
PRESS RELEASE**The development of CSR in Asia**

1 September, 2008 – Corporate social responsibility is still very much associated with large multinational corporations with global brands to protect. That should be no surprise since they clearly see the business benefits in linking reputation and image to good CSR and the benefits associated with human resource management and risk reduction. An oft-asked question is why don't we see more large Asian conglomerates as enthusiastic about CSR?

Is it simply because there is a time lag or is there something fundamentally different about the large companies originating from the Asian region? A lot of Asian companies can be hugely generous in their philanthropic activities yet resist calls to be more transparent about how they make their money. They remain resistant to CSR and do not see, or choose not to see, the business case.

Richard Welford, Chairman of CSR Asia, thinks the resistance is partly attributed to the lack of stakeholder pressure: "Outside of Japan and Korea, there are very few corporations with global brands in Asia. Whilst many Asian companies are huge, they are often more regionally based than global and are not subject to the scrutiny from customers and other stakeholders that many Western brands get. Add to this the fact that many large Asian companies have dominant shareholders, commonly the founders and their families, but sometimes the government or state, and we can begin to see that there is little pressure from traditional stakeholders to engage with CSR."

Despite a lack of stakeholder pressure, some might argue that large Asian companies are still subject to competitive pressures and that CSR might well be part of maintaining a degree of competitive advantage. Yet, the reality is that in many cases these large Asian companies face little market pressure to adopt CSR. The history of many of these large Asian companies is often associated with having a cash cow with a degree of monopoly power given to them by government, which provided revenues to diversify into other areas and in many cases moving from country to country building up the powerful regional (but rarely global) base.

"Indeed, the historical roots of many Asia companies were connected to a political environment than great entrepreneurialism." Welford noted. "The consequence of the history of many Asian companies is that they ended up having a very narrow shareholder base, where the dominant shareholder still calls the shots and where many cite a history of poor governance and downright abuse of minority shareholders."

A similar history is also found in the early American companies, yet few of these American families still dominate the businesses that they started as business expansion was paralleled

with a wider shareholder base. So perhaps it is just a matter of time and we may well see the large Asian companies looking more like large global multinationals in the future.

By comparison, a groundswell of interest in CSR is found amongst the manufacturing base in Asia. Companies who have grown successful by manufacturing for global brands are often subject to a lot more competitive pressure than other Asian companies and large first tier suppliers of multinational corporations are certainly making rapid strides into the world of CSR.

These manufacturers, across Asia, have probably been responsible for more growth and economic development than other companies, precisely because they have had to respond to competitive pressure, understand the need to enhance productivity and at the same time respond the social and environmental demands of their customers. There is therefore a clear link between companies that are operating in competitive environments and those interested in CSR and these companies recognise that there is a strong business case for CSR.

To tackle these and other complex CSR issues in the region, CSR Asia has partnered with the Asian Institute of Technology to organise the CSR Asia Summit on 3 and 4 November 2008 in Bangkok, Thailand. More than 50 prominent speakers will be leading 24 workshops, engaging the summit's 250 delegates in in-depth discussions to push the boundaries of environmental and social responsibility.

For more information about the CSR Asia Summit and the training events, please visit www.csr-asia.com/summit08 or contact Jimmy Huen, Marketing Manager, at jhuen@csr-asia.com or (852) 3579 8079.

About CSR Asia:

CSR Asia is the leading provider of information, training, research and consultancy services on sustainable business practices in Asia. Operating as a dynamic social enterprise, CSR Asia occupies the unique middle ground between civil society organizations and fully commercial consultancies. This enables us to provide independent and cutting-edge services and expert insight into the Corporate Social Responsibility (CSR) issues facing companies in Asia. Across the region, CSR Asia builds capacity and promotes awareness of CSR in order to advance sustainable development. For more information, please visit www.csr-asia.com.

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