

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES IN ASIA: A BURGEONING QUINTESSENCE

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ABSTRACT

The theme of social responsibility is rapidly becoming a budding quintessence on the domestic as well global agenda of the corporate sector. The idea of corporate social responsibility (CSR) is not new. Business, through the ages, demonstrated varying degrees of responsibility to society. The present study explores global phenomenon in CSR, and examines the corporate social responsibility initiatives and trends of Indian companies on selected CSR indicators in comparison to Asia and world. The study based on secondary data observed that CSR has gone main stream for the many of the world's companies and is headed in the same direction in India also. India has emerged as a prominent country paying an ever-increasing attention towards corporate social responsibility (CSR) disclosure. Indian companies TCS and ITC have emerged in top 10 ASR 2009 list. Indian companies have shown its presence in the top two positions in most of the CSR indicators i.e. Corporate Governance, Codes, and Policies; Corporate Social Responsibility Strategy and Communication; Corporate Environment Disclosure; Community Investment Initiatives; and total industry score. To conclude, it is evident that the concept of CSR has



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emerged as a promising benchmark for companies not only in Asia but across the world as a whole. However, the biggest challenge faced by companies is to develop a CSR strategy to find tangible and business focused metrics linked to ethical, social and environmental performance in order to meet stakeholder demands and expectations.

KEY WORDS

Budding Quintessence, CSR Indicators, Corporate Governance, Community Investment Initiatives, benchmark.

INTRODUCTION

Corporate Social Responsibility has turned out to be one of the most promising “management fashions” and business key words of the last decade. The subject of corporate social responsibility (CSR) is rapidly becoming a budding quintessence on the domestic as well global agenda of the corporate sector. The last decade has witnessed a substantial growth of awareness in corporate responsibility both among major companies and across society. Demand for greater transparency, accountability and public reporting are gradually increasing. There has been an escalating demand from stakeholder groups for greater corporate transparency regarding financial as well as non-financial indicator. External pressures from stakeholders are not exclusively accountable for the emergence of metrics concerned with CSR performance. Significant internal pressures are also a key driving force. This pressure has played a central role for the increasing popularity of CSR in the business community, as a means of demonstrating and communicating non-financial performance to a variety of stakeholders. The idea of corporate social responsibility is not new. Business, through the ages, demonstrated varying degrees of responsibility to

society. However, this concept today covers a wide spectrum of topics, issues and methodologies. There are two dimensions to a company's CSR performance i.e. actual/measurable performance and perceived performance by key stakeholder groups. Effective CSR reporting provides the vehicle by which a company is able to consider, manage and balance actual and perceived performance. In response to this trend, Companies are also showing great willingness to incorporate ethical, social and environmental issues into their corporate reports either separately or as an indispensable part of their annual reports. The biggest challenge faced by companies is to develop a CSR strategy to find tangible and business focused metrics linked to ethical, social and environmental performance in order to meet stakeholder demands and expectations.

CSR-CONCEPT AND DEFINITIONS

The slogan Corporate Social Responsibility was coined in 1953 with the publication of Bowen's 'Social Responsibility of Businessmen', which posed the question 'what responsibilities to society can business people are reasonably expected to assume? The nature and scope of corporate social responsibility has changed over time. Corporate Social Responsibility (CSR) is used to describe businesses' integration of social and environmental issues into decisions, goals, and operations and in their interaction with their stakeholders on a voluntary basis. Other terms for CSR are Corporate Responsibility, Sustainability, Corporate Citizenship, Ethical Business Practices, Social/Environmental Responsibility, Triple Bottom Line, Environmental and Social Stewardship. In simple words, corporate social responsibility is interchangeably used with corporate sustainability reporting. The concept of sustainability is defined as "Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs." Philip Kotler stated that CSR is a commitment to improve community well being through discretionary business practises and contribution of corporate resource. According to world business council for sustainable development..."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 of the local community and society at large". International Finance Corporation defined that corporate social responsibility is the commitment of functional businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development. According to CSR Asia, "CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders."

OBJECTIVES OF STUDY

The aim of the present study is to explore global phenomenon in CSR, and examine the corporate social responsibility initiatives and trends of Indian companies on selected CSR indicators in comparison to Asia and world.

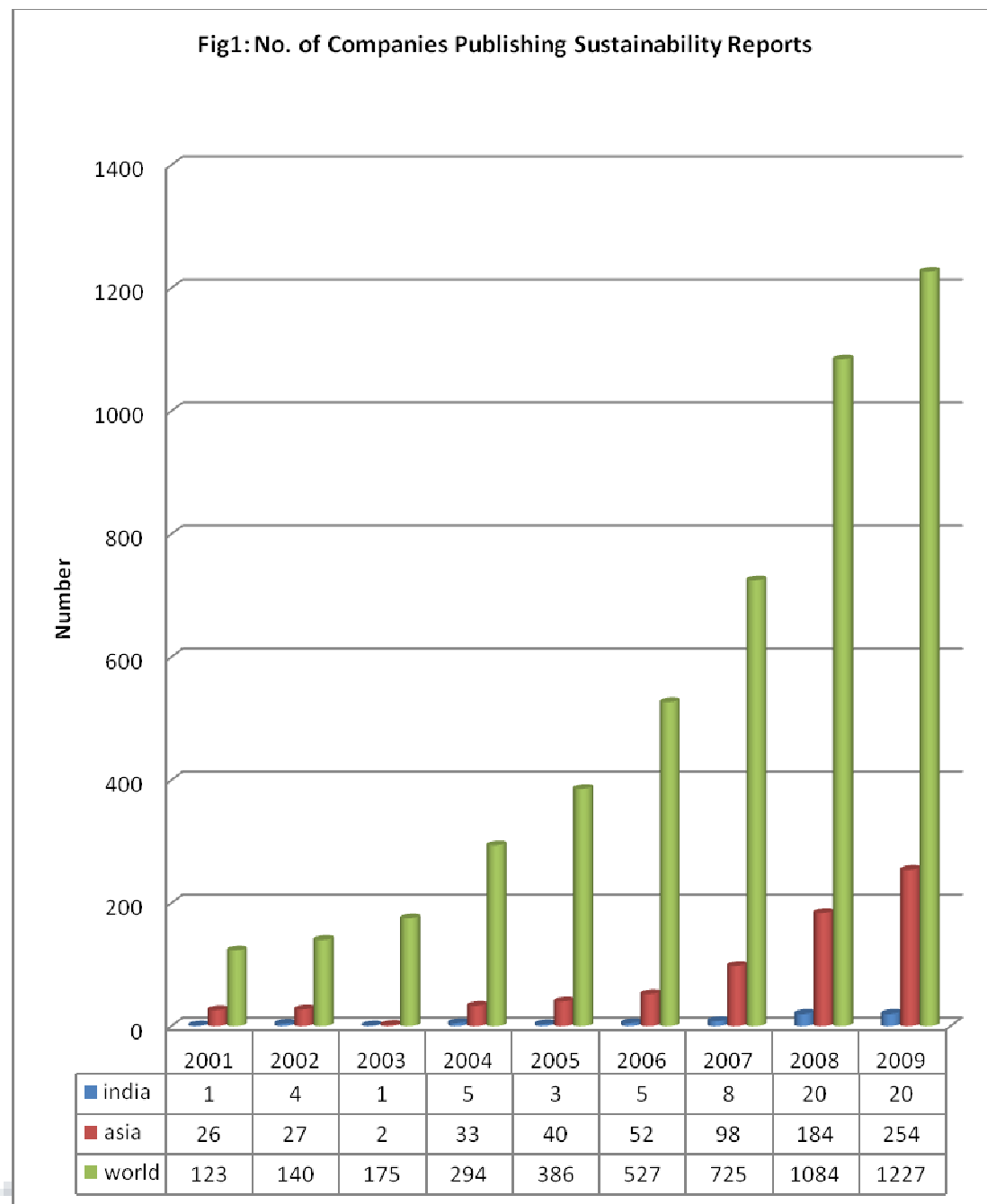
CORPORATE SOCIAL RESPONSIBILITY INITIATIVES: AN ANALYSIS

The findings relating to CSR initiatives in Asia are highlighted as follows:

1. It is found that India has emerged as a prominent country among the top 10 Asian countries that are paying an ever-increasing significance towards corporate social responsibility (CSR) disclosure.
2. The study observed that there is rising trend in publication of corporate sustainability report in India, Asia, and at the entire global level. It is found that the number of companies publishing CSR report in India, Asia, and World is 20, 254 and 1227 in 2009 respectively, whereas this

number has been 1, 26 and 123 in 2001 for India, Asia, and World. The study observed a significant rise in the companies publishing CSR reports in the last five years as depicted in table and fig 1.

Table 1: Number of Companies Publishing CSR Reports			
Year	No of Companies Publishing Sustainability Report		
	India	Asia	World
2001	1	26	123
2002	4	27	140
2003	1	2	175
2004	5	33	294
2005	3	40	386
2006	5	52	527
2007	8	98	725
2008	20	184	1084
2009	20	254	1227



3. The study observed that 80 percent the top ten companies' in 2009 ASR list was dominated by Australian companies, and it was followed by two Indian companies i.e. Tata Consultancy and ITC.

Table 2: Ranks & Percentage Score of Asian Companies			
Rank	Company	Stock Exchange	2009 (%)
1	ANZ Banking Group Ltd.	Australia	98.0
2	BHP Billiton Limited	Australia	95.1
3	Tata Consultancy Services Ltd.	India	90.2
4	Westpac Banking Corporation	Australia	89.2
5	Telstra Corporation Limited	Australia	89.2
6	National Australia Bank	Australia	87.3
7	ITC Ltd.	India	85.3
8	Rio Tinto Limited	Australia	84.3
9	Woolworths Limited	Australia	83.3
10	Wesfarmers	Australia	82.4

4. In India, high levels of disclosure are observed predominantly from large companies with recognized brands such as Tata and Infosys. Leading Public Sector oil companies such as ONGC and the Indian Oil Corporation also have reasonable levels of disclosure.

Table 3: Ranks & Percentage Score of Indian Companies			
Rank in India	Rank in total ASR	Company	2009(%)
1	3	Tata Consultancy Services Ltd.	90.2
2	7	ITC Ltd.	85.3
3	14	Infosys Technologies Ltd.	80.4
4	17	Larsen and Toubro Ltd.	79.4
5	24	Reliance Industries Ltd.	71.6
6	32	Oil and Natural Gas Corporation Ltd.	62.7
7	37	Indian Oil Corporation Ltd.	58.8
8	42	Bharti Airtel Ltd.	56.9
9	46	Steel Authority of India Ltd.	55.9
10	56	NMDC Ltd.	51.9

5. **Corporate Governance, Codes, and Policies:** This indicator examined the availability and communication of company policies and codes of conduct in relation to key CSR factors including corporate governance, risk management, anti-corruption, labour and human rights issues. The percentage score of top five countries on Governance, codes and policies is 83.3, 74, 67.3, 66.5, 63.3 for Australia, India, Hong Kong, China and Thailand respectively.

Table 4: Governance, Codes and Policies Score	
Countries	Governance, Codes, and Policies (%)
Australia	83.3
India	74.0
Japan	49.8
China	66.5
Hong Kong	67.3
Malaysia	59.6
Philippines	47.5
Thailand	63.3
Singapore	50.8
Pakistan	35.2
Average across countries	59.7

Out of 10 Asian countries, 50 percent of the countries has depicted better than the percentage average across countries. Australia and India occupied first and second position on disclosure in corporate governance, codes and policies.

6. **Corporate Social Responsibility Strategy and Communication:** This indicator evaluated corporate strategy on CSR and the way it is communicated to stakeholders through reporting

initiatives i.e. internationally recognized reporting guidelines, CSR training and awareness and alignment with voluntary CSR standards in company operations.

Table 5: CSR Strategy and Communication Score	
Countries	CSR Strategy and Communication (%)
Australia	68.2
India	44.5
Japan	60.7
China	41.6
Hong Kong	37.3

Table 6: Corporate Environmental Disclosure Score	
Malaysia	23.4
Philippines	36.6
Thailand	23.2
Singapore	14.1
Pakistan	10.2
Average across countries	36.0

It is observed that average CSR strategy and communication score across countries is 36; and Australia, India, Japan, China, Hong Kong, Philippines has outperformed the average score of the selected countries. The study observed that Australia, India, and Japan are top three countries for its CSR Strategy and communication.

Countries	Environment (%)
Australia	70.3
India	47.8
Japan	70.6
China	34.4
Hong Kong	37.5
Malaysia	28.4
Philippines	26.9
Thailand	15.9
Singapore	20.9
Pakistan	19.1
Average across countries	37.2

7. **Corporate Environment Disclosure:** This indicator assessed the level of environmental data, targets set by the company, and the way it is reported to stakeholders. Indicators include environmental management systems, emissions data, the use of renewable energy; customer and employee focused environmental Initiatives. Analysis of table 6 clearly reveals that companies in 4 countries i.e. Australia, Japan, India and Hong Kong have shown better disclosure percentage score on environmental disclosure than the average across countries.
8. **Community Investment Initiatives:** Community and development investment initiatives are well known aspects of CSR in an Asia with its rich history of philanthropy. The community and development initiative score (table 7) clearly reveals that its average score is 34.5. It is observed that 6 out of 10 countries have registered score higher than the average score. India, Australia and China have emerged as the top three nations in this CSR initiative.

Table 7: Community and Development Score	
Countries	Community and Development (%)
Australia	51.5
India	53.0
Japan	15.5
China	48.0
Hong Kong	38.5
Malaysia	39.0
Philippines	41.0
Thailand	25.0
Singapore	18.0
Pakistan	15.5
Average across countries	34.5

9. **Total Country Score:** The companies in India have the second highest rating for disclosure overall, which was topped by Australia. It is evident as revealed in table 8 that companies in 5 out of 10 countries i.e. Australia, India, Japan, China and Hong Kong have shown better performance than the average across the countries.

Table 8: Total Country Score	
Countries	Total Country Score (%)
Australia	68.3
India	53.2
Japan	50.7
China	43.5
Hong Kong	42.0
Malaysia	36.0
Philippines	31.7
Thailand	29.5
Singapore	25.5
Pakistan	18.0
Average across countries	39.8

CONCLUSION

In the era of globalization, CSR has emerged as a major responsibility and challenge of our times. In a world of ever changing challenges, corporate sector across the world is shifting its approach from compulsory financial reporting toward innovative voluntary corporate sustainability reporting. CSR is the result of vision of growing sense of responsibility of the business community to improve transparency and accountability to the wider community, and not just to stakeholders. CSR has gone main stream for the many of the world's companies and is headed in the same direction in India also. India has emerged as a prominent country paying an ever-increasing attention towards corporate social responsibility (CSR) disclosure. Indian companies TCS and ITC with 3rd and 7th rank respectively have emerged in top 10 ASR 2009 list. Indian companies have shown its presence in the top two positions in most of the CSR

indicators i.e. Corporate Governance, Codes, and Policies; Corporate Social Responsibility Strategy and Communication; Corporate Environment Disclosure; Community Investment Initiatives; and total industry score. To conclude, it is evident that the concept of CSR has emerged as a promising benchmark for companies not only in Asia but across the world as a whole. However, the biggest challenge faced by companies is to develop a CSR strategy to find tangible and business focused metrics linked to ethical, social and environmental performance in order to meet stakeholder demands and expectations.

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