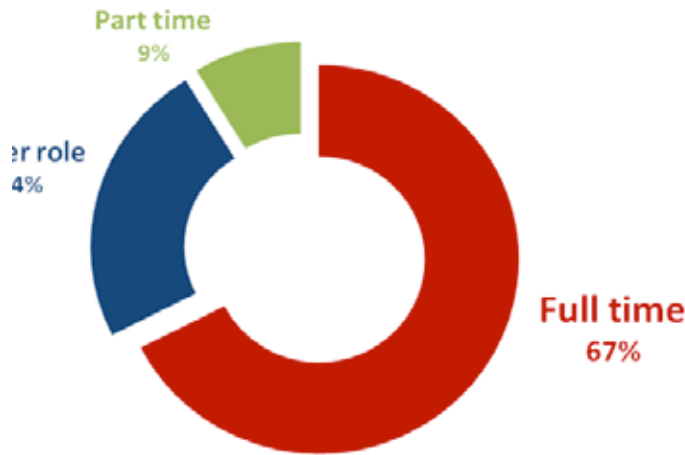
CSR is often confused with philanthropy in Asia with many companies only reporting their philanthropic activities under the banner of CSR. 69 percent of respondents report that the term CSR is used within their company. Corporate responsibility (CR) and sustainability being the second most commonly used terms. A number of other terms were also reported including: community relations, philanthropy, citizen engagement.

### Question 4: What department does the CSR function belong to in your company?



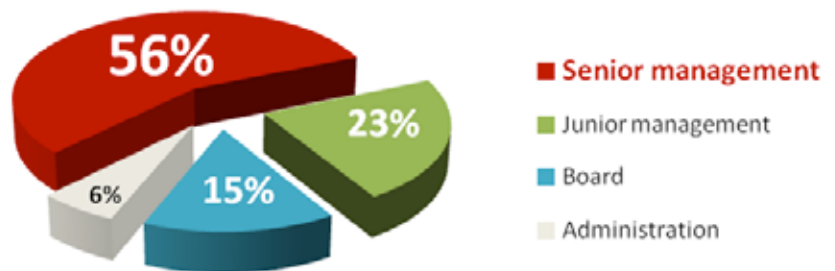
38 percent of companies responding to the survey have CSR departments within their company. The second main function that CSR managers report to is communications, marketing and public relations with a combined total of 25%. It is interesting to note that collectively a healthy 19% of CSR managers report directly to the Board or CEO. Worryingly 6 percent of companies report that CSR is run from a company foundation, a legal body separate from the operations of the company itself, one company reported that CSR was run on a voluntary basis. Other departments that oversee CSR include human resources and the legal function.

### Question 5: Is the CSR role at your company part time, full time or as part of another role?



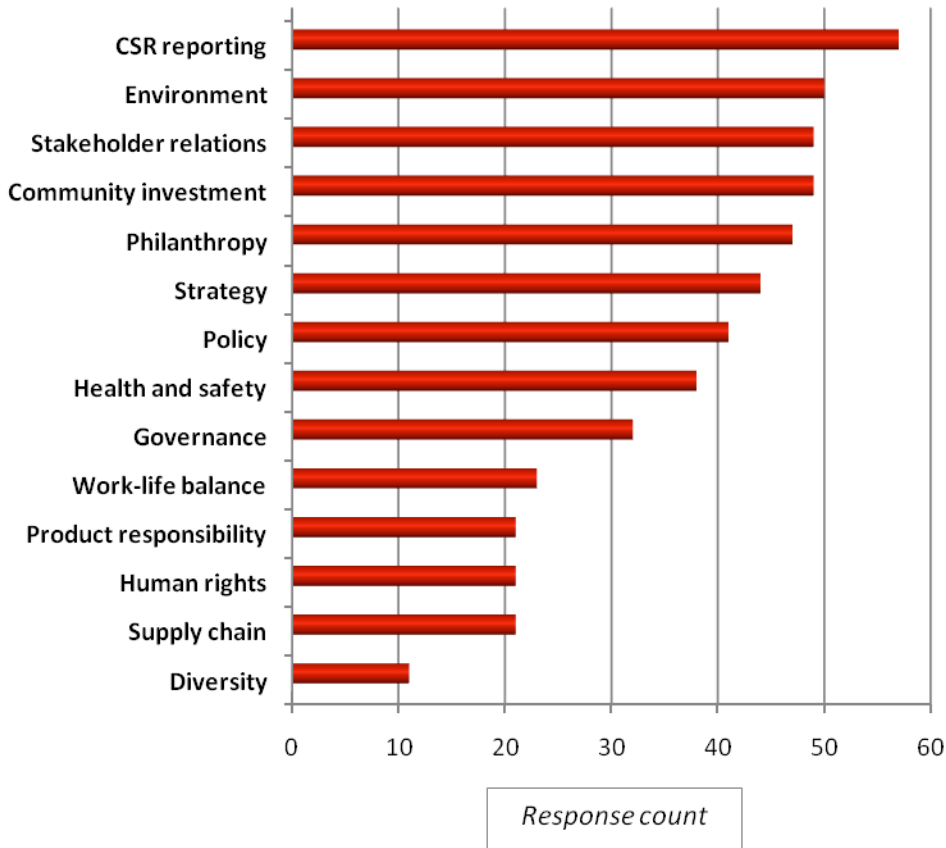
Nearly a quarter of all respondents are not full time CSR managers but undertake the CSR function as part of wider responsibilities within an organisation.

### Question 6: What is the operational level of the CSR manager at your company?



The CSR managers who are Board level are only 15% of all respondents. Most concerning is the number of CSR managers who responded that they are either at operational level of administrative staff or junior management. It is hard to imagine a company creating a sustainable business strategy with an administrative or junior manager responsible for strategy development and implementation.

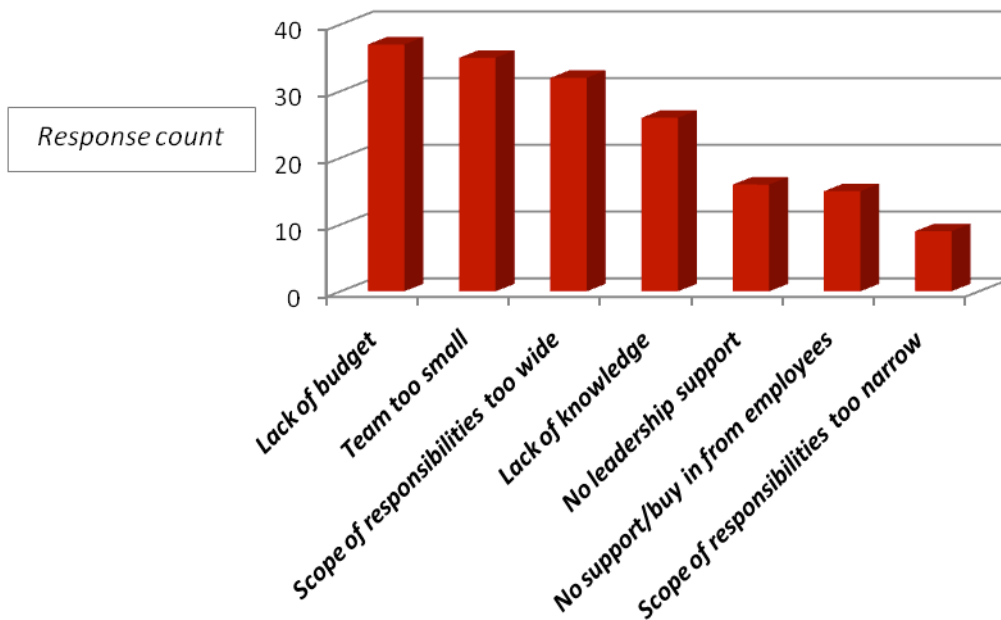
## Question 7: What areas of CSR is the CSR manager responsible for?



It is apparent from the response to this question that CSR managers are responsible for a diverse portfolio. Given current trends it is not surprising that CSR managers respond that reporting and the environment are the areas that share the most common responsibility. The response also reflects that very few CSR managers are responsible for and are therefore actively managing human rights (21). Perhaps the most surprising result was the number of CSR managers who report that they have responsibility for CSR issues in the company supply chain (21) which is only a quarter of all respondents.

Understandably CSR managers seem to be managing areas that have the most accepted tangible data, (for example, the environment). Only a few CSR managers seem to be managing those areas where it is harder to set targets, monitor, or understand the impact of the area on the overall business (for example, diversity).

## Question 8: What are the biggest challenges faced by the CSR manager?

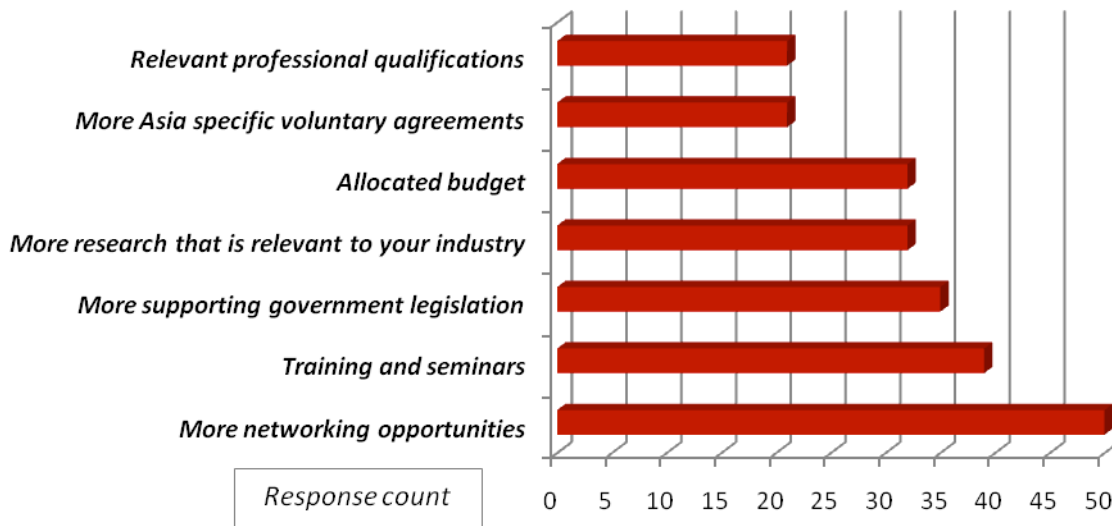


In line with expectations, the highest response to this question was the issue of budget. 37 CSR managers feel that their biggest challenge was the lack of available funding. 35 CSR managers feel that the biggest challenge is that there is not the internal capacity to manage CSR with very small teams. As reported in Question 7 above CSR managers report that they have a wide variety of responsibilities, this in itself was felt by 32 CSR managers to be the biggest challenge of all and in this regard it is not surprising that the results of Question 7 also demonstrated that not all areas of CSR are being managed adequately. Conversely 9 CSR managers report that their scope of responsibilities is too narrow, potentially leading to a very narrow and incomplete approach to CSR.

16 CSR managers report that they receive no leadership support or support from their fellow employees, this response will inevitably lead to large question marks about the quality and sincerity of CSR within the organisations that respond in this way.

A number of respondents reported that CSR was still only recent undertaking within their organisation and they were therefore working to create buy in and understanding.

## Question 9: What support from external parties would assist the CSR manager?

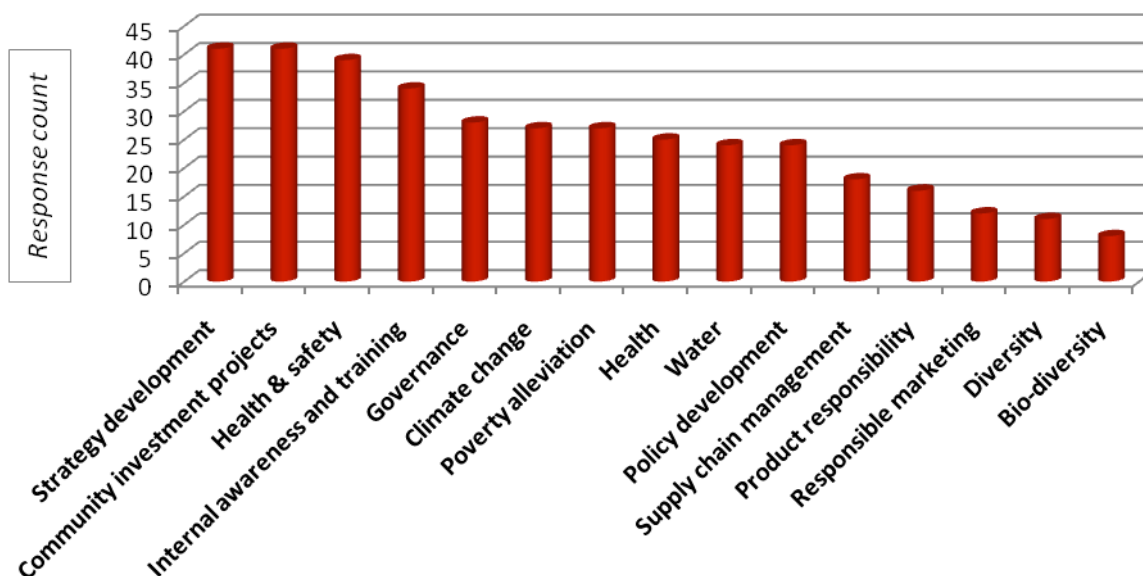


50 CSR managers report that they would welcome both more networking opportunities and training and seminars. This response seems quite surprising given the very high number of public events in this area, specifically in Asia, in 2008. Perhaps this reflects that CSR professionals wish to look for benchmarking opportunities and external support to build their knowledge given some of the challenges they face with some stakeholders.

Just under half (35) of all respondents expressed that there should be government legislation in this area and 32 require more relevant research for their industry. It is very interesting to note that approximately a quarter of all respondents (21) responded that they would like to see more Asia specific voluntary requirements with regard to CSR. However, law set by government is still seen as preferable to these voluntary soft laws. CSR managers (21) responded that they would like a relevant professional qualification.

Respondents noted that one of the challenges is the overwhelming number of codes of conduct that are to be complied with and stated that a universal code or expectation would assist them in their work.

## Question 10: What are the key strategic focus areas for CSR within your organisation over the coming five years?



The key strategic focus areas for the next 5 years are arguably the most interesting set of data given their fundamental importance in driving the business approach to the current global big issues. Over half of the respondents 41 felt that a strategy itself was the key issue.

Companies in Asia clearly feel that community investment also has to be the priority for the coming 5 years with over half (41) the respondents reporting that this is a key focus area. (A number in addition noted that education was the key focus area, although it is unclear whether this is in relation to community investment or more generic internal education on CSR).

The survey finds health and safety (39), internal awareness (34) and governance (28) as the next key focus areas which are ranked above climate change (27) and poverty alleviation (27).

Health (25), water (24) and policy development (24) are also reported as focus areas. Given recent corporate scandals it is surprising given the make-up of industry respondents that only 18 report that supply chain management and product responsibility are key focus areas and only a very few report that responsible marketing (12), diversity (11) and biodiversity (8) are key focus areas for the next five years.

It would seem that the philosophy reported here is very much that of a 'play it safe and tangible'. It could be argued that a very cautious approach to CSR is being advocated in these responses, only time will tell whether or not these strategic areas are enough to sustain business through the next 5 years.