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The State of Play of CSR in Singapore

The State of Play of CSR in Singapore

EUGENE K B TAN

A Research Paper commissioned by
the Lien Centre for Social Innovation

July 2011

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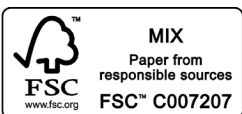
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Cover design by Make Design

ISSN: 2010-3417

Printed and Typeset by C.O.S Printers on
Green Forest Paper (FSC-certified stock)



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Preface

Given Singapore's status as an economic powerhouse in the Asian region, it might be reasonable to assume that the level of Corporate Social Responsibility (CSR) activity would be proportionate. However, in frequent comparisons of CSR across countries, both academically and anecdotally, Singapore seems to fall short.

The understanding of CSR has not kept pace with the expectations and demands placed on business by the various stakeholders, including consumers and governments. It would be worthwhile to understand the reasons why this is so.

The research has three objectives:

- To examine the drivers of and impediments to CSR in Singapore;
- To explore whether CSR is important for the future development of Singapore-based enterprises, and Singapore generally; and
- To propose how CSR can be made more relevant in the Singaporean context.

Through exploring these questions, we hope to arrive at a more holistic understanding of how CSR is animated in Singapore, apart from purely economic motivations. And perhaps, we will be better able to account for the current ambivalence towards CSR that is prevalent in the private sector.

Lien Centre for Social Innovation

Acknowledgements

The most pleasant part of this research project is the opportunity to articulate my thoughts on a topic that is still seeking receptive ground within academia and officialdom. For this, I am grateful for the unstinting support of the Lien Centre for Social Innovation (LCSI).

Many thanks to the LCSI Board (2009-2011), especially Willie Cheng, Robert Chew and David Chan, for initiating the research thrust on CSR (and also on new social models and unmet social needs) within the larger imperative of seeking to develop a better understanding of the social space landscape.

My students in the undergraduate core curriculum course of Ethics and Social Responsibility, a course that I have regularly taught at the Singapore Management University (SMU) since 2002, were the critical audience and sounding board for some of the ideas and arguments put forth in this study.

Likewise, I benefited from many discussions with the SMU's MBA classes of 2009 and 2010 in the core course in "Managing Ethical Dilemmas and Corporate Governance." Reality checks were often provided by the corporate executives who participated in the various executive education modules on ethics, governance, and CSR that I facilitated.

I am also the beneficiary of many conversations with the motivated people in the smallish CSR community in Singapore. Special mention goes to the team at the Singapore Compact for CSR led by Mr Thomas Thomas for the many discussions. LCSI's Jared Tham and Bindu Sharma provided useful inputs in the thought process through several helpful discussions.

Of course, the sole responsibility for errors of fact and interpretation, as well as the inadequacies in my arguments, evidence, and reasoning lie with me alone.

Eugene KB Tan

Executive Summary

Despite the relatively high profile of corporate social responsibility (CSR), it remains a challenging concept and principle, attracting ardent supporters and a fair share of strident critics. And businesses seem unsure how to approach and manage a CSR agenda, if they have one at all. Yet, issues relating to corporate accountability, social responsibility and ethical conduct were not alien to the colonial-era forerunners of today's modern corporate entities and multinationals.

Although CSR is not unknown in Asia or Singapore, the understanding and its importance has tended to lag behind developments in Europe and North America. In the twenty-first century, in tandem with developments in advanced economies in North America and Europe, CSR has acquired renewed vigour in the corporate landscape in Asia, in which the notion of corporate credibility, linked with *how* a company conducts its business and makes its profits, is of growing importance.

The presence, profile, and prominence of CSR in Singapore are ambivalent at best. Many local companies still regard CSR with much wariness or indifference. Unsurprisingly, the limited CSR efforts in Singapore are generic and lack the contextualisation to local needs and conditions. Singapore-based businesses tend to view CSR as a compliance issue, rather than as a way of doing business. At another level, the formalism and formality in going through the motion of being a responsible corporate citizen is damaging to the overall development of CSR in Singapore.

Notwithstanding the myriad definitions and understanding of CSR, there are three dominant perspectives of CSR, viz. the investor-based perspective, stakeholder-based perspective, and the CSR as strategy perspective. While sometimes competing and perhaps even conflicting, these perspectives suggest that a CSR policy at a national or corporate level needs to secure substantive buy-in from different stakeholders and address the different concerns raised by the three perspectives of CSR.

Much of the initial public discourse on CSR was dominated by the state and the umbrella body of trade unions in Singapore, the National Trades Union Congress (NTUC). As such, the government can be described as the agenda-setter and agenda-manager of CSR in Singapore. In seeking to manage the CSR agenda and formulate broad CSR strategies, Singapore has opted for the tripartite approach — involving the unions, the employers, and the government—in the promotion of CSR. This engagement process — undergirded by the core values of consultation, consensus, and an acute aversion to confrontation — has evolved over the years and is now the bedrock of Singapore’s political-economic life.

Such an organisational set-up, emphasising the trinity of stakeholders, suggests that the pace and texture of the CSR movement in Singapore will be co-determined. This tripartite regime engenders a collaborationist mindset and sensitises the stakeholders to the issues and challenges of CSR as posed to the different parties. This includes the recognition that CSR must be contextualised and developed in an autochthonous manner. Undue CSR activism on the part of NGOs and civil society is not encouraged as it is seen to detract from Singapore’s branding as a business-friendly place.

The tripartite and consensual approach to CSR coheres with the second aspect of the CSR scene in its emphasis on a harmonious society where the accent is on socially constructing a paradigm in which CSR is a vehicle for creating awareness, facilitating constructive deliberation, and enabling meaningful dialogue to arrive at a consensus. This *means* approach (as opposed to *ends*) to social construction consequently results in CSR being conceptually endowed as a mode of self-regulation, in sync with the currency of a voluntary, self-regulatory regime in Singapore. CSR is portrayed as being facilitative of harmony in the business arena as well as in the relationship between business, government, and society.

Given that Singapore is a multi-racial, multi-religious and multi-lingual society, CSR takes on a significant hue in employment and industrial relations. This communitarian-based understanding of an individual’s rights and obligations vis-à-vis the society dovetails with the Singaporean communitarian

approach towards governance in general. In this regard, the CSR regime here is deployed as a putative form of dispute resolution mechanism. More pertinently, the CSR regime and approach is to provide a pre-emptive management of “combustible” issues in the CSR arena before they escalate to become hot-button issues. All these benefits accrue without the need for excessive regulation and cost-incurring enforcement, both of which are likely to detract from the business of economic activity.

The study identifies four key drivers of CSR in Singapore. These drivers, work interdependently of each other, to help shape the direction and emphasis of the CSR movement in Singapore. A symbiotic relationship can be discerned. The key drivers are:

- The government as the agenda-setter, agenda-manager, practitioner and promoter;
- CSR as a strategic differentiator in the economic realm;
- The reality and imperative of Singapore’s export economy which nurtures and drives concerns that CSR could, in time, operate as a trade barrier and eat into Singapore’s export competitiveness;
- Use of CSR as a catalyst for regulation (in particular, self-regulation) and setting as well as reinforcing the norms in governance and regulation, especially in the business realm. In this regard, the utility of CSR as “soft law”, if properly developed, can translate to soft power for a country so dependent on foreign trade and investments.

In addition, two potential drivers are identified:

- The on-going development of the new ISO 26000 guidance standard, which may evolve into a certification standard and catalyse the awareness and understanding of CSR-type requirements as potential non-tariff trade barriers; and
- The promotion of CSR as a genre of social innovation and/or a suitable platform by which to generate social innovation.

Going forward, the CSR eco-system can grow in two areas:

- A concerted move towards corporate reporting, focusing on sustainability reporting; and
- Collaboration with other business entities, non-governmental organisations, and government agencies in CSR efforts.

Reporting serves a useful role in that it is the company's statement on its commitment to CSR, how it is seeking to fulfil those commitments, and the extent to which the company has incorporated the principles of CSR into its everyday business practice. Given the increasing expectations placed on businesses to tackle complex issues locally and abroad, collaborating more with other stakeholders, ranging from civil society, inter- and non-governmental organisations, and academic institutions, can enable the various CSR programmes to attain meaningful impacts and relevance.

This research study is organised as follows. Chapter 1 provides an overview of CSR in its multifaceted understanding and outlines dominant interpretations of the nature of CSR. Chapter 2 discusses the CSR situation in Singapore, and the overarching themes pertaining to CSR are presented as well. The drivers of the CSR movement in Singapore are covered in Chapter 3. Chapter 4 briefly examines how the CSR scene can be developed, focusing on corporate social reporting and business partnerships with civil society and the government in the CSR outreach.

I The Nature of the Beast: What is CSR?

Introduction

While CSR is not new, the understanding and importance of CSR in Asia or Singapore have tended to lag behind developments in Europe and North America.¹ What is often forgotten is that issues relating to corporate accountability, social responsibility and ethical conduct were not alien to the forerunners of today's modern corporate entities and multinationals.²

The early colonial-era British East India Company was caught up in the debate over the use of slaves on sugar plantations in the West Indies.³ Likewise, at the turn of the twentieth century, the colonial Dutch government's "Ethical Policy" in the Dutch East Indies (now Indonesia) ostensibly professed humanitarian concern for the welfare of colonial subjects. This was despite the fact that "exploitation and subjugation" remained widespread in much of the Dutch East Indies.⁴

Fast forward to the twenty-first century: In tandem with developments in advanced economies in North America and Europe, CSR has acquired a seemingly renewed vigour in the corporate landscape in Asia, in which the notion of corporate credibility, linked with how a company conducts its business and makes its profits, is of growing importance.⁵ Much of the motivation is driven by the multinationals operating in emerging markets. In that regard, the presence, profile and prominence of CSR is ambivalent at best since many local companies still regard CSR with much wariness or indifference.

However, the trend towards CSR cannot be ignored. Given Asia's increasing dependence on export markets as an engine of economic growth, CSR has gained fledgling prominence in many parts of Asia in the last decade. As Asia is increasingly the "factory" as well as an important world market, businesses have increased their Asian presence. Many supply chains now have start and end points in Asia.

In Southeast Asia, through the Association of Southeast Asian Nations (ASEAN), the Blueprint for the ASEAN Socio-Cultural Community (2009-2015) seeks the promotion of CSR through its incorporation into the corporate agenda of business entities and governments of member states. The strategic objective is to contribute towards sustainable socio-economic development within ASEAN.⁶

In Asia, CSR consciousness is probably highest in Japan, while the CSR footprint in other Asian economies is still relatively light, if not ambivalent.⁷ For instance, taking CSR in the Singapore context, there has been little substantive debate over the role of consumer involvement and advocacy, the role of business in society, and the roles of state and society in engendering support and awareness of CSR.

Taking CSR in the Singapore context, there has been little substantive debate over the role of consumer involvement and advocacy, the role of business in society, and the roles of state and society in engendering support and awareness of CSR.

Increasingly, CSR issues are more likely to arise in Asia. Given that the business opportunities are seen as plentiful with the rise of many emerging economies such as China, India, Indonesia and Vietnam, these places also present significant business risks. This is not so much with regards to the technicalities or modalities of operating in this part of the world. Rather, the weak legal systems, the corrupt business environments, and a seeming disregard to how profits are made suggest that the risks to business would extend to reputational ones. Ethical issues, of which CSR can be seen as a subset, present significant challenges in these jurisdictions.

More recently, indigenous efforts to induct CSR in the business sector have made a tentative imprint. Several Asian countries, including Indonesia and Malaysia, have enacted legislation requiring local and foreign companies to behave responsibly.⁸ These pieces of legislation should be seen as aspirational rather than directive. For instance, the Indonesian legislation has drawn criticism for being a “stealth tax” and another investment barrier, and for the lack of legislative clarity over where moral responsibilities should lie.⁹ Also, India launched its “Corporate Social Responsibility Voluntary Guidelines” in December 2009.¹⁰

Simply put, given the heavier footprint of corporate endeavours, ethical

transgressions and irresponsible conduct are more likely to take place in Asia. Yet there has not been much rigorous debate and understanding over the scope of CSR in Asia. Instead, we see perhaps a slavish acceptance of CSR practices and philosophies being transplanted to Asia. These may not be entirely appropriate given the local conditions. At one level, the CSR efforts are generic and lack the contextualisation to local needs and conditions. At another level, the formalism and formality in going through the motions of being a responsible corporate citizen is damaging to the overall development of CSR in Asia.

Recognising the potential of CSR to contribute to development, poverty reduction, and other governance objectives, quite a few governments in Asia have sought to induct CSR in public policy making. For instance, the Singapore government is a significant player in Singapore's economy, and it has become a promoter and practitioner of CSR. Hence, despite the lack of conceptual clarity, the CSR scene has acquired tentative relevance and prominence.

In Singapore, one of the more advanced Asian economies which is deeply plugged into the global economic grid, the first national CSR survey in 2008 revealed a modest knowledge level and limited practice of CSR among Singapore-based business enterprises. At best, one can describe the CSR landscape in Singapore as immature, with lots of room for development and growth. What accounts for this modest interest and participation in CSR especially when the expectation of CSR is growing? How can CSR awareness, commitment, and participation be improved? How will increased CSR consciousness and activity benefit the business community in Singapore?

What is CSR?

CSR, despite its increasing popularity, saliency and visibility, remains a controversial subject. CSR can be likened to the proverbial elephant being felt at different parts by different blind persons. Despite the relatively high profile of CSR, it remains a challenging concept and principle, attracting ardent supporters and a fair share of strident critics. And businesses seem unsure how to approach and manage a CSR agenda, if they have one at all.

Many definitions and competing understandings of CSR exist. For instance, the World Business Council for Sustainable Development (WBCSD) defines CSR as “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.”¹¹ Another definition of CSR, geared to the local context, is that of the Singapore Compact for Corporate Social Responsibility, Singapore’s national CSR body. It describes CSR as “[B]usiness’s efforts to achieve sustainable outcomes by committing to good business practices and standards. While the concept may be relatively new in the region, the actual practices and related policies are not new. The key role and responsibility vis-à-vis CSR are often discussed in the aspects of business, social and the environment.”¹²

The *ISO 26000:2010 Guidance on Social Responsibility* (clause 2.18) defines “social responsibility” as the “responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- Contributes to sustainable development, including health and the welfare of society;
- Takes into account the expectations of stakeholders;
- Is in compliance with the applicable law and consistent with international norms of behaviour; and
- Is integrated throughout the organization and practiced in its relationships.”

Notwithstanding the many definitions proffered, CSR has evolved into an all-encompassing concept that embraces the following attributes:

- Responsible/ethical approach in doing business (i.e. how profits are made);
- Given the wide-ranging stakeholders, CSR necessarily entails balancing competing, and perhaps even conflicting, aims and aspirations of diverse stakeholders (i.e. cross-sectoral involvement and partnership between business, society and government is necessary);
- Positive non-financial outcomes in addition to generating decent profits (i.e. the triple bottom-line considerations of environmental, social and governance success);
- Sustainability (quality of life, environmental sustainability, inter-generational equity¹³); and
- Generally, CSR is voluntary, and corporate efforts in CSR are over and above what the law requires.

Thus, CSR, in essence, is about the integration of stakeholders' economic, social, environmental and other concerns into a company's business operations. It would include both the internal (e.g. ethical conduct, corporate governance and transparency) and external dimensions (e.g. supply chain, community, environment) of a company's activities.

Indeed, too often, the internal dimension gets forgotten, resulting in CSR having a very strong external manifestation, in which enhancing the corporate reputation is deemed more important than doing good. In many respects, it is artificial to separate the internal and external dimensions since they are intertwined and impact upon each other. Not surprisingly, CSR critics have labelled CSR as "green wash" or a public relations exercise, in which the objective is to enhance a company's reputation and visibility as a responsible corporate citizen. Regardless of the various understandings of CSR, it offers a viable platform by which a company can maintain its licence to operate.

Licence to Operate

Another way of looking at and justifying the practice of CSR involves the concept of a corporation's "licence to operate." It should be noted that the concept of "licence to operate" is of relative novelty in Singapore. What is "licence to operate?" There are two broad meanings.

The first is the formal (legal) grant of a licence to operate by the authorities in a jurisdiction. The second relates to the society's social approval or cognisance of a company's corporate conduct and impact that is deemed to be acceptable.

Compliance with laws and regulations is not sufficient to sustain a social licence to operate.

To maintain its formal licence to operate, a corporation must comply with the laws and community norms that apply to it. However, compliance with laws

and regulations is not sufficient to sustain a *social* licence to operate. Increasingly, CSR is being seen as a vehicle by which companies can maintain their formal and social licences to operate. This approach underlines the importance of trust, the lack of which will result in negative commercial implications, including a tarnished reputation and increased government regulation.

In a worst-case scenario, the licence (formal or social) to operate may be revoked. As such, the financial bottom-line is grossly inadequate as an indicator of corporate success. A popular mode of thinking about CSR is that the business of business is to make money and generate profits. But, increasingly, complementary to this notion is that business should do good, even as they strive to do well. When we talk about a business' licence to operate, it is often forgotten that it requires a moral obligation on the part of business to conduct their activities in ways that promote the common good, and not just privatised interests at the expense of the larger good.¹⁴

What is evident is that CSR has been conceived and popularised as a sound business approach that helps companies make money while doing good. Through the social contract idea, CSR is also perceived to embody the symbiotic relationship between businesses and their wider operating environment. In essence, this is about the social legitimacy of a business, beyond its legal identity. This coheres with the perspective that a business has to earn the right to exist before it can make money for its shareholders. Interestingly, this is very much in line with the communitarian ethos espoused in many Asian societies. For example, Article 5 of China's Company Law stipulates that:

In its business activities, a company must comply with laws and regulations, observe social morals and commercial ethics, act in an honest and trustworthy manner, subject itself to the supervision of the government and the public and assume social responsibility.¹⁵

To be sure, there is often a performance gap between corporate intent and actual outcomes. Yet, the relevance and strategic importance of CSR is growing.

“The Business Case for CSR”: Short-Sighted or 20/20 Vision?

The promotion of CSR by governments, consumer groups and citizens, however, has been dominated by the business case for CSR. In Singapore, as in many other jurisdictions, the “business case for CSR” proposes that CSR can contribute to a company's financial bottom line, or even increase its profits. This invariably means that doing good follows only when a company is doing well — that is, the latter is a prerequisite before CSR is a viable activity to engage in. A good

description of the “business case for CSR” is that provided by the Singapore Compact for CSR and reproduced in Exhibit 2.1.

Exhibit 2.1: The Business Case for CSR

CSR is increasingly being seen as an important and integral part of normal business operations. So how does responsible business help to enhance business operations, in achieving a sustainable outcome?

Create Shareholder Value

Investors are becoming more concerned to invest in companies that act with good corporate governance and social responsibility. Increasingly, a company’s performance as a responsible business is key to its financial and stock market standing, helping to protect it from instability and share price volatility.

Increased Revenue Base

CSR can boost factors that drive revenue in important ways. CSR initiatives and cause-related marketing could build reputation and goodwill among suppliers and customers. Employees who identified with the social mission are likely to be motivated, committed and more prepared to make sacrifices as a team member.

Strategic Branding

A company’s reputation is fundamental in maintaining and attracting new customer base. Consumers today are more sophisticated, becoming more selective and sensitive to a company’s image and CSR efforts. A distinctive CSR profile serves as a strategic branding tool in differentiating from competitors.

Operations Efficiency

The efficiency of a business is about productivity and effective use of resources. CSR can help to increase efficiency through

environment conservation and recycling initiatives, as part of Eco-efficiency strategy. Positive management-employee relations are also crucial in bringing about good customer service, productivity and product innovation.

Better Access to Capital

Access to capital enables a company to grow and make timely investment. Companies with good CSR standing are likely able to secure equity and debt capital with most ease. The growth emphasis in Socially Responsible Investment (SRI) is a clear indication of likely future trends.

Human & Intellectual Capital

A company's human and intellectual capital is one of its most valuable assets. Good workplace conditions and relations can help a company to attract, keep and develop human capital, keeping operations and staff morale high. Community involvement can play a complementary role in developing new skills set, encouraging participation, sharing and team spirit in the workplace as well.

Lower Business Risk

Companies are being held increasingly accountable for their actions today. Such business risk could affect reputation, access to capital and even long-term viability in some instance. Proactive dialogue with external stakeholders can help to foster understanding, in preempting and minimising the repercussions.

Source: www.csrsingapore.org/whatiscsr.php

While there is nothing objectionable with an approach emphasising the business case for CSR, it does suggest that if it is not profitable for a company to engage in CSR, then CSR is dispensable or optional. Such a utilitarian approach to CSR, while well intended and perhaps seen as pragmatic from a business angle, implies a flawed understanding of what CSR is in the twenty-first century and imposes severe limitations on the potential of CSR to a company.

At the same time, especially in Asia, socio-political and cultural norms are relied upon to buttress the relevance of CSR in various facets of life. Here, the communitarian dimension of life in Asia is emphasised as a way of doing business. These norms include the priority to be given to the community and society's interests; the interdependence of the individual, business, community, and nation-state; the practice of life-long employment. Further, there does not seem to be much critical discussion or concern about the costs and implications of companies engaging in CSR.

In this regard, the appropriation of CSR by companies and the promotion of CSR by governments and regulatory agencies appear to be at cross-purposes. As discussed earlier, businesses tend to view CSR as a marketing opportunity under the business case understanding of CSR. On the other hand, governments tend to treat CSR as a quasi-regulatory tool or a useful mechanism by which governmental objectives such as a sustainable environment and poverty reduction can be achieved.

In addition, there is a need to widen the generally narrow conception of CSR in Asia, which tends to focus on corporate philanthropy and one-off community projects. They are all important activities under the CSR umbrella but they do not speak to the immense potential of CSR as an agent of change vis-à-vis how business is conducted and profits are made, and of a sustained commitment to business as a responsible member of society.

Given the global footprint of many Asian business and economic activities, the need to widen the conception of CSR arises on two fronts. First, the promotion of CSR understanding and action has to incorporate “global corporate social responsibility” in which companies are responsible for actions beyond their boundaries, which include the actions of their supply chains. Second, CSR has to address the issues that arise from doing business, such as discrimination, labour rights, workplace health and safety, sustainability and corruption, that are endemic in much of Asia.

At this juncture, it would be useful to highlight some of the arguments made for and against CSR. Unlike individuals — where the element of altruism can play a big part in determining whether an action is ethical or not — it would be idealistic to expect business to take to CSR for reasons of altruism. The reality is that business needs to be convinced that it makes economic sense (i.e. there is a business case) to engage in CSR.

Perceived “Advantages” and “Disadvantages” of CSR

The list in the following box (Exhibit 2.2) is not exhaustive but it demonstrates that doing good is not a straightforward issue where business and society are concerned.

Exhibit 2.2: Perceived Pros and Cons of CSR

Pros:

- CSR helps to balance corporate power and rights with responsibilities;
- CSR discourages government regulation, i.e., CSR encourages self-regulation;
- CSR promotes long-term profits for business, i.e., sustainability, a long-term view of business;
- CSR improves business value and reputation, i.e., it fosters trust and confidence building; and
- CSR can help to correct the negative externalities caused by business.

Cons:

- CSR lowers economic efficiency and profits;
- CSR imposes unequal costs among competitors, such that a company adopting CSR may suffer a first-mover disadvantage if its competitors do not follow suit;
- Hidden costs for CSR activities are ultimately borne by stakeholders, especially consumers;
- Businesses lack expertise in dealing with social issues; and
- Responsibility is placed on businesses rather than on individuals or governments.

Putting aside the perceived pros and cons of CSR, the persistent question that arises vis-à-vis the role of CSR centres on the question “What is the business of business?” Can a business be ascribed a social responsibility? To be sure, making profits is an important function of business. Business is, after all, not charity. To remain as viable corporate entities, businesses need profits to be sustainable. As such, traditionalists view CSR as an unnecessary socio-political mandate that is anti-competitive for its encroachment onto the turf of profit-making, confusing the distinct roles of business, government, and society.

The outcome, traditionalists argue, would be an undermining of the first priority of business — that of contributing to economic wealth. This view that the business of business is business had a strong proponent in the late Milton Friedman, a Nobel laureate in economics and guru of free-market capitalism. Such a perspective, generally speaking, has a deeper resonance in the United States.

Perspectives of CSR

We now examine, albeit briefly, three dominant perspectives of CSR. These perspectives, sometimes competing and perhaps even conflicting, suggest that a CSR policy at a national or corporate level to secure substantive buy-in from different stakeholders would need to address the different concerns raised by the three perspectives of CSR.

Three perspectives are briefly presented here:

- The investor-based perspective;
- The stakeholder-based perspective; and
- The strategy perspective.

Investor-based Perspective

Milton Friedman’s stance was essentially undergirded by an abiding commitment to free-market capitalism. At the business level, this means that a company’s responsibility is to generate profits for its shareholders. In his 1962 work, *Capitalism and Freedom*, Friedman called CSR a “fundamentally subversive doctrine” in a free society. As Friedman had put it resolutely, CSR catch-phrases such as “social responsibilities of business in a free-enterprise system”, and “business has a ‘social conscience’” were informed by “pure and unadulterated socialism”¹⁶ and could undermine the basis of a free society. For Friedman, only people, not business,

can have responsibilities. Friedman's critique can be summarised in three key arguments, viz.,

- The agency problem;
- CSR as an inappropriate imposition of a tax on business; and
- CSR as being contrary to a free-market philosophy and mechanism.

However, Friedman accepted that CSR can be justified where it is "one way for a corporation to generate goodwill as a by-product of expenditures that are entirely justified in its own self-interest." The investor-perspective to CSR also recognises that there are inherent limits to CSR, and these flow primarily from limits of competency and authority.¹⁷

Let us closely examine Friedman's arguments:

- *The Agency Problem:* Friedman argued that a corporate executive was an employee and so owed a duty to his employers. Such an employee was an agent and not a principal vis-à-vis the use of shareholders' investments in the corporate entity. As an agent, his main responsibility often involved making "as much money as possible" for his principals who had invested in the company.

While Friedman recognised that individuals might desire to have social responsibilities, the distinction was that such an individual was acting as a principal with regard to those personal social responsibilities. According to Friedman, to say that the corporate executive had a "social responsibility" in his capacity as businessman would result in the business person being in breach of his duties as an agent of his employer. Consequently, he would, effectively, be imposing taxes on stockholders and other stakeholders.

- *Imposing a Tax — Principle and Consequences:* This objection on philosophical/ethical grounds stems from the basis that it was undemocratic for business to use shareholders' funds to support charities or other good causes. To do so would be inappropriate as

business enterprises would be acting like an elected government. Friedman's fundamental premise was that as a political principle, "the imposition of taxes and the expenditure of tax proceeds are governmental functions." Further, the corporate executive could not discharge his alleged social responsibilities as he was not equipped to deal with broader societal policy questions. If he did, he would also be acting as a quasi-public official.

But such actions as outlined above were anti-democratic in nature. Goals that were related to social responsibility should not be pursued through the political process. Friedman saw the incompatibility of CSR and business in the following manner: "The difficulty of exercising 'social responsibility' illustrates, of course, the great virtue of private competitive enterprise — it forces people to be responsible for their own actions and makes it difficult for them to 'exploit' other people for either selfish or unselfish purposes. They can do good — but only at their own expense."

- *Unanimity as basis of market mechanism:* To Friedman, an ideal free market rested on the primacy of private property. There was no coercion of individuals as all cooperation was voluntary and for their own benefit. According to Friedman, "There are no values, no 'social' responsibilities in any sense other than the shared values and responsibilities of individuals." In the political arena, the individual must serve a more general social interest. Granted that unanimity is not always feasible, conformity would occasionally be unavoidable. "But the doctrine of 'social responsibility' taken seriously would extend the scope of the political mechanism to every human activity. This would be an explicitly collectivist doctrine."

CSR also imposes economic challenges in the form of allocative inefficiency due to the incompetence of business in dealing with societal issues. In that regard, CSR may distort the operation of the free market. For Friedman, his larger objections to CSR were premised on the fact that "it harms the foundations of a free society." While CSR might have short-term benefits,

it would reinforce the perception that “the pursuit of profits is wicked and immoral and must be curbed and controlled by external forces.” And this would invariably entail the government’s “iron fist” intervention. This would be anathema to free-market capitalism.

To be sure, no business actively involved in CSR has articulated its approach to CSR solely on this perspective.

Stakeholder-based Perspective

In contrast to the investor-based perspective, the stakeholder-based perspective of business is more accepted in Europe than in the United States. Notwithstanding Friedman’s strident views against CSR, it would be incorrect to conclude that CSR is fundamentally against the objective of profit-making or that it undermines business. Friedman did explicitly state that profit-making could not be the be-all and end-all. In the quest to attain the goal of profit-making, a business entity must not violate the fundamental rules of ethics and social responsibility:

There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.¹⁸

Further, an important caveat to Friedman’s criticism is often ignored. Friedman agreed that making money had to take place within the context of “conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.”¹⁹

Friedman agreed that making money had to take place within the context of “conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.”

In a free-market economy, it would be foolish to argue against the core idea that business is there to make profits. To be sure, profit-making is still of primary importance but, as the corporate

scandals have repeatedly shown, a singular determination to make profits at all costs will only damage the larger economic ecosystem, making capitalism untenable and unsustainable.

It would be naive and simplistic to caricature the advocates of CSR as being against profit-making, and critics of CSR as being the supporters of profits-at-all-cost. Indeed, both advocates and critics of CSR are in agreement that profits are important for business. The key question is whether business can and should exist for purposes other than the maximisation of profits. To put it another way, *how* profits are made by a business enterprise is the crucial question.

This question fundamentally boils down to the notion of which business model — investor-based or stakeholder-based — is more robust in the twenty-first century. In turn, this question raises the following considerations:

- Is there a need for a humanistic dimension to business?; and
- Can and should business exist for purposes other than simply maximising profits?

Balance is the watch-word. Yet, arriving at what is seen by all relevant stakeholders as a balanced approach is the key challenge that companies and public policy-makers have to manage.

There is no prominent articulation of the stakeholder-based perspective except that it rides on the concept of stakeholder management popularised by R. Edward Freeman.²⁰ In essence, proponents of the stakeholder model argue that a stakeholder approach is more robust, and is required today. Such a model with a deeper business purpose, with multiple responsibilities to investors and other stakeholders, and which seeks to create value for all stakeholders, is more likely to succeed than an investor-based model.²¹ It would appear that the rise of CSR, the increased activism on the part of consumer groups, and the emergence of civil society have propelled a discernable movement towards a stakeholder model of business gaining popularity. This model of value creation embraces the notion of being a trustee, in which a company has to look out for the interests of not just its shareholders but also that of its multiple stakeholders. A stakeholder model of business highlights the need for a larger spectrum of constituents/stakeholders to be managed because they are all affected, in some way or another, by the operations of the company. The shareholder, who is also a stakeholder, is still important. In truth, in Anglo-American capitalism, which holds sway in Singapore, the shareholder remains the first among equals.

What CSR emphasises is that doing business solely on the basis of profits is increasingly untenable. Indeed, shareholders, for too long, may have been represented as being solely concerned with short-term (read as unsustainable) profits. In turn, this undermines the entrepreneurial system. The discerning shareholder would certainly realise that non-economic bottom-lines such as reputation can make or break a company. It would be highly incongruent to limit the measurement of the well-being of a business entity to solely its profits. The point here is that profits are important, but profitability on a sustainable basis is more relevant and pertinent in ensuring that the business remains viable.

CSR is still very much a contested concept today. It may well be that the disagreement is not over why business should engage with CSR but rather *how* business can and should engage CSR without affecting the fundamentals of profit-making. Friedman in a 2005 *BusinessWeek* interview was persistent in his view that “the business of business is business.” He was also adamant that there had been no shift towards the stakeholder model of business: “I do not believe there has been any change. It’s just the talk that has changed. Somebody produced the concept of stakeholders — an ancient concept, of course. It’s clear that you have a division of responsibility.”

For Friedman and critics like him, CSR remains a means to the end of making profits:

I point out that a company that is playing a large part in a community may want, for its own purposes and profit, to maintain good relations with the community and to engage in community activity. In doing so, it would be pursuing its own profit. But, of course, it may believe that it will be better public relations if it labels its actions an act of social responsibility.²²

As for the argument that CSR is about getting the workforce to work productively, Friedman remarked:

Are companies spending money for a purpose other than increasing their profits? How they label it — whether they call it social engagement or social responsibility — is not the real issue . . . Come to the bottom line: Is Home Depot spending directly

or indirectly any substantial fraction of its profits on such social activities? If so, it would get competed out of existence.²³

CSR as Strategy: A Third Perspective?

An alternative way of conceptualising CSR — as a possible middle way between the shareholder and stakeholder perspective of CSR — is offered by strategy guru Michael Porter and Mark Kramer in an influential article in the *Harvard Business Review*.²⁴ They argue that current CSR efforts are counterproductive. First, such efforts spring from the premise that pits business against society. As we can all see but perhaps fail to appreciate often enough, the reality is that business and society are interdependent. There is competition, but cooperation and trust are also embedded within meaningful competition.

Second, according to Porter and Kramer, current efforts only go so far as to encourage companies to think of CSR in generic ways rather than of CSR that is most appropriate to their individual corporate strategies. For Porter and Kramer, the prevailing approaches to CSR are so disconnected from strategy as to obscure many great opportunities for companies to benefit society while making profits.

Hence, the paucity of ideas is evident when companies' CSR reports are examined. It is often more of the same: corporate philanthropy, corporate volunteerism and token environmental mitigation efforts. These tend to result in uninspiring and generic efforts that come across as public relations endeavours that generate short-lived feel-good effects but with little to show for in terms of long-term benefits and impacts. Further, there is little in terms of substantive change in corporate leadership, corporate conduct and approaches towards CSR.

To cynics and anti-capitalists, these efforts are like “corporate penance” to assuage corporate guilt and to generate corporate goodwill among stakeholders. So while CSR is becoming more common, the scepticism towards it is also palpable.²⁵ This cannot be good for business or society. For Porter and Kramer, CSR can be inherently valuable to both business and society. For them, it is how CSR is practised that has given it a questionable reputation of being nothing more than “corporate green wash.” A more enlightened approach and practice of CSR is needed if it is to live up to its promise.

Porter and Kramer argue that if corporations, in their approach to CSR, use the

same frameworks that guide their core business choices, CSR presents a potential well-spring of ideas and motivation as well as a potent source of innovation and competitive advantage. They cite the examples of Toyota (hybrid automobile engines), Whole Foods (sustainable consumerism) and Nestlé (supply chain quality assurance), in which a close melding of CSR with strategy in the last decade or so have helped these corporations transform CSR from a necessary business cost into a vibrant generator of innovation and competitive advantage. In turn, this translates into competitive success that is sustainable and not at odds with society.

What Porter and Kramer suggest or synthesise is not radically new. Rather, they crystallise a persuasive and refreshing way of looking at the relationship between business and society. The thrust of their arguments is that corporations and society should not treat corporate growth and social welfare as a zero-sum game (i.e. a scenario in which corporate growth results only from a loss of social welfare and vice versa). They introduce a strategic framework that seeks to integrate business and society to create “shared value” — outcomes that benefit both business and society.

The message Porter and Kramer send out is: Take CSR seriously, integrate CSR into a company’s operations, and there will be dividends. Of course, strategising alone is not enough. To utilise CSR as a mere business strategy is grossly inadequate. Of crucial importance, which Porter and Kramer could emphasise more, is that companies have to sincerely believe — or be persuaded — that CSR can contribute to their financial bottom-line and do even more.

According to Porter and Kramer, “strategic CSR” is about leveraging opportunities to create shared value and adding a social dimension to a corporation’s value proposition. This means that the social impact is integral to and complements the overall business strategy. In that sense, social impact is a vital competitive advantage because it creatively meets the needs of both business and society. More importantly, by building on the intricate interdependence of business and society, the long-term success of the business is secured and sustainability is also assured. Porter and Kramer put it eloquently:

Efforts to find shared value in operating practices and in the social dimensions of competitive context have the potential not

only to foster economic and social development but to change the way companies and society think about each other.

This “shared value” approach to CSR has the potential to transform social practices and the relationship between business and society. More importantly, it signals the need for an attitudinal shift, in which existing norms and assumptions are critically examined, challenged and re-calibrated. In the process, beliefs are changed, behaviours are modified and value systems — at the individual, corporate and societal levels — are recalibrated.²⁶

While it is by no means certain that “strategic CSR” will be the norm, it coheres with Professor Jeremy Moon’s proposition that “CSR needs to be understood as part and parcel of a wider system of national societal governance incorporating government institutions, business organisations and non-governmental organisations.”²⁷

To be sure, profits are important and Porter and Kramer make no bones about that. Businesses are, after all, not charities. Profits are needed to make the business sustainable and to deploy new talents, technology and resources in the service of clients, shareholders and the like. But it cannot be the be-all and end-all. Instead, it has to be about ensuring that the practice of capitalism is able to further enhance positive human values instead of undermining them. In short, how profits are made is of fundamental importance and deserves greater consideration.

In tandem with strong market and managerial logic, much of the corporate world today has tended to emphasise technical competency and rigour. This is legitimate but the danger in privileging professional knowledge, rather than professional values and ideals, is the undermining of the ethos of professionalism. It is crucial for professionals to have a nuanced understanding that business does exist for more than just its own sake.

Let’s take the legal profession as an example. In providing legal counsel, lawyers know that they must provide lawful (what’s legal) advice. But less emphasised is the moral duty to provide ethical (what’s right) advice as well. This is not about imposing one’s moral scruples and rectitude but rather about helping clients appreciate how their decisions will affect others and what those effects will be. Put simply, a lawyer’s ethical and professional responsibility is to use his

professional skills, knowledge and values such that they respond fully to the needs and interests of the clients in an ethical and responsible manner.²⁸ Further, the legal profession needs to embrace the community of which it is a member. The same argument can be applied to other professions and the business world in general.

To reiterate, ethical conduct is the bedrock of genuine and sustainable CSR. There are various reasons for a values approach to shared value creation. Four key ones are outlined.

First, a company has to be a staunch advocate of its own ethical standard that meets not just community needs and standards but also goes beyond regulatory requirements and industry norms. This imperative then infuses the company with a soul and a social purpose. Shared value is more likely to be arrived at.

The business eco-system is not a zero-sum game. Goodwill, reputation, moral fibre, and profits are made inter-dependently over the long term.

Second, CSR helps to differentiate companies. Companies with a proven track record of being a good corporate citizen and having a supportive work environment would enjoy an advantage in talent

acquisition, retention and development. Would you be more likely to work for a company with sound values? In many advanced economies, Generation Y employees have moved away from material concerns such as income and security, and now demonstrate particular interest about post-material issues. While remuneration and other benefits are important, younger employees also hope to work in a setting that helps them attain their non-material objectives, such as doing good for society, and having a work-life balance, while also having an enriching work life in which the values of the employer and employee are aligned. In turn, CSR also helps generate employee loyalty through the creation of better employee morale.

Third, CSR-committed companies are more likely to attract like-minded CSR-conscious customers, suppliers, and other stakeholders who are drawn to companies that understand the intrinsic value of CSR. This is because they will be assured that their commercial interests, concerns, and expectations will be addressed in a principled manner.

Fourth, CSR is an excellent vehicle for risk management. Companies that care about how they do their business will be subjected to less regulatory risk and fewer ethical breaches, and less likely to succumb to conduct that is susceptible to generating a negative reputation.

All these point to trust, which reiterates the point about business as values, and about shared value creation. CSR can help “right-size” the way of doing business. CSR is better appreciated if we recognise the theme of interdependence. The business eco-system is not a zero-sum game. Goodwill, reputation, moral fibre, and profits are made inter-dependently over the long term.

If we return to the premise that business is intrinsically a humanistic enterprise, then maximising and giving full expression to positive human values cannot just simply be about maximising profits. Instead, it has to be about ensuring that the business world is able to further enhance those fundamental human values instead of detracting from them. And that brings us to the fundamental question: What is the purpose of business?

We have explored some prevailing perspectives of CSR. The aim is not to determine the dominant approach in Singapore. It is more likely than not that elements of all three broad perspectives indicated above are relevant in the thinking and approach of many businesses in Singapore. At this point, it is useful to examine the state of play of CSR in Singapore.

2 The Landscape of CSR in Singapore

Not surprisingly, as an important economic node, CSR has gained a fledgling prominence in Singapore in the last few years. Yet there has not been any rigorous debate and understanding over the scope of CSR in the Singaporean context, the lack of consumer involvement and advocacy, and the role of business, state and society in engendering support and awareness of CSR.²⁹ As the Singapore government is a significant player in Singapore's economy, it is perhaps not at all surprising that it has taken on the role of a promoter and practitioner of CSR.

Hence, despite the lack of conceptual clarity, the CSR scene has acquired tentative prominence and relevance. Much of the initial public discourse on CSR was dominated by the state and the umbrella body of trade unions in Singapore, the National Trades Union Congress (NTUC). As such, the government can be described as the agenda-setter and agenda-manager of CSR in Singapore.

A key impetus for the nascent CSR movement in Singapore is the economic imperative. As a trade-dependent industrialising economy, the economic development drive — coupled with the need for international expansion — has made it necessary for Singapore businesses to be cognisant of the growing CSR movement in the Western, industrialised world. The government supports the CSR endeavour with an instrumental bent, where CSR ideas and concepts are adapted, incorporated and promoted in various sectors of the economy. The government also implicitly recognises that CSR has the potential to engender economic vitality and productivity through innovation, enterprise, competition, skills, and investment.

The Singapore approach to CSR and its development is a hybrid model in which the movement was initially government-led, with the baton subsequently handed to quasi-government organisations in which the government is more than

adequately represented. With the government taking the lead, that ensures that the government maintains significant influence, if not control and authority, over how CSR is perceived, promoted and regulated. In short, the government can mould the CSR agenda to a certain extent, notwithstanding the transnational and rapidly evolving nature of CSR. At the same time, there is significant cooperation with the other key stakeholders, viz., employers and the trade union movement.

This cooperative-partnership approach ensures that the CSR movement is neither overly-regulated nor heavily enforcement-based. Instead, this multi-sectoral partnership reinforces the buy-in and mutual cooperation in the development of the putative movement.

Finally, the hybrid model incorporates significant flexibility in which the stakeholders of the CSR movement have autonomy to pursue their objectives under the CSR umbrella without undue concern that the CSR climate is becoming contentious. This is achieved by the government setting the norm and tone for the development of CSR, in particular, one that is business-friendly and does not strain the fabric of both the corporate and industrial sectors.

The Singapore government's heavy investment in areas such as education and environmental protection has removed "the need and stimulus for Singaporean companies to do so themselves."

In a recent study on CSR reporting in seven Asian countries, Chapple and Moon noted Singapore's relatively low level of CSR penetration despite it having the highest levels of economic and social development among

the sampled countries (India, Indonesia, Malaysia, the Philippines, Singapore, South Korea and Thailand).³⁰ Chapple and Moon suggest that the Singapore government's heavy investment in areas such as education and environmental protection has removed "the need and stimulus for Singaporean companies to do so themselves." The relatively large tax base, its economic success, and its small geographical area (with no significant agriculture sector) may provide empirical evidence that wealth dilutes the CSR imperatives. Yet, the Singapore experience cannot be generalisable since similarly wealthy countries such as the US, UK, and Japan have higher tax bases and yet have higher CSR penetration.

In this regard, it can be said that while awareness of CSR is apparently high

among businesses and corporate executives in Singapore, that does not necessarily lead to a similar level of engagement with CSR. In short, the performance gap is not all that unusual given the state of flux in the institutionalisation of CSR in Singapore as well as the competing understandings and perceptions of CSR.³¹

While the state has been tacitly encouraging in its support of CSR, it should be noted that CSR has a somewhat ambivalent, if not patchy, presence in Singapore. Indeed, CSR is construed as an omnibus term that covers many aspects of business activity and its relations with society. It has become a catch-phrase justifying the need for business to be involved in a variety of social activities and causes. As a then junior Minister noted of the Singapore situation:

There are various stakeholders advocating different areas of CSR. For example, NTUC advocates CSR from a workers' perspective while the Consumers Association of Singapore (CASE) promotes CSR from a consumer protection perspective. The Singapore National Employers and Business Federations (SNEF and SBF) and other chambers actively promote various CSR-related programmes to their members. The Ministry of Finance and the Monetary Authority of Singapore advocate CSR from a corporate governance perspective.³²

Clearly, CSR is interpreted in a fairly all-encompassing manner as it is regarded as being of contemporary importance and supportive of the various imperatives and policy initiatives. Beyond traditional and ubiquitous corporate philanthropy, CSR has been spoken of and invoked in issues pertaining to corporate governance, environmental protection, public relations, community engagement and social cohesion, labour issues, and Singapore's reputation as a trusted business hub.

The three key stakeholders in the CSR space in Singapore are the trade unions, government, and employers. The employers are represented by the Singapore National Employers Federation as well as the Singapore Business Federation. The trade unions are represented by the umbrella body known as the National Trades Union Congress (NTUC), a movement that is symbiotically and closely linked with Singapore's ruling People's Action Party.³³ The government is represented by the Ministry of Manpower and relevant statutory boards. The Secretary-General of the NTUC has traditionally been a Cabinet Minister as well.

In May 2004, with the government’s implicit blessings, the National Tripartite Initiative on CSR (NTI on CSR) was established as a national steering committee to “embrace CSR as a coordinated national initiative — to view the issues holistically and address any gaps at the national level.”³⁴ The NTI on CSR includes key stakeholders from the business sector, unions, and the government, including key stakeholders like the National Volunteer & Philanthropy Centre (NVPC), CASE, Singapore National Cooperative Federation (SNCF), Singapore Institute of Directors (SID) and relevant government ministries/agencies. It went on to found the national CSR society, launched in January 2005, known as the Singapore Compact for Corporate Social Responsibility (or more popularly known as “Singapore Compact”). Singapore Compact describes itself as:

A national society in bringing the CSR movement forward in Singapore. . . [and] functions as a multi-stakeholder platform in recognising the role and contributions of all CSR stakeholders.

The terms of reference for Singapore Compact as indicated on its website are:

- Broaden the base for dialogue and collaboration between policy makers, businesses, trade unions, the government, social partners, civil society, academics and other stakeholders on CSR;
- Create awareness among the stakeholders the value and importance of social responsibility in helping the socially disadvantaged;
- Develop effective strategies and approaches to promote CSR in Singapore;
- Conduct research and surveys and highlight best practices and successful examples on CSR;
- Establish a CSR Training Unit and offer learning, benchmarking, and capacity building opportunities on CSR; and
- Facilitate the implementation and follow up of CSR through sectoral networks or other appropriate groupings.

Singapore Compact’s vision is “To be a dynamic network of stakeholders to advance sustainability for global good.” Its tagline is “Working Together, Doing Good.” Its declared mission is:

To be a credible and effective national society in promoting greater awareness, best practices, sustainable development and

excellence towards CSR in Singapore, using a multi-stakeholder platform for wider collaboration through coordinated strategies and implementation.

In establishing Singapore Compact, the tripartite system was replicated in the CSR movement in Singapore. Constituted as a registered society, Singapore Compact is meant to be “a platform in fostering dialogue and collaboration among various CSR stakeholders” (as expressed in 2007). The society seeks to play “a pivotal role in defining the direction and landscape of CSR in Singapore, and help Singapore embrace CSR as a coordinated national initiative.”³⁵ It also provides a forum for collaboration, support and sharing of information and good CSR practices, and serves to facilitate the implementation and promotion of CSR through the establishment of sectoral networks or other appropriate groupings. This tripartite initiative aims to also provide strategic direction and overall co-ordination of the various CSR programmes, including helping small and medium enterprises adopt good CSR practices.³⁶

The national dimension is also evident. Singapore’s CSR movement is a “national tripartite initiative.” CSR is to be embraced as a “coordinated national initiative” with issues dealt with at “the national level.” Singapore Compact is the “national society” for CSR. It can be seen that the approach is very much a national one, and one which is top-down as such.

Given the government’s interest in CSR for a variety of policy objectives, CSR certainly has a growing presence in Singapore even as the profile is noteworthy for its absence of any intense debate on the scope and implications of CSR for business and its stakeholders. As corporate activity in Singapore is very much organised and structured along Anglo-American lines, it is not surprising therefore that an Anglo-American understanding of CSR holds sway. Nevertheless, the stance in Singapore is one of evolving its understanding and practice of CSR. Singapore’s national CSR body describes CSR, in a non-committal manner, as:

Business’s efforts to achieve sustainable outcomes by committing to good business practices and standards. While the concept may be relatively new in the region, the actual practices and related policies are not new. The key role and responsibility are often discussed in the aspects of business, social and the environment.³⁷

How has the government understood CSR? There is neither a significant ministerial statement on CSR nor an official government policy statement or national strategy on CSR. In the lead-up to the launch of Singapore Compact, there were several speeches by Singapore's junior echelon of Ministers on what is CSR. Consider the following extracts from ministerial speeches:

Simply defined, CSR is about a corporation's "social licence to operate." This licence is not granted based merely on financial considerations. It is, in effect, an unwritten social contract. Unless a company earns that licence, and maintains it on the basis of trust, there will ultimately be negative commercial implications. Consumers and employees will vote with their feet. Financial bottom lines are therefore no longer the only meaningful indicators of market success. . . . CSR has therefore become more than an exercise in corporate communications and traditional philanthropy. It is no longer simply about handing out money and sitting back. Adopting a structured approach to align business operations with social values is fast becoming an indispensable principle of corporate management and an invaluable business strategy.³⁸

Another junior Minister described CSR in the following manner:

The business of companies is to make money. But there are many ways of making money. Some practices help individuals, societies and countries grow and develop. Other practices exploit and debilitate the workforce and degrade the environment. CSR is about doing good even as companies seek to do well. It is about showing that the two goals are complementary rather than contradictory.³⁹

However, it appears that the speeches were less frequent after the establishment of Singapore Compact. In a November 2008 speech, Dr Vivian Balakrishnan, the Minister for Community Development, Youth and Sports, described the Singapore experience with CSR as follows:

What has been the Singapore experience in CSR? Since

independence in 1965, our belief is that people are our most valuable asset, our only asset. The key to our survival was the creation of good jobs for our people. The role of the Government has thus been to create a conducive environment for job creation. One key advantage we had was the spirit of tripartism where business, government and labour worked together collectively to create good jobs. The key was trust between all stakeholders, a deep commitment to fairness, a long term view of issues and a practical approach to problem solving. We didn't invent the concept of CSR, but I would like to believe that Singapore has been a working model of CSR before it even became fashionable . . .

The best contribution businesses can make to society is to have well-run businesses. They must accept highest standards of corporate governance, and operate with the highest standards of operational excellence to meet profit objectives while fulfilling social and environmental goals. They must be prepared to integrate into their business practices the interests and well-being of their employees, and the well-being of the people and environment in the communities in which they are operating. CSR must be in the DNA of the organisation, at the heart of its vision, mission, guiding values and principles.⁴⁰

What is evident is that CSR is perceived as a sound business approach that helps companies make money while doing good. It is also seen as being good for society. Further, the harmony dimension and the importance of trust between the employees, employers and the government is a subtle theme that undergirds many of the government speeches on CSR. The thrust of the message is that an appropriate CSR policy would benefit all stakeholders. The salient message is also that a consensual approach (as opposed to a combative or adversarial one) is necessary and desirable to deal with the challenges in the economic sector. Through the social contract idea, CSR is also perceived to embody the symbiotic relationship between businesses and their wider operating environment. Interestingly, this is very much in line with the communitarian ethos espoused by Singapore's political leadership. Such a philosophy is also in sync with Singapore's conception as a stakeholder society.

However, the push for CSR has been dominated by the business case for CSR even as socio-political and cultural norms are relied upon to buttress the relevance of CSR in various facets of Singapore life. Indeed, as was evident in Minister Balakrishnan's 2008 speech, CSR is seen as being essential to economic stability and success as well as social justice.

On the other hand, there does not seem to be any critical discussion or concern with the costs and implications on companies engaging in CSR. In this regard, the promotion appears to be unbalanced. There is the need to widen the generally narrow conception of CSR in Singapore which tends to focus on corporate philanthropy and one-off community projects. Given the global footprint of Singapore's business and economic activities, this need to widen the conception of CSR arises on two fronts.

First, the promotion of CSR understanding and action has to incorporate "global corporate social responsibility" in which companies are responsible for their actions beyond their boundaries to include the supply chains.⁴¹ Second, CSR has to engage the very issues that arise from doing business such as workforce discrimination, labour issues, social unrest, sustainability concerns, and corruption (grand and petty). These are challenging issues that are endemic in much of Asia.

To determine the business awareness and understanding of CSR in Singapore, a baseline survey was conducted in 2008. The findings suggest that CSR has a relatively low level of awareness and understanding. At one level, it suggests that a lot more needs to be done to sensitise Singapore-based businesses on CSR.

The First National CSR Survey⁴²

Arising from discussions with the Singapore Compact for CSR on the above, the Ministry of Trade and Industry (MTI) commissioned a national survey in 2008 to understand the perception of CSR among Singapore-based enterprises, the importance of CSR to their business operations, their current state of CSR activity, as well as their future plans and challenges faced.

A total of 507 Singapore-based enterprises were surveyed. They included local- and foreign-owned companies, small and medium enterprises (SMEs), and larger

enterprises, spanning a broad range of industries from agriculture to retail.⁴³ Out of these companies, 70 per cent were SMEs and 64 per cent local-owned companies.

The overall picture did not paint a dismal picture of CSR in Singapore. Neither was the picture a glowing one.

On the overall perception of CSR in Singapore, a relatively low figure of four out of ten enterprises surveyed were aware of CSR. Large enterprises, however, were twice as likely to be aware compared to SMEs. Foreign-owned enterprises were also more likely to be aware of CSR than their local-owned counterparts. This variance can be accounted for, according to the survey, “partially attributed to actions by their [foreign-owned enterprises] head offices.”

Exhibit 3.1: Awareness of CSR

Awareness of CSR	%
Overall	40
<i>By size</i>	
- SME	30
- Large enterprise	62
<i>By ownership</i>	
- Local-owned	34
- Foreign-owned	55
- Joint venture	36

On the understanding of CSR, of those respondents aware of CSR, about half of them had a specific understanding of CSR beyond the general sense that it entailed businesses paying back to society, and could point to specific pillars of CSR such as sustainable development and fair employment.

Exhibit 3.2: Understanding of CSR ⁴⁴

Understanding of CSR	%
General understanding: “Pay back to society”	58
Specific understanding	
- Sustainable development	24
- Fair employment	17
- Volunteerism	11
- Corporate philanthropy	9
- At least one specific understanding of CSR	53

On the importance of CSR, respondents generally felt that CSR was important to their overall business strategy. Respondent companies which were aware of CSR, as expected, were more likely to be affirmative of this. Three in five respondents that were aware of CSR agreed that profitability, while important, should be balanced by their contributions to the wider public good, as opposed to pure profit maximisation.

Exhibit 3.3: Importance of CSR

Importance of CSR (Scale of 1 to 5)	Respondents that were aware of CSR	Respondents that were not aware ⁴⁵
Scale point 1: Not important at all	3%	22%
Scale point 2	6%	21%

Scale point 3: Somewhat important	33%	39%
Scale point 4	31%	10%
Scale point 5: Extremely important	28%	7%

Exhibit 3.4: Importance of CSR to corporate philosophy

Corporate philosophy	Respondents that agree
Maximise returns for investors while adhering to all laws and regulations	40%
Generate high returns for investors, but balance this with contributions to the wider public good	60%

This national survey is likely to be conducted at regular intervals. Although it had a small sample size, the first survey gives us a useful baseline from which growth and development in awareness, understanding, and practice of CSR can be tracked. Given the low base that Singapore is starting from, the likelihood of making significant improvements is real.

The Contours of CSR in Singapore

As mentioned earlier, Singapore Compact functions as the national CSR body to formulate a coordinated strategy and bring about synergy among the stakeholders in Singapore. From the outset, the tenor and mission of the officially-endorsed CSR movement is premised on a collaborative partnership involving the key stakeholders of business, unions and the government. What is noteworthy is that the tripartite core set-up was assiduously maintained and welded into its founding ethos even as the organisation is organised and run as a civil society organisation.⁴⁶

Such an organisational set-up emphasising the trinity of stakeholders suggests that the pace and texture of the CSR movement in Singapore will be co-determined. This tripartite regime engenders a collaborationist mindset and sensitises the stakeholders to the issues and challenges of CSR posed to the different stakeholders. Indeed, the CSR environment in Singapore is characterised by a lack of overt contention, employers' and businesses' reticence in pushing the CSR agenda, non-existent employee activism, and wariness of excessive government regulation and enforcement.

In its short existence, Singapore Compact has purposefully occupied the strategic middle ground and plays a pivotal role in defining the direction and landscape of CSR in Singapore. As the primary vehicle to consolidate and strengthen existing efforts as well as broaden the base for collaboration among CSR stakeholders in Singapore, Singapore Compact aims to develop strategies to promote and strengthen existing CSR efforts in Singapore, and the organising of networking events, training and advisory programmes, and information services.⁴⁷

As the driver of the CSR movement in Singapore, Singapore Compact plays a critical and significant role in Singapore's on-going attempts to define the meaning, ambit and role of CSR in Singapore in order to help distinguish Singapore's CSR agenda and ethos from that in Europe and North America. It will also prevent outsiders (vis-à-vis the tripartite framework) from dictating or defining what CSR could and should be in Singapore.

The government has emphasised that CSR must be contextualised and developed in an autochthonous manner. This is demonstrated in then Minister of State Vivian Balakrishnan's speech in 2004:

Consequently, while the government supports the concept of corporate social responsibility, we also believe that objective measures of CSR must be formulated, which are transparent internationally but based on local conditions after consultation with all stakeholders.⁴⁸

Given the potential for external influence in the moulding of Singapore's CSR agenda, the government also seeks to influence the debate and development of CSR. It certainly does not want CSR to be a vehicle for contention between

civil society and business as well as between business and government. There is certainly an aversion to undue CSR activism on the part of NGOs and civil society. The goal ultimately is to make Singapore a business-friendly place without the hassle of such issues hogging the limelight, which would detract from the business of generating profits.

What is also clear from the way the government has sought to manage the CSR movement is its preference for tripartism, involving employers, unions, and government in a “many helping hands” approach.⁴⁹ Taken together, such a mindset incorporates a notion of collective responsibility involving the relevant stakeholders. The role of the state is primarily to set out the policy framework, and provide the infrastructure and resources necessary for the other sectors to play their part in the CSR movement.

CSR and the Harmonious Society

In Singapore, the government approaches CSR with a strategic inclination. Driven by pragmatism, the authorities are keen to make CSR work in Singapore’s favour. Through Singapore Compact for CSR, Singapore is plugged into the international network primarily through the United Nations Global Compact. At a more local level, the manner in which CSR is promoted and practiced is in accord with Singapore’s political and cultural values where the promotion of social responsibility (individual and group), harmony, cohesion, and stability in a multi-racial, multi-religious and multi-lingual society are very much valued.

In studying the putative CSR movement in Singapore, a sense of the values that the state, in partnership with the business world, hopes to inculcate would be evident.⁵⁰ Indeed, while embracing the multiple stakeholders’ concerns with CSR, the accent has been on socially constructing a paradigm in which these concerns with CSR are seen as a vehicle for creating awareness, facilitating constructive deliberation, and enabling meaningful dialogue to arrive at a consensus. This *means* approach (as opposed to *ends*) to social construction consequently results in CSR being conceptually endowed as a mode of self-regulation, in sync with the currency of a voluntary, self-regulatory regime in Singapore.

CSR is portrayed as being facilitative of harmony in the business arena as well as in the relationship between business, government, and society. CSR, as seen from the Singapore perspective, encompasses philanthropy (cheque-book CSR), issues

of corporate governance, as well as notions of equity and fairness in a trade- and investment-dependent economy that is extensively plugged into the international economic grid. By requiring businesses to take account of their economic, social, and environmental impacts, CSR is valued and promoted as being in accord with Singapore's political values, wherein the focus on stakeholders, consensus, and harmony are critical values. CSR is seen as a way of redressing some of the excesses of capitalism. Given that Singapore is a multi-racial, multi-religious and multi-lingual society, CSR takes on a significant hue in employment and industrial relations.⁵¹ While there are no obvious indications yet, it is likely that CSR will be contextualised to the local needs and the communitarian value-system so valued in Singapore.⁵² Cultural relativism and a communitarian-based understanding of individual rights and obligations vis-à-vis the society are distinctive features of the Singaporean communitarian approach towards governance.⁵³

In its current embodiment, Singapore's CSR movement is culturally appropriate to Singapore. This particular self-image of consensus and harmony vis-à-vis issues and conflict management requires a contextual understanding of Singapore's governing elites' emphasis on values and culture in the governance of Singaporean society. In this regard, the importance and influence of Singapore's "Shared Values" on the CSR regime in Singapore cannot be discounted. While no explicit link has been drawn connecting the *Shared Values*⁵⁴ (viz., nation before community and society above self; family as the basic unit of society; community support and respect for the individual; consensus, not conflict; racial and religious harmony) to the CSR framework, its significance lies in its subtle influence on imprinting the importance of consensus and the avoidance of conflict placed by the state, which in turn promotes the inclination to seek non-adversarial modes of dispute resolution first.⁵⁵

Put more broadly, the Singapore approach is to arrive at a decision through consensus rather than through confrontation. Given the gamut of issues that fall under CSR and the sensitive nature of many of those issues, adopting the consensual approach makes perfect sense as it is in sync with the overall governance philosophy here in Singapore.

The Shared Values can be likened to a national axiom of faith, a national ideology of sorts. The intimate links between the five Shared Values are evident. With regard to the CSR movement, the fourth shared value of "consensus not conflict" is particularly salient and important as it is conducive to overall societal harmony. It also reinforces the first shared value of communitarian interests and the needs

of the nation, community, and society before individual interests.

Cultural relativism and a communitarian-based understanding of an individual's rights and obligations in relation to the society are distinctive features of the Singaporean elite's conception of law and the legal system. This communitarian

In Singapore, the CSR framework, pivoting on the tried-and-tested tripartite approach, places a strong emphasis on preserving the façade of a harmonious society.

understanding of rights and responsibilities shapes the tripartite approach to CSR in Singapore. Priority is accorded to the advancement of community rights and interests over the individual. In a paternalistic, consensus-seeking polity, the ideal of harmony has

gained traction with the Singaporean political elite vis-à-vis the goals of good governance. It is apposite to point out that the notion of rights accruing to any stakeholder is not a significant part of the CSR discourse in Singapore.

In such a consensus-seeking polity, the idea and ideal of harmony has an affinity with the Singapore government in its approach to governance. In Singapore, the CSR framework, pivoting on the tried-and-tested tripartite approach, places a strong emphasis on preserving the façade of a harmonious society. The fundamental belief propagated is that the approach to CSR in Singapore is in accord with Singapore's cultural values and can ably assist in nation-building through the promotion of harmony, social cohesion, and stability.

In particular, CSR in Singapore seeks to embody and nurture the already pervasive ethos of consensus, harmony, and stability. Here, harmony and consensus are pursued with a vengeance.⁵⁶ In this regard, I put forth the view that the CSR regime here is deployed as a putative form of dispute resolution mechanism. More pertinently, the CSR regime and approach is to provide a pre-emptive management of "combustible" issues in the CSR arena before they become hot-button issues.

One can discern a putative harmony ideology embedded in the CSR approach in Singapore and this is in accord with the philosophy of social discipline that is cherished and inculcated consciously in Singaporean society. CSR provides the vital cog for business to play its part in contributing to the ideal of social harmony. All these benefits accrue without the need for excessive regulation and

cost-incurring enforcement, both of which are likely to detract from the business of economic activity.

While there are no apparent governance deficits in Singapore society and business, the Singapore government has taken on an active interest in the CSR movement and its development as part of its larger interest in governance. Given that economic activity is of fundamental importance to Singapore's survival, governance in the economic realm, that is corporate governance, is critical and CSR is viewed as an integral part of economic governance and part and parcel of the value creation process. In essence, the government finds it useful and important for it to be involved in the CSR movement. While its long-term strategy cannot be discerned with specificity at this early stage, the Singapore approach coheres with Moon's premise that "CSR needs to be understood as part and parcel of a wider system of national societal governance incorporating government institutions, business organisations and non-governmental organisations."⁵⁷

Notwithstanding the initial economic impetus, the non-economic benefits of and salutary effects of CSR accruing to Singaporean society is increasingly an attitudinal mindset that has its attractions where policy makers are concerned. Here socio-cultural and political objectives exert a prominent influence on the promotion of CSR. A society with a preference for CSR, especially a series of business practices agreed to by the key stakeholders, conveys a picture of a harmonious place that is conducive to and facilitative of business operations and harmonious living. Besides, such a society would have less contention, with energy and resources meaningfully channeled towards what is perceived as productive activity in the economic realm.

CSR provides an alternative and more malleable face to the Singapore government's placing importance on the community, and a viable front to the consensus-seeking culture that is much encouraged in Singapore. In many respects, the government is once again drawing from its own positive experience in industrial relations where the abiding focus is on consensus, leading to industrial harmony and stability for the common good. The interplay of culture, institutional design and ideational aspirations within Singapore's CSR framework reflects the way Singapore has sought to manage and to regulate the CSR agenda. In seeking consensus and stability, harmony is instrumentally utilised as a means and an end in dealing with the CSR issues.

3 Drivers of CSR in Singapore

Four key drivers of CSR in Singapore are identified and discussed in this chapter. The first driver is the government. It has been prescient in seeing that CSR can be the proverbial can of contentious issues, and has instead deftly moulded the movement and developed its framework so that it is in the driving seat, albeit through related parties. The second is the national effort to use CSR as a strategic differentiator in the economic realm. This leverages on Singapore's brand reputation as a country with a sterling record for clean government.

The third driver relates to using CSR to enhance Singapore's continued export competitiveness. This is a pre-emptive approach to managing concerns vis-à-vis the reality and imperative of Singapore's export economy. If not appropriately managed, CSR could, in time, operate as a non-tariff trade impediment and eat into Singapore's export competitiveness.

The fourth driver is the use of CSR as a catalyst for the regulation (in particular, self-regulation), setting and reinforcing of the norms in governance and regulation, especially in the business realm. In this regard, the utility of CSR as "soft law," if properly developed, can translate to soft power for a country so dependent on foreign trade and investments.

Also on the table are two other potential drivers. The first is the ongoing development of putative universal CSR norms via the ISO 26000 guidance standard on social responsibility. The second is the scope to harness the potential of CSR as a platform to generate commercial and social innovation.

The Governance Driver: CSR and the Government — Agenda-setter, Agenda-manager, Practitioner and Promoter

Although the tripartite approach is the accepted norm in industrial relations and, now, in the CSR movement, it should be noted that the Singapore's government's status in this corporatist set-up is *primus inter pares* (first among equals). It does not need to assert itself strenuously under the tripartite approach but its subtle influence and careful eye of the agenda is evident. Such a light-touch approach, in essence, means that the government manages the pace of the development of the CSR scene in Singapore, mindful of the concerns, expectations of needs of the trade unions, employers, and society at large. At the outset, it is also clear that the government sees itself as a promoter and practitioner of CSR.

In elaborating this dual role, the government has outlined the triple benefits. First, the government can surface opportunities for which companies can reach out to the local community and stakeholders. Second, the government will publicly endorse and reward the efforts of socially responsible companies.⁵⁸ Third, the government supports CSR by striving to be a good practitioner of its principles and thus sets the exemplar.

It is clear that governments can play a key role in standard setting as sustainable CSR is about going beyond mere compliance, recognising and urging companies to be mindful of their activities and impact on the wider operating environment. Governments can play a facilitative role in motivating companies to act voluntarily in raising the minimum standards of corporate conduct. Alternatively, they can set appropriate standards by providing the right policy and institutional environment through legislation, fiscal measures, and the endorsement of corporate socially responsible conduct.⁵⁹

The Singapore government recognises that CSR can complement legislation by engendering the development of values and norms. Although the law is often the lowest common denominator and tends to lag behind developments in the social and business arenas, the government is sensitive to the severe limits of a “command-and-control” type regulatory framework in a subjective and, oftentimes, contentious area. The government is also not keen to have the CSR movement in Singapore developing into one where the rights discourse is the primary locus of engagement. Rather, the preference is for engagement on the basis of accepted societal norms as well as a dialogue premised on responsibilities

of the different stakeholders engaged in CSR. To put it briefly: a “responsibilities” discourse that also facilitates a self-regulatory approach on the part of the key stakeholders is preferred to a rights-based one.

What has so far characterised the Singaporean approach is a mix of minimal intervention on the policy front and a careful management of the perceptions of various interested parties in the CSR movement. Thus, regulation is minimal and no CSR-related legislation is in the works. Instead, the preferred approach

The government is also not keen to have the CSR movement in Singapore developing into one where the rights discourse is the primary locus of engagement.

is to make subtle and targeted interventions that saliently highlight the growing importance of CSR while also ensuring that the sometimes over-indulgent activism and confrontational aspects — features of CSR in advanced

economies — are severely constrained. Even if regulation, broadly conceived, is seen as desirable, it is likely that the regulatory framework would be characterised by regulatory norms (rather than enshrined in mandatory laws) that have been arrived at in consultation with the other stakeholders.⁶⁰

Ultimately, the policy intent is to put the parties concerned on notice as to the expected corporate behavioural standards that are legitimately agreed upon, complied with voluntarily, and requiring minimal governmental oversight. In Singapore, self-regulation by businesses is achieved through complementary mechanisms including industry norms, social and market forces at the domestic and international levels, and — to a lesser extent — legal accountability. The intrinsic attraction of such an approach coheres around a norms-based self-regulation appealing to the business sense of making profits in a sustainable, reputable, and equitable manner. This “carrot approach” also means that the government can wield the “stick” of legislation and regulation if earlier efforts to induce the desired conduct are unsuccessful.

For instance, in labour relations, CSR has been recently emphasised in a variety of areas such as working conditions, work-life balance, and workplace health and safety conditions. This variegated application of CSR, away from the ambit and glare of collective bargaining arrangements, is presented as a winning formula for

high-performance at the workplace. In turn, this CSR gloss is also touted as being beneficial for corporate governance as well as improving the competitiveness of companies and improving the quality of life for employees.⁶¹

There are many intrinsic and tangible benefits to the government being seen as an active promoter of CSR in various facets of Singapore life. The close association with the various concerns of CSR ensures that the government is seen to be involved in issues, such as environmentalism, work-life balance, anti-corruption, and philanthropy, that concern and appeal to the younger generation of Singaporeans. This is even so when business is not conceived as a long-term alternative to government in such areas, not least when there are no obvious public governance deficits in Singapore. In addition, by being a promoter and practitioner of CSR, the government is asserting a leadership role through endorsing an equitable form of capitalism:

CSR is crucial for the achievement of sustainable and fair economic development. Governments, NGOs and management need to better appreciate the role of business in society. We need to work out innovative ways to be economically competitive, and yet fair to all stakeholders and to the environment. The free market does not have to be “soul-less” capitalism. Thus, the government’s twin roles as promoter and practitioner are particularly important in entrenching this attitude in corporations and the society at large.⁶²

By definition, CSR is not obligatory; the debate has centred on whether there is an expectation that business engages in CSR. CSR in Singapore is implicitly promoted as a complementary, rather than supplementary, approach to doing business. Based on these beliefs, the Singapore government is keen to adopt a non-regulatory approach in which compliance with voluntary standards is central.

Another function of the government is to encourage corporations as well as small and medium enterprises to engage in CSR more intensively and extensively. In both aspects, the government acts as a catalyst. As David Vogel observes, “Civil and government regulation both have a legitimate role to play in improving

public welfare. The former reflects the potential of the market for virtue; the latter recognises its limits.”⁶³

It remains to be seen how the role of the government will evolve in the years ahead. What is clear, however, is that the government will attempt a “whole-of-government” approach where CSR is concerned. This is needed given that CSR engages issues that are not strictly commercial/economic but also socio-cultural and political. Indeed, these issues have both a domestic and foreign audience as well and the Singapore government is loath to allow these issues to become a fertile source of political mobilisation and contention over the status quo. As such, policy coherence and integration are likely to be hallmarks of the Singapore approach in its management of the CSR agenda within the domestic setting.

The Strategic Driver: CSR as a Strategic Differentiator

Further to the propagation of the harmony ideology, CSR is also portrayed as a feature of business activity that engenders distinct economic advantages. The notion and ideal of ethical leadership in the political realm as a key competitiveness instrument has been a key driver in Singapore’s economic competitiveness.⁶⁴ Ethical leadership, primarily manifested in Singapore’s relatively corruption-free image, is promoted as an “X” factor that is a “key differentiator” giving Singapore a competitive advantage.⁶⁵

This differentiator is now rigorously applied to the business sector in Singapore where a CSR-enabled environment is seen as having the capacity to provide thought leadership in a society where the embracing of globalisation is seen as vital for national survival. For example, Lim Boon Heng, then Secretary-General of the NTUC, conceived of trade unions having a role in the formation of “ethical capitalism.” He defined ethical capitalism as follows:

At its heart [it] is not exploitative or adversarial, but collaborative and consensual, seeking to build wealth that is equitably shared, not amassed wealth for the privileged few’. The basic framework of ethical capitalism is a perspective based on common values, not adversarial relationships. Corporations serve stakeholders, not only shareholders

Ethical capitalism is not an emasculated form of capitalism. It is robust, involving all stakeholders in responding to the challenges of globalisation such as the widening income disparities within and across nations.⁶⁶

This vision, commitment, and drive for ethical leadership is also manifested and marketed in the economic realm. As highlighted earlier, this arises from the belief that an ethical stance in the business world is a distinct competitive advantage.⁶⁷ This goes beyond instrumentally using CSR as a corporate communications tool and as a way of managing a company's reputation and operational risks. In this regard, Singapore is leveraging on its strengths of being a trusted brand in its quest to develop Singapore into a trusted business hub. The following lengthy quote from the Managing Director of Singapore's Monetary Authority of Singapore (Singapore's *de facto* central bank) is illustrative of this view:

At the national level, the benefit of good corporate governance and ethical behaviour is quite clear. Singapore's strong reputation as a trustworthy jurisdiction is a key competitive advantage in attracting trade and investment, and in positioning Singapore as a premier financial centre and business hub. When companies based here are associated with the values of integrity and credibility, they receive the recognition from global investors who are willing to pay a premium for their strong branding as trusted entities. Many companies, local and foreign, use Singapore as the home base to raise capital, to site command and control functions, and to engage in high value R&D and marketing functions. When companies, which are the basic building blocks of our economy, are associated with integrity and reliability, we all enjoy the spill-over effects of their good reputation. . . [L]et me reiterate that Singapore's reputation as a trusted business hub gives us a competitive edge. It allows firms to differentiate themselves and to command a premium. This trust can be sustained and enhanced, if we deeply embed these in our system. Both external discipline and internal discipline are important. They are mutually reinforcing, creating a high norm of behaviour. The benefits accrue to the company, as well as to the rest of the economy.⁶⁸

In this regard, Singapore is also cognisant of the tremendous opportunities in wealth management and philanthropy for its financial sector. Singapore believes that as more companies embrace CSR in the domestic setting, the more Singapore's reputation gets enhanced as a brand name for trustworthiness and reliability, in addition to its long-standing brands of efficiency and effectiveness.

A brief mention of a recent initiative that demonstrates the government's intent to maximise Singapore's reputation for trustworthiness and integrity will suffice. In the 2007 budget, the government made modifications to the tax and charity rules in order to facilitate giving (corporate and individual) from Singaporeans, and also as part of the larger ambition to nurture the "emergence of philanthropic thought leadership in Singapore."⁶⁹ This is seen as an integral part of developing its lofty ambitions for Singapore's finance industry. More importantly, it suggests a reservoir of confidence in capitalising on the economic dimensions of ethical and corporate leadership.

The Pragmatic Driver: Export Markets

This study argues that the CSR drive in Singapore coheres with the government's pragmatic approach to governance broadly conceived. The government recognises that globalisation has contributed to the rise and importance of CSR. By 2005, Singapore was the ninth leading exporter in the world: its 3-per-cent share of global exports was worth US\$230 billion.⁷⁰ With Singapore companies venturing overseas, in tandem with the state's efforts at consolidating the external wing of the economy, concerns with supply chains take on increasing importance. Besides, most of Singapore's products, whether electronic, chemical, or pharmaceutical, are exported to the economies of the developed world where consumers in those markets have shown a greater appreciation and demand for CSR.

It would be fool-hardy for Singapore companies to be naive or ignorant about the CSR agenda as part of their business strategies. Hence, the business driver acquires a significant profile in the government's encouragement of CSR. This was aptly put across by Lim Boon Heng, then NTUC Secretary-General:

CSR is also of concern to Singapore due to our position as a hub for international businesses and the international expansion plans of local companies and government linked companies. A lack of

knowledge and management expertise in dealing with CSR issues may impede our development.⁷¹

In particular, given the government's cognisance of the centrality of CSR in the European business realm, CSR is increasingly viewed as a source of competitive advantage for individual companies and the international competitiveness of Singapore:

The Singapore Government believes that properly crafted CSR initiatives would improve both the quality of life and the competitiveness of companies. . . . Companies have grown to recognise that their continued prosperity is dependent upon the sustained viability of the community they operate in.⁷²

Similarly, greater consumer sophistication, awareness, and expectation, locally and overseas, have made CSR increasingly an issue Singapore companies cannot avoid nor ignore. CSR plays an important part in addressing the concerns, expectations, and demands of consumers, local and overseas, who increasingly expect companies to behave ethically and to be socially responsible. Corporate reputations can be undermined through a poor CSR approach and handling of such social drivers. It is also useful for the state to be involved in CSR as many issues under CSR are of interest and concern to young Singaporeans, especially those born in the post-independence period, where post-material values and concerns take on a larger importance.⁷³

The managerial conception of CSR is one perspective that is emphasised under the business case rubric for CSR. Given that Singapore is heavily dependent on the export trade, free trade is much valued and the government fears that protectionist sentiments globally (especially in the developed economies) may result in CSR requirements becoming a non-tariff trade barrier. For instance, the European Union (EU) may require certain minimum standards with regards to products being imported such as certification that child labour was not used or that a timber product was made from timber harvested from a sustainable plantation.

As such, it is beneficial for Singapore companies to be mindful of CSR concerns when operating overseas, especially in the export of goods and services overseas, and the management of supply chains. In this regard, Singapore through the relevant

government agency, SPRING Singapore, is closely following developments relating to the ISO 26000 guidance on social responsibility.⁷⁴ The government has stated that it will “help to ensure that Singapore-based enterprises are aligned to any CSR standard which is adopted internationally. This in turn will ensure that Singapore’s future trade flows are not hindered by technical barriers arising from international CSR standards.”⁷⁵

The potential impact on Singapore’s companies from enhanced-CSR requirements can be substantial considering that small and medium-sized enterprises (SMEs) make up 92 per cent of all firms, account for employing two-thirds of the workforce and generate 34 per cent of the gross domestic product in Singapore. Thus, it comes as no surprise that SMEs, not just big companies, have a significant role to play in addressing CSR needs. In view of ISO 26000, SMEs are a constituency that the Singapore Compact and the government agencies have to engage closely with vis-à-vis the CSR agenda.

CSR is also of concern to Singapore due to its position as a hub for international businesses and the international expansion plans of local companies and government-linked companies. A lack of knowledge and management expertise in dealing with CSR issues may impede Singapore’s trade potential and development. As European Union safety and health standards are enshrined in law, Singapore’s exports are subjected to those legal requirements. These European standards have a “profound influence on manufacturing in Asia and beyond.”⁷⁶

In similar vein, as CSR increasingly embraces various social and political issues, concerns, and trends, it becomes imperative for companies to keep abreast of stakeholders’ expectations. As a McKinsey report argues, “Companies must see the social and political dimensions not just as risks — areas for damage limitation — but also as opportunities.”⁷⁷ Singapore seeks to tap the “first mover” advantage, as we shall see in specific niches such as clean energy production. But this advantage is also conveyed in generating the brand perception that Singapore-based companies are CSR-enabled, adding weight to their relative competitiveness. While businesses have traditionally adhered to national standards, the trends point towards looking “beyond national boundaries to discover which standards to follow, and perhaps to exceed.”⁷⁸ In this respect, it has been suggested that the European Union will lead in product environmental standards, the United

States in corporate governance requirements, while international non-governmental organisations in human rights and labour rules.⁷⁹

The Regulatory/Norm-Setting Driver: CSR as a Regulatory Catalyst and Norm-Setter

In this study, I put forth the argument that CSR has a key and complementary role to play in regulatory matters and in corporate governance. Corporate law in most jurisdictions attempt to address three basic agency problems:

- Opportunism of managers vis-à-vis shareholders;
- Opportunism of controlling shareholders vis-à-vis minority shareholders; and
- Opportunism of shareholders as a class vis-à-vis other corporate constituencies including non-shareholder stakeholders.

Thus far, corporate law has been the mainstay in dealing with the transaction costs that these agency problems present.

As Kent Greenfield notes of the American corporate scene, managers of most large companies are prohibited by law from taking into account the interests of the public in decision making, if doing so hurts shareholders.⁸⁰ This is no different in Singapore. In all three areas, nonetheless, CSR can play an important role in the protection of the public interest and of the company's various stakeholders, such as employees. In short, Greenfield argues passionately that companies should create wealth for society as a whole rather than merely for shareholders and executives. He believes that corporate law has a vital, if under-emphasised, contribution to make.

In tandem with the emphasis on the triple bottom-line approach wherein a business integrates environmental, social and governance (ESG) factors in its operations, there is a growing awareness that such a corporate posture by a company is very much in sync with the company directors having fiduciary duties that take into consideration the impact of the business on the community and the environment. In the UK, this development has been given impetus by section 172 of the UK Companies Act 2006 which effectively codifies the fiduciary duty of a company director to promote the "success" of the company.⁸¹ This codification of the director's common law duty to act in good faith in the

company's best interest necessarily means that the interests of stakeholders, and not merely the shareholders, must be factored in decision-making.

The philosophical impulse is quite clear — the interests of shareholders to maximise their profits from their investments in a business are deemed not to be at odds with the interests of stakeholders. Further, the success of a business has to be viewed from a long-term perspective as well. Indeed, the focus on short-term gains may very well compromise the long-term economic value of the business. This can be understood as the “enlightened shareholder value” approach in which the shareholder value would be maximised where the interests of stakeholders are recognised and given effect to. The corporate scandals in recent years emphatically demonstrate that shareholder value is not exclusively about financial/economic indicators. Poor corporate governance, gross ethical lapses, and lack of consideration for the environment can result in reputational damage which, in turn, affects shareholder value.

This therefore requires a director to act in good faith with due regard to the probable long-term consequences, the interests of employees, suppliers and customers, as well as the implications for the environment and concerns of the community at large. This would obviously include maintaining high standards of reputation in business conduct. This legislative provision underlines the importance of making decisions for the long term and factoring how they affect shareholders and stakeholders alike.

In 2005, the United Nations Environment Program Finance Initiative Asset Management Working Group commissioned international law firm Freshfields Bruckhaus Deringer to clarify the legal limits of the discretion of institutional investors to consider ESG issues in their investment decisions. Besides taking financial considerations into account, the report, entitled *A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment*, took the view that institutional investors have some discretion to consider ESG issues when making investment decisions.⁸² The report did not provide any basis for investors to embark *carte blanche* on a moral crusade when making investment decisions. Nonetheless, the report took the view that in most jurisdictions, the law gives a wide discretion, encircled by general duties rather than exacting standards.

Prior to this report, the view was that institutional principals and their agents —

in particular, those who advocate a greater regard for ESG issues in investment decision-making — were legally prevented from taking into account such issues. The belief was that institutional investors had no legal obligation to take ESG issues into consideration in their investment decision-making. They had no fiduciary duty to take into consideration the impact of their decision with regards to ESG concerns. Indeed, there was the view that investors were prevented from doing so as they would otherwise be breaching their fiduciary duty.

However, the report found that the integration of ESG issues into investment analysis, “so as to more reliably predict financial performance, is clearly permissible and is arguably required in all jurisdictions.”⁸³ Far from preventing the integration of ESG considerations, the law clearly permits and, in certain circumstances, requires that this be done. To be sure, the extent of the discretion would vary according to jurisdiction as well as the specific provisions within individual fund agreements. But the trend lines are clear.

While activities and programmes that demonstrate commitment to CSR are important, all too often businesses fail to realise that genuine CSR is fundamentally about values, norms, and attitudes. These values, norms, and attitudes speak to how business is done by a company. In many discussions on CSR, ethics is often mentioned only in passing. This is highly problematic since CSR is fundamentally about ethical and responsible conduct towards a variety of stakeholders.

While activities and programmes that demonstrate commitment to CSR are important, all too often businesses fail to realise that genuine CSR is fundamentally about values, norms, and attitudes.

The discussion above highlights the role that CSR can play in corporate governance.⁸⁴ Indeed, the discussion suggests that CSR can regulate the risks of opportunism flowing from the basic agency problems. CSR, not just embodied in codes of

conduct, but embracing the principles of fair play, transparency, accountability, and responsibility, can reduce the opportunities and the opportunism for value-reducing corporate behaviour. Value, increasingly, in the corporate world cannot be just about pecuniary outcomes. It is widely regarded as encompassing both pecuniary and non-pecuniary indicators since they both impact each other and inform us how sustainable a business entity is. To nurture and sustain corporate value, the role of values and norms are surprisingly under-estimated. We only

need to look at the corporate world, locally and internationally, to note that well-known, reputable business enterprises generate value based on their wholesome corporate values and the quality of their products and services.

Ultimately, CSR is about trust. Capitalism needs trust to thrive. Together with regulatory rules, CSR can provide the holistic approach in dealing with these instances of opportunism. They will not entirely remove agency problems but they can help minimise them.

In this regard, an innovative approach to shared value CSR *a la* Porter and Kramer can be in the area of corporate systems design. By devising alternatives to shareholder-centric models of business that undergird much of Anglo-Saxon capitalism, a more humane form of capitalism (where for-benefit is prioritised over for-profit) could evolve.⁸⁵ Heavily shareholder-centric business models structure and conceptualise companies and businesses as forms of property. Such a perspective only panders to the temptation towards short-term thinking and the objective where profits become the be-all and end-all. This tends to result in unethical and socially irresponsible business conduct.

Indeed, socio-legal innovation, as an emergent manifestation of CSR and entrepreneurship, is gaining traction. Social innovation entails, at its core, the intrinsic and extrinsic need for social value creation. The law can be the catalyst of change in instilling purpose in the business arena such that business, as an organic entity in our community, does not face a false choice between profitability and fulfilling other humanistic functions of business. This also speaks to sustainability, an area of increasing importance in CSR initiatives and efforts.

In Singapore, there is a tentative recognition that CSR can have a quasi-regulatory dimension. Indeed, this potential is increasingly recognised by governments, regulators, and businesses around the world. CSR, if properly practiced and imbibed within the DNA of a corporate or governmental entity, seeks to move resolutely beyond a compliance (“checking boxes”) mindset to one which recognises that effective corporate governance must have an ethical spine in which the dimensions of responsibility, transparency, and accountability are evident, recognised, and supported. In other words, it is not compliance for compliance sake. Rather, compliance becomes the means to the ends of effective corporate governance and ethical conduct.

Second, prudent regulation and good governance are, in essence, about norms and values rather than rules *per se*. Put simply, laws and regulations have an inherent limitation with regards to ensuring compliance. However, if a company's CSR is meaningfully practised as a reflection of its ethical values, then the absence of those laws and regulations would probably not make much of a difference. As a standard setter, value-driven CSR is about going beyond mere compliance — it rightfully privileges substance over form. It recognises and urges companies to be mindful of shareholders and stakeholders, and the larger operating environment. In many instances, there is scope for a tripartite partnership of business, government, and civil society in dealing with contemporary challenges such as poverty, discrimination, child labour, corruption, and human rights concerns that present themselves in Asia.

This is certainly not to say that CSR, especially given its contested nature, is the magic bullet to solve all corporate ills and malaise — if only it were that simple! Like the demise of the American corporate giant Enron, the blue-chip financial institutions that went bust in the recent financial convulsions had one thing in common. All of them claimed to engage in CSR and ostensibly (with much fanfare and publicity as well) subscribed to an ethical way of doing business. But, in truth, as things have turned out, responsibility was patently lacking in the way they operated. Their actions ultimately spoke louder than the corporate spiel that provided the feel-good cover for various corporate vices, including irresponsibility, fraud, and greed. The issue is not whether companies should engage in CSR but how to practice CSR. A pertinent consideration is the growing impact of international civil society, traditional media and new media, anti-globalisation activists, and shareholder activism on matters of CSR.

This study suggests that CSR can be operationalised as a mode of regulation and governance in the corporate arena. The central argument is that good corporate governance must move resolutely beyond a compliance mindset to one which recognises that effective corporate governance must have an ethical background in which the dimensions of responsibility, transparency, and accountability are evident, recognised, and supported.

CSR's ability to regulate and govern in the economic/commercial realm hinges on its inherent strength as putative soft law, nudging economic players to focus

on how profits are made within the overarching framework that recognises that stakeholders and shareholders are crucial in making any business a sustainable proposition. Profits are important but profitability is a *sine qua non* and of greater importance in the business world, if we are to avoid the Keynesian aphorism that “in the long run, we are all dead.” In these challenging economic times, capitalism needs to be right-sized if it is to maintain its relevance, legitimacy, and vitality. CSR can be the humanising force because it is grounded in moral reasoning and leadership. It underscores the economic realm as an eco-system — interdependence and trust are of crucial importance.

The thrust of this argument revolves around how CSR can help to incorporate a robust sense of ethics and social responsibility in the business arena. The emphasis should be on how ethical and responsible conduct can be mainstreamed, and how society can encourage business to inject responsibility and wholesome values in their activities. The question is not *why* we need corporate governance but *how* to ensure corporate governance inculcates the appropriate corporate conduct while ensuring that profits made in the short term do not threaten the framework of long-term sustainability. CSR has a vital role in that regard in ensuring a company’s sustained profitability.

At a more local level, CSR can be seen as a segue to the promotion of various government initiatives ranging from labour relations to climate change to anti-terrorism efforts. In labour relations, for instance, wage restructuring and the enhancement of social safety nets are described as “good CSR practices and standards” even though the political imperatives behind them are more significant in light of a rapidly aging population and the rise of a significant income gap in Singaporean society.⁸⁶ Painting these efforts as being in line with the CSR framework, Lim added that “labour movement aims to build a better life for workers through helping companies stay viable amidst the volatile business environment.” What was left unsaid is that the government is cautious about taking a legislative approach in trying to have employees and employers manage change in a rapidly changing world. The preferred approach is for employees and employers to adapt to the changes voluntarily and to agree on the changes in a consensual manner. This use of CSR as a regulatory tool can be described as “CSR as soft law.”

CSR as Soft Law

When properly internalised, CSR urges a resolute departure from a compliance

mindset to one which recognises that effective corporate governance must have an ethical backbone in which the dimensions of responsibility, transparency, and accountability are evident, recognised and supported. There are infinite possibilities with regard to how laws and regulations might be circumvented. Too much regulation would also invariably jam the wheels of commerce. As such, policy-makers, law enforcement agencies, and the legal profession are fully alive to the limitation of laws, rules and regulations.

All too often, however well intended, the inculcation of a rule-based, compliance mindset may do more harm than good. Regulators tend to look at laws and regulations as safety nets. However, such a rule-based regulatory regime, with bright-line tests and detailed guidance tends to invite expedient interpretation by corporate executives and audit committees.

Soft law can also be understood as law in the embryonic stage of formation (precursor of emerging hard law), or as principles and norms that might eventually consolidate and contribute to the legal interpretation of hard law...

There is a patent need for the development of a post-conventional stage of moral development and reasoning wherein the economic players adopt an ethical perspective and reasoning that factors in the interests of those affected based on impartial and reasonable principles (as opposed to the pre-conventional stance of obedience driven by self-centred motivation and fear of punishment).

CSR, when embodied in codes of conduct and business guidelines, can operate as “soft law.” In the area of governance and regulation, the use of hard law and, increasingly, soft law are the two main modes by which legalisation takes place. Hard law is generally understood as “legally binding obligations that are precise (or can be made precise through adjudication or the issuance of detailed regulations) and that delegate authority for interpreting and implementing the law.”⁸⁷ Domestic legislation and international treaties are the tangible expressions of hard law. For example, most corporate law-related legislations stipulate — in varying degrees of clarity and precision — the proscribed acts of commission and omission (obligations and compliance), the imposition of legally-binding duties and obligations (accountability), and the punishment for transgression (sanctions).

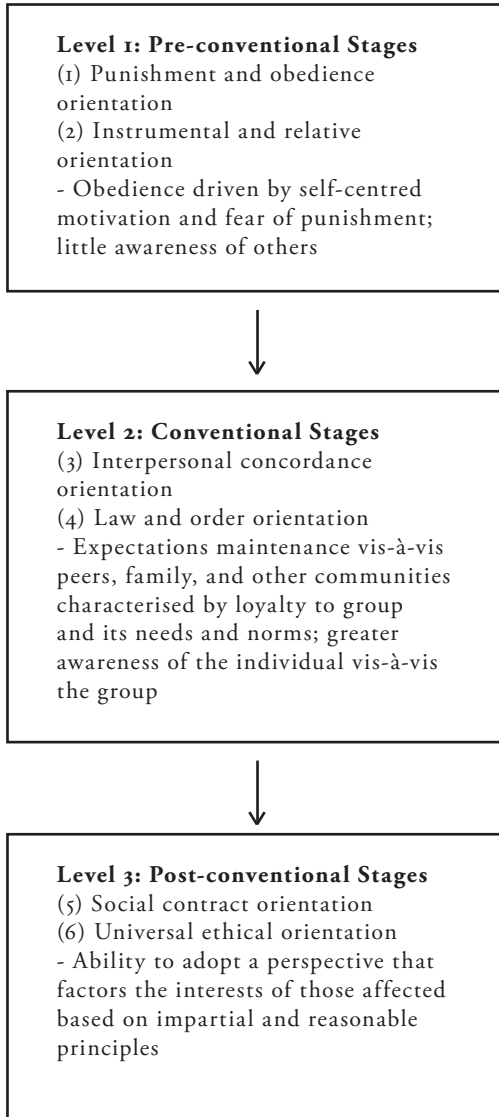
On the other hand, soft law is less definitive and does not create enforceable rights and duties. It includes a variety of processes that attempt to set rules, guidelines, or codes of conduct that share the common trait of having non-legally binding normative content that can have regulative, practical effects similar to hard law. As soft law cannot be enforced by legal means, it cannot be relied upon as a basis for deterrence, enforcement action and punitive sanctions.

However, soft law is flexible and has discursive power through its facilitative effort to set normative standards and enable social learning. This is particularly useful in situations of flux where persuasion and reflexive adjustment, rather than rigid adherence or enforcement, are needed. Soft law can facilitate the internalising of norms not yet embedded in hard law.⁸⁸ For instance, the ideational standards or expectations first enunciated in soft law mechanisms can form the basis on which the subsequent practical application of the hard law can acquire effectiveness, efficacy, and legitimacy.

Soft law can also be understood as law in the embryonic stage of formation (precursor of emerging hard law), or as principles and norms that might eventually consolidate and contribute to the legal interpretation of hard law or become legally binding rules themselves. In this regard, soft law can help knowledge, norms and values to be framed strategically and dovetail with existing normative frameworks. In this, soft law's strategic potential is its "soft power." Rather than resorting to threats (in essence, the use of hard law) or payments (bribes), soft power is the ability of a political entity to obtain what it wants by virtue of being an attractive model.⁸⁹ It is this attribute of soft law that can facilitate the socialisation, the formation of consensual knowledge, and a shared understanding of the deep potential of CSR.

The utility of soft law instruments is its transformative capacity in socialising stakeholders through a consensual and confidence-building process. More directly, soft law speaks to reason and understanding, strives to develop consensus, and encourages the internalisation of desired values and interests. Lawrence Kohlberg's three levels of moral development help demonstrate how soft law's iterative, quasi-prescriptive nature can engage cognitive and informed responses in developing a nuanced regulative response to a societal challenge, demand or threat (see Exhibit 4.1).⁹⁰

Exhibit 4.1: Lawrence Kohlberg's Stages of Moral Development



Generating Norms and Catalysing Social Learning

The soft-law approach is complementary and helps to make up for the inherent limitations of hard law. It is futile for Singapore or any other country to legislate CSR. Hard law is prescriptive and puts in place minimum standards for compliance. The force of hard law lies in its deterrent power for those motivated by a self-absorbed avoidance of punishment. However, given the contested and pliable nature of CSR, enforcement is challenging. Besides, if we adopt the understanding that CSR is voluntary, then legislation cannot deal with “optional conduct.”

On the other hand, being pre-emptive in approach, soft law instruments such as voluntary guidelines, codes of conduct and best practices, if properly internalised, encourage and facilitate compliance. While the aspiration is to go beyond compliance, soft law is seen as being more effective and efficient since it urges principle-based conduct. This approach is more likely to have greater traction with stakeholders and be sustainable through its calibrated response.

Hard law approaches, like those in compliance-based regimes with sanctions spelt out, tend to elicit reasoning and responses that are primarily egocentric, denominated in self-centred terms of avoiding punishment, compliance with an authority, and group norms (levels one and two of Kohlberg’s moral development). Soft law approaches encourage the progression towards a Kohlberg level-three moral development in which a person is able to adopt a perspective that factors the interests of affected parties based on impartial and reasonable principles. When successfully imbibed, soft law approaches result in society being able to attain the post-conventional stage of moral reasoning in which critical and reflective reasoning are dominant. We should not view hard and soft law in binary or antithetical terms as they complement each other in enlarging CSR’s capacity for “lite” regulation as well as to socialise the corporate citizenry on socially responsible conduct.

The foregoing discussion underscores the centrality of regulation and governance and getting the balance right in the current economic climate. Ultimately, prudent regulation and good governance are primarily about norms and values rather than rules alone. As a standard setter, values-driven CSR is about going beyond mere compliance — it privileges substance over form. It recognises and urges companies to be mindful of shareholders and stakeholders, and the larger operating environment. Following developments in advanced economies in

North America and Europe, CSR has acquired renewed vigour in the corporate landscape in Asia, where the notion of corporate credibility, linked with *how* a company conducts its business and makes profits, is of growing importance and urgency. Perhaps the most significant development on the CSR front is the introduction of *ISO 26000: 2010, Guidance on Social Responsibility* on November 1, 2010. The efforts by the International Organization for Standardization (ISO), in collaboration with a variety of international partners, to provide the ISO 26000 guidance standard for social responsibility marks a significant milestone in the development of CSR.

This approach to CSR as a quasi-regulatory mechanism is exemplified in the United Kingdom. In the UK, the Department of Business, Innovation and Skills (BIS) spearheads the British governmental effort in CSR. BIS states that:

The UK Government approach is to encourage and incentivise the adoption of Corporate Responsibility, through best practice guidance, and where appropriate, regulation and fiscal incentives. Specifically, we see CR as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society.⁹¹

Further, the national effort in the UK towards CSR has been given impetus by the new section 172 of the UK Companies Act (enacted into law on November 8, 2006) which codifies the fiduciary duty of a company director to promote the “success” of the company. This is the principle of “enlightened shareholder value.”

This recent codification of the director’s duty to act in good faith in the company’s best interest necessarily means that the interests of stakeholders, who may not necessarily be shareholders, must be factored in decision-making. In turn, this requires a director to act in good faith with due regard to the probable long-term consequences, the interests of employees, suppliers and customers, as well as the implications for the environment and concerns of the community at large. This would obviously include maintaining high standards of probity, propriety, and reputation in business conduct. This legislative provision underlines the importance of making decisions for the long-term and factoring how they affect

shareholders and stakeholders alike. The growing accent and importance placed on sustainability concerns is abundantly clear.

While activities and programmes that demonstrate commitment to CSR are important, all too often, businesses and law firms fail to realise that genuine CSR is fundamentally about values, norms and attitudes towards a variety of stakeholders. These values, norms and attitudes speak to how business is done. In many discussions on CSR, ethics is often mentioned only in passing or given lip service treatment. This is problematic since CSR programmes and initiatives that lack an ethical backbone will not be sustainable and impactful. In fact, they undermine the *raison d'être* of CSR.

ISO 26000 — CSR as a Putative Legal Regime?

The International Standards Organization's use of "social responsibility," rather than CSR, is deliberate. Social responsibility applies universally, not just to private companies but extends to governments, non-profit entities, and professional industries as well. The ISO 26000 guidance standard was formally published on November 1, 2010 and is for voluntary usage. Unlike other ISO standards, ISO 26000, while not a certification standard, may evolve into one.⁹²

What is noteworthy is that the ISO 26000 guidance standard seeks to help businesses, NGOs, governments, the labour movement, and other stakeholders internalise the desired norms and values of social responsibility. By virtue of its inherent flexibility and potential discursive power, ISO 26000 can facilitate the setting of normative standards and enable social learning about social responsibility. As discussed earlier, this is particularly useful in the sphere of CSR where persuasion and reflexive adjustment, rather than rigid adherence or enforcement, are needed. The ideational standards or expectations enunciated in such guidelines and industry-wide codes of conduct can subsequently form the basis on which the practical application of the law can acquire effectiveness, efficacy, and legitimacy.

More directly, soft law speaks to reason and understanding, strives to develop consensus, and encourages the internalisation of desired values and interests. The structural power of hard law in rules and regulations is often not only reactionary but also grossly inadequate as a means of pre-emptive, adaptive socialisation and

social learning prior to, during, and after corporate crisis. The reality is that the law cannot always deal adequately and in a timely manner with ethical issues that relate to CSR.

Thus, ISO 26000 can be treated as a soft-law instrument wherein it sets the ideational standards or expectations of socially responsible conduct. Over time and with frequent use, this guidance standard would very well form the basis on which the practical application of the hard law can subsequently acquire effectiveness, efficacy, and legitimacy. As discussed earlier, soft law's utility is in socialising stakeholders through a consensual and confidence-building process.

There is a need for Singapore to take ISO 26000 seriously. This is notwithstanding it being a guidance standard. It should not come as a surprise if foreign companies or countries, especially in the European Union and North America, require their business partners to be "ISO 26000-compliant." There is no need for ISO 26000 to be a certification standard first before it can be used in the business world. What is likely to happen is that, with the passage of time, as the ISO 26000 guidelines gain wider acceptance and acquire a broad-based legitimacy, it is possible that the ISO 26000 guideline might eventually become a certification standard. Singapore-based companies can take the initiative and strive to be ISO 26000-compliant and seize the first-mover advantage, or risk being found wanting when ISO 26000 evolves, in the fullness of time, into a certification standard.⁹³

As was mentioned earlier, given Singapore's heavy dependence on the export trade, it is a legitimate concern whether CSR-type requirements, including ISO 26000, could operate as non-tariff trade barriers. The introduction of ISO 26000 even as a guidance standard highlights the urgency for Singapore companies to be ahead of the market on CSR issues. The government needs to scale-up its efforts in educating and helping Singapore-based enterprises to measure up to any international CSR standard which is adopted globally or regionally. This will ensure that Singapore's future trade flows are not hindered by "technical" barriers arising from international CSR standards.

CSR as Social Innovation and a Platform for Social Innovation

Implicit in Porter and Kramer's arguments and the companies they cite, is that CSR can be the driver by which business and society are, as they should be,

symbiotically and synergistically linked. A strategic approach to CSR also yields another advantage: that of catalyzing innovation.

As strategic CSR is driven by the motivation and the imperative to generate shared value for both business and society, business operations informed by a genuine commitment to CSR will catalyze innovations with economic and social value. In turn, this will open new frontiers for business possibilities. Indeed, social innovation, as a manifestation of CSR and entrepreneurship, is gaining traction.⁹⁴ Social innovation entails, at its core, the intrinsic and extrinsic need for social value creation. This also means that it is not innovation purely for the sole purpose of innovation. Social innovation has to result in enhanced reliability of a product or service as well as new capabilities and capacities for the service provider and the end-user.⁹⁵ This also speaks to sustainability, an area of increasing importance in CSR initiatives and efforts.⁹⁶

There is a need for Singapore to take ISO 26000 seriously. ... It should not come as a surprise if foreign companies or countries, especially in the European Union and North America, require their business partners to be “ISO 26000-compliant.”

To further encourage this development of CSR as a shared value and a crucible of innovation and productivity,⁹⁷ business and society have to engage in continual dialogue with their stakeholders. This engagement can help business meet human needs while society also appreciates the user-driven

innovation that businesses are so adept at providing. In this regard, innovation is not just a business necessity, but also encompasses a social dimension in which business and society are interlinked and interdependent. This potential and imperative for cross-sectoral collaboration is essential to the urgent quest for bringing back the much-sidelined human values as the core of business. Together, they can help redirect capitalism towards the common good, and help ensure a sustainable future.

Too often, CSR is predominantly driven by the corporate (“C”) element such that the social (“S”) and responsibility (“R”) dimensions are relegated or ignored. Notwithstanding that the term CSR is contested, CSR strategy can be potentially innovative and of immense societal value if it simultaneously embraces all three elements (i.e., the dimensions of C & S & R). It would be fruitful to

conceptualise and to promote CSR as one form of social innovation. CSR, as it is currently conceptualised, is seen as falling squarely in the business domain. This is an unduly narrow and self-limiting reading and application of CSR. What often follows is a situation in which other stakeholders take a peripheral, rather than collaborative, interest in CSR.

Given the autochthonous tendency in Singapore's CSR regime and approach, there may well be an impetus for CSR in Singapore to be better approached and viewed as a form of social innovation. Innovation is needed in situations of need and opportunity. The challenge is for Singapore-based business enterprises to determine what and where the needs and opportunities are, and how to address them. To be sure, while there are unmet needs in Singapore, the situation here is not as dire as in many of the developing Asian countries where there are tremendous unmet needs and societal issues such as poverty, systemic corruption, human rights abuses, and severe environmental degradation. Viewing and practicing CSR as social innovation can help energise the somewhat passive CSR scene in Singapore. By emphasising the quality of *social value* accruing to society (and business) and the *process* of innovation, CSR can potentially be more meaningful, sustainable, and attract a larger buy-in from stakeholders.

By putting CSR as a business activity that concerns and involves all stakeholders, we can potentially raise the benchmark of what CSR is. Further, such a conceptualisation also urges business and its stakeholders to recognise that CSR embraces not just corporate sponsorship for a cause but includes the generation of ideas, the inculcation of values, and the nurturing of collaborative relationships in a mutually beneficial setting. In the process, this makes CSR endeavours sustainable and integrates them into the core business activity of any capitalist enterprise.

Singapore's attempt to ride on climate change concerns suggests that the Singapore government is alive to the role that CSR can play within a multi-stakeholder approach. The developments there suggest that responsibility and innovation in that realm can engender economic benefits arising from a commitment to innovation and competitiveness. Although Singapore is a non-Annex 1 signatory to the UN Framework Convention on Climate Change (UNFCCC) since 1997, it only acceded to the Kyoto Protocol (the primary international agreement on climate change) in April 2006.⁹⁸

Singapore's initial reservation with acceding to the Kyoto Protocol was over its ability to manage greenhouse gas emission levels in a manner that is not harmful to economic growth. However, in recent years accession has become viable with the tremendous potential demonstrated by Singapore companies specialising in environmental technologies. Singapore aspires to be the research and development hub for environmental and water-technology in Asia.⁹⁹ Here, we see the economic dictates apparently taking precedence over environmental and CSR concerns.¹⁰⁰

Singapore's approach to climate change is instructive of the likely approach to CSR. While a detailed examination of Singapore's philosophy and management of climate change is outside the scope of this study, the principles subscribed to by Singapore in this area are instructive of Singapore's reflexive approach to CSR. While cognisant of CSR as a virtue, the government is alive to CSR as a political and economic imperative. It is this resoluteness to seize the opportunity in light of prevailing global concerns that Singapore has wielded CSR as both a virtue and an imperative, alongside the opportunities for business and the Singapore brand-name generally.

At the United Nations Framework Convention on Climate Change (UNFCCC) conference in Bali in December 2007, Prime Minister Lee Hsien Loong argued that the post-2012 framework cannot use a one-size-fits-all approach. Instead, he proposed three principles in moving beyond a post-Kyoto Protocol framework:

- That the climate change framework “must have the commitment and participation of all countries, under UNFCCC auspices”;
- That the climate change framework “should recognise the vital importance of economic growth”; and
- That the climate change framework must take into account differences in national circumstances and constraints.

Of greater significance is how Singapore is seeking to capitalise on alternative fuels and other environmentally friendly products as the next great “disruptive” technology. The developments following its accession to the Kyoto Protocol have been rapid and significant. In March 2007, the government announced that it was investing in research into the production of viable solar power.

Leveraging on Singapore's investments and commitment to science and technology as an engine of growth, Singapore is confident that it is well placed to occupy this niche, deliver the necessary innovation, and reap the economic dividends. It was reported that the seed money of SGD170 million "could result in an industry worth SGD1.7 billion and employing 7,000 people by 2015".¹⁰¹ In April 2007, the government announced that it planned to develop Singapore as a centre for research in environment sustainability "to develop knowledge and technologies for addressing global concerns."¹⁰²

What is the role of CSR and how will it be deployed? Given the high profile concerns on climate change, businesses will have to become more mindful and sensitive of their environmental footprint. It is foreseeable that products and services will have to pass muster in terms of environmental standards, and companies held accountable for their environmental stewardship (or lack thereof). Furthermore, Singapore is heavily dependent on fossil fuels for its growing energy needs and is a key manufacturing hub that exports most of its products.¹⁰³ In this potential threat regime to exportability, Singapore sees an opportunity to make significant inroads in its quest to be an innovation hub.¹⁰⁴ As Thomas Friedman observed of green technology: "You can't make a product greener . . . without making it smarter — smarter materials, smarter software or smarter design."¹⁰⁵

Singapore's success in exploiting clean water technology has reaped economic dividends as well as increased self-sufficiency in meeting its need for water supplies.¹⁰⁶ For Singapore, it believes that this success can be replicated in other areas related to the environment, viz., clean energy. Again, Singapore is relying on another tripartite partnership — one involving the public, private, and the people sectors in pushing for environmental sustainability. Using environmental sustainability as a prism and an independent variable, the response has been unabashedly pragmatic.¹⁰⁷

First, the government has urged businesses to rise up to the challenges of climate change and to commit themselves to pragmatic environmentalism. Second, it has signalled its commitment to promote clean-energy research and grow the industry. It has also embarked on devising long-term strategies to help reduce Singapore's environmental footprint, but without imposing undue restrictions

on its economic growth.¹⁰⁸ Third, it has emphasised its resolve that there is a trade-off in going green and that countries cannot be expected to go green for merely altruistic reasons. A universal approach that does not take into account the diverse national circumstances is untenable for Singapore's policy-makers. Economic growth cannot be sacrificed for green objectives. Hence, in the area of environment-related CSR concerns, the indications are already there for a moderate approach steering away from legislation but encouraging voluntary adoption of higher standards. In some respects, the accent on a reflexive type of regulation, based on a learning process that is conscious of the balance and trade-off between corporate interests and societal concerns, is apparent.

As the government manages the agenda tightly, it would be easy to pin the blame for any deficit in the CSR movement to it. At one level, this is plausible. But, this does not detract from the reality that most Singapore-based businesses treat CSR as optional, and the government is content not to unnecessarily stoke the enthusiasm. This confluence of factors, added to the fact that unmet needs here are seen as falling under the purview of the government's "Many Helping Hands" approach in which the corporate sector has a small footprint, means that CSR here is very much focused on corporate philanthropy. The major challenge going forth in the promotion of CSR efforts in Singapore is to have Singapore-based businesses determined to successfully integrate CSR into its entire business operations, and where CSR is a key driver of corporate strategy.¹⁰⁹

Nonetheless, prospects look optimistic. This is partly because of the growing signature of CSR globally. And because Singapore is plugged into the global economic grid, CSR will take on a concomitant growing importance. The crux of the matter here is: Should we be proactive about it or should we just react to changes? It makes sense to take stock of trends and be ahead of the curve. Further, because the government recognises the potential of CSR, the key support it provides only enhances the prospects for CSR in Singapore.

Singapore should take the CSR bull by its horns and embark on a national CSR policy and strategy. Whether it would instrumentally generate economic returns or not, this study has shown that CSR can drive change in many areas and taking a principled and value-driven approach can only accentuate the benefits that can be gained from a full engagement with CSR.

4 Developing the CSR scene

By putting CSR as a business activity that concerns and involves all stakeholders, we can potentially raise the benchmark of what CSR is. Further, such a conceptualisation also urges business and its stakeholders to recognise that CSR embraces not just corporate sponsorship for a cause but includes the generation of ideas, the inculcation of values, and the nurturing of collaborative relationships in a mutually beneficial setting. In the process, this makes CSR endeavours sustainable and integrates them into the core business activity of any capitalist enterprise.

It is pertinent to note that many discussions of CSR do not adequately emphasise the importance of values even as they urge companies to seek shared value in their CSR endeavours. The importance of values cannot be under-emphasised. For a company's CSR strategy to create "shared value," "shared values" vis-à-vis the business and society is a necessary precondition. For instance, a shared value strategy could be as basic and intuitive as implementing environmentally friendly and work-life balance practices. However, if the company does not believe or is not committed to being environmentally friendly, then its efforts in that area are more likely than not going to be unsustainable. Simply put, true CSR is ultimately about ethical and responsible conduct.

The operating environment is often neglected when ethical transgressions occur. We should not blame people for outcomes over which they have little control. This does not take away from the fundamental principle of individual responsibility but it draws attention to how systemic, organisational, and individual factors collude and prevent us from acting in the best traditions of capitalism.

Two brief recommendations are put forth on developing the CSR scene in the short term. The first is CSR reporting, and the second relates to businesses collaborating with other parties in their CSR efforts.

Corporate Social Reporting

For most companies involved in CSR, a very helpful first step is to aggressively promote CSR reporting. Given the importance of CSR and the expectations of stakeholders, many companies in Europe and North America now publish reports on their CSR processes, activities, and commitment. These reports are either published as part of their annual report or as separate reports. Such reports cover a gamut of areas and include items such as business ethics, corporate behaviour, corporate governance, risk management, employee policies, community involvement, and environmental protection measures.

Corporate social reporting serves a useful role in that it is the company's statement on what its commitment to CSR is, how it is seeking to fulfil those commitments, and the extent to which the company has incorporated the principles of corporate social responsibility into its everyday business practice. There are

Where a company is involved in significant CSR reporting, it means that the company is ready to stand by its performance in the social and environmental spheres. It also demonstrates its readiness to manage risks that are non-conventional in nature.

various reporting formats used depending on the sophistication of the company's CSR profile. One of the most popular and accepted reporting format is that of the Global Reporting Initiative.¹¹⁰ Increasingly, serious reporting of CSR will require companies to measure the impact of their CSR activities.

A brief mention of a company's exemplary commitment to reporting would be helpful. Timberland started reporting on key CSR performance indicators on a quarterly basis in 2008.¹¹¹ The company believes that this represents "an evolution in our CSR reporting process from static data presentation to dynamic information exchange; from corporate statement to stakeholder engagement; and from delayed annual reports to quarterly updates." This high level of disclosure and reporting is a tangible and committed expression of stakeholder awareness and collaboration. Further, it provides invaluable feedback loops to help it measure and critique where it is on its CSR journey.

Where a company is involved in significant CSR reporting, it means that the company is ready to stand by its performance in the social and environmental

spheres. It also demonstrates its readiness to manage risks that are non-conventional in nature. Currently, Singapore does not require mandatory sustainability reporting, a proxy measure of sorts of CSR efforts and commitment.¹¹² However, in August 2010, the Singapore Exchange (SGX) issued a “Policy Statement on Sustainability Reporting” and a proposed Guide for its listed companies to use in formulating their sustainability reporting. The SGX explained that:

With increasing global attention being paid to issues of environmental protection and social responsibility, investors are looking beyond companies’ standard financial and corporate governance reporting to their management of environmental and social matters. Investors who lead world opinion expect listed companies to be accountable for their financial results, how they achieve the results, and what impact they have on the communities within which they operate. SGX encourages more listed companies to commit to sustainability practices and reporting.

. . . While SGX adopts a progressive approach on sustainability reporting, regulators in other jurisdictions exercise varying approaches. Some Exchanges have mandatory reporting requirements, whereas others advocate voluntary disclosure. In some jurisdictions, sustainability reporting is a statutory requirement.¹¹³

The SGX affirmed meaningful sustainability reporting as integral to “a holistic approach towards corporate disclosure.” The SGX is adopting an incremental approach to sustainability reporting. After a period of public consultation, the SGX issued the “Policy Statement on Sustainability Reporting,” supplemented by the “Guide to Sustainability Reporting for Listed Companies” on 27 June 2011. Some of the main principles articulated in the Policy Statement and Guide include:¹¹⁴

- The Board’s responsibility for matters of sustainability;
- As part of comprehensive risk management framework and the performance measurement system, environmental, social and governance considerations, and their holistic integration, are important for the long term performance

- of the company;
- A company should use appropriate reporting standards for its industry, location and circumstances;
 - No single standard is advocated but applying global standards is important for cross-jurisdictional comparisons and to motivate SGX-listed companies to achieve global best practices; and
 - External verification for independent assurance and increased stakeholder confidence is recommended to add credibility to the performance data and information in a company's sustainability report. At this stage, sustainability reporting is voluntary. SGX is of the view that as more companies become inspired to adopt sustainability reporting, it will be natural to take the next step on guidelines and standards leading to rules.

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Partnership with Other Organisations

Given the increasing expectations placed on businesses in tackling global issues such as poverty, climate change, and human rights, businesses are now collaborating more with other stakeholders ranging from civil society, inter- and non-governmental organisations, and academic institutions to help enable their CSR programmes to attain meaningful impacts. The media is also included in many of the CSR engagement efforts.

Beyond the concern with export markets, the Singapore Government is also keen to develop thought leadership in the non-profit sector as part of the larger economic strategy of being a cosmopolitan city for top talent and new enterprises. To this end, the Economic Development Board (EDB) established the International Organisations Programme Office to champion the effort to facilitate the entry of international non-profit organisations (NPO) keen to expand their reach and activities in Asia.¹¹⁵ It has established the Tanglin International Centre as a dedicated international NPO cluster to enable NPOs to share expertise, network and collaborate. At the opening of the Tanglin International Centre, the Minister for Community Development, Youth and Sports stated Singapore's intent to be a node and partner to co-create solutions for Asia in critical areas such as

sustainable development, environmental conservation, public health, peace and security:

To address critical social issues, international and local NPOs need to co-create and adapt solutions for the Asian context. We [Singapore] hope to be a base to facilitate cross-sector collaborations to create solutions and tackle the multitude of social challenges in Asia. As the international NPO community grows, we hope that Singapore will continue to be a springboard for non-profits to develop capabilities, manage their regional operations, and deliver their programmes to bring positive social change into Asia.¹¹⁶

Collectively, joint collaboration helps raise the profile of these global and local issues while also enabling CSR programmes to generate better outcomes. Cooperation can also take place at the level of companies joining other companies in the same industry to develop voluntary standards or codes of practice with help from experts in NGOs and support from governments.

For instance, the Canadian government observes that such efforts can be “a useful way to develop a common understanding of best practice in complex operating situations and in establishing performance benchmarks. By following such standards, companies will be able to enhance their reputation. They can also improve relationships with contractors and suppliers, boost consumer confidence and improve risk management.”¹¹⁷

5 Conclusion

If we are to reconceptualise business as maximising and giving full expression to positive human values, then business cannot be just about making profits. Instead, it has to be about ensuring that the economic enterprise is able to further and enhance those human values, rather than detract from it. Responsibility is one value that has been marginalised in the relentless search for profits.

American President Barack Obama emphasised responsibility in his presidential inauguration address in January 2009: “Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some but also our collective failure to make hard choices and prepare the nation for a new age.” His prescription for the ill: “What is required of us now is a new era of responsibility.”¹¹⁸ It was an overdue reminder and spoke of the need for a values-based leadership in the business world.

Responsibility is one value that has been marginalised in the relentless search for profits.

It is oft-forgotten that to serve markets and society would be to serve the shareholders of businesses.

Adding value to stakeholders and

society will also benefit shareholders. Capitalism is not a zero-sum game. Profits are a legitimate objective but business also has a larger purpose of ensuring long-term profitability. This can only come about through capitalism that is inherently responsible and mindful that it has the capacity to do good or wreak havoc at the systemic, organisational, and individual levels.

As an emerging global norm and with the proliferation of instruments for measuring different aspects of CSR, CSR’s impact on individuals, businesses, and countries is potentially significant in the years ahead. It is likely that companies and countries that are able to leverage on society’s concern with how business is

done will reap significant benefits. It is a sign of the times. With the government's tacit but strong backing, the fledgling CSR movement in Singapore would do well to remain ahead of the curve. In trying to have a handle on CSR as a global norm, Singapore is essentially taking a pre-emptive approach in gaining an understanding of the trends, changes, and implications where CSR is concerned. It also made a pre-emptive strike against CSR being a contentious issue. In so doing, it has preserved the business-friendly environment in Singapore.

This study has tried to show that the government's promotion of CSR makes economic and political sense in Singapore. Indeed, the CSR promotion by the government demonstrates quite well that CSR initiatives can substitute for government effort (that is, obviate direct government regulation and intervention). It can also complement government efforts in various areas from business to social welfare as well as legitimising government policies. These reasons hold resonance in the Singapore context, especially when CSR both complements and supplements government efforts in various policies. Such a partnership approach enhances the efficiency and effectiveness of those efforts and policies.

Even as CSR has a role as part of the government's preoccupation with governance systems, Singapore is still some way off from institutionalising CSR. It is also crucial to recognise that CSR is not seen as a conduit for mobilising corporate and social change. Nevertheless, the role of the state and its passive encouragement of CSR are important because of its catalytic effect on the legitimacy of CSR as a facet of business life.

It is clear that the state does not encourage an over-exuberant conception of CSR, opting instead for a more cautious, risk-management approach to CSR. Given that CSR can impose business costs and engender a robust civil society, the government is acutely aware of the double-edged sword of CSR and would be mindful of rightsizing the ambit of government, business and societal relations vis-à-vis CSR. For the moment, the Government's approach is to encourage and highlight CSR best practices and engage in moral suasion.

Much as centralised power of the state and a legalistic approach in governance are fundamental attributes in many facets of Singapore life, CSR in Singapore retains a distinctively non-legalistic ethos. The preference for the generation of norms, voluntary adoption of standards, and a subtle distrust of civil society

remain important in considering how the CSR movement will evolve. What is certain however is that the government will take a light touch approach towards managing the CSR movement in the foreseeable future.

This study has demonstrated that the Singaporean approach is characterised by the tripartite approach that emphasises the four Cs of consultation, consensus,

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collaboration, and civility. A second feature is the enhancement of capacity-building through Singapore Compact, the national CSR body which partners closely with the government, to enable Singapore to keep abreast of developments globally. Again, the hallmark of collaboration with local and foreign partners (in particular, the UN Global Compact) is evident. A

third feature is the promotion of low-level CSR conception among the stakeholders. A putative feature is the increasing attention shown to the possibility of developing Singapore as a CSR hub in which best practices and high ethical standards are leveraged upon to profile Singapore as an attractive place to do business especially when it relates to the business need for trust and integrity.

It is perhaps a cliché to say that we live in a world that is now characterised by interdependence. The dominance of the business world, the renewed forces of globalisation, global supply chains and the urgent importance of dealing with climate change mean that CSR takes on greater importance to ensure that business continues to be of benefit to society. The cynicism that many people have towards CSR is perhaps not surprising.

The blandness and generic quality of CSR as it is currently practiced by most Singapore-based companies reveal a tendency to game stakeholders' expectations and to spin-doctor how society ought to feel about business. CSR, going forward, has to expand the core purpose of corporations to being more than just concerned with the oft-misunderstood maxim that "the business of business is business." Given the global challenges that face us today and the central feature of business in our lives and economy, the role of business in society cannot be so narrowly

circumscribed. In these extraordinary times, CSR epitomises equilibrium, and speaks to how business and society can co-exist and thrive. To conceive of CSR as being about charity and philanthropy is long outmoded and grossly inadequate in the twenty-first century. Indeed, a company's CSR posture must reflect the evolving values, norms and expectations of society vis-à-vis the private sector. Put simply, business is a *humanistic* enterprise, a moral economy that we ignore to our collective peril.

Endnotes

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- ² See, for example, Nick Robbins, *The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational* (London: Pluto Press, 2003).
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- ⁴ M.C. Ricklefs, *A History of Modern Indonesia since c. 1200*, 3rd ed. (Basingstoke: Palgrave, 2001).
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- ¹⁰ The Guidelines are available at: www.mca.gov.in/Ministry/latestnews/CSR_

- ¹¹ See www.wbcsd.org/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=MTE00Q
- ¹² See www.csrsgapore.org/whatiscsr.php.
- ¹³ Inter-generational equity encompasses the central idea that future generations have a right to inherit the Earth's natural resources and biodiversity that the current generation enjoys. For such equity to exist, the current generation must act as a trustee of these assets for future generations.
- ¹⁴ For a discussion of the severe functional and moral challenges facing the shareholder model of capitalism, see, generally, Heiko Spitzbeck *et al.*, eds., *Humanism in Business* (Cambridge: Cambridge University Press, 2008).
- ¹⁵ See People's Republic of China Company Law (Amended), promulgated on October 27, 2005, and effective as of January 1, 2006.
- ¹⁶ The socialist view is that "political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses."
- ¹⁷ See, for example, Peter F. Drucker, "The Limits of Social Responsibility," in his *Management: Tasks, Responsibilities, Practices* (Oxford: Butterworth-Heinemann, 1999 [1974]), 276-82. See also Part IV entitled "Social Impacts and Social Responsibilities."
- ¹⁸ In his *Capitalism and Freedom* (Chicago, IL: University of Chicago Press, 1962), Milton Friedman famously called CSR a "fundamentally subversive doctrine" in a free society.
- ¹⁹ Milton Friedman, "The Social Responsibility of Business Is To Increase Its Profits," *The New York Times Magazine*, (September 13, 1970).
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- ²¹ See recent discussion in "Rethinking the Social Responsibility of Business," featuring Milton Friedman, Whole Foods' John Mackey, and Cypress Semiconductor's T.J. Rodgers, *Reason Online* (October 2005), available at www.reason.com/0510/fe.mf.rethinking.shtml.
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- ²³ Friedman, "Social Responsibility."

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- ²⁵ See, for example, David Vogel's *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (Washington, DC: Brookings Institution Press, 2005). See also Robert B Reich, *Supercapitalism: The Transformation of Business, Democracy, and Everyday Life* (New York: Alfred A Knopf, 2007).
- ²⁶ This is similar to Peter Senge's "mental models" in which the acquired patterns of thinking at the organisational level can be a barrier to fresh thinking (on the approach to CSR). See Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday/Currency, 1990).
- ²⁷ Jeremy Moon, "Government as a Driver of Corporate Social Responsibility," International Centre for Corporate Social Responsibility Research Paper Series no. 20-2004 (Nottingham: Nottingham University Business School, 2004), 1. See also Jeremy Moon, "The Social Responsibility of Business and New Governance," *Government and Opposition*, 37, no. 3 (2002).
- ²⁸ See further, Eugene K.B. Tan, "Corporate Social Responsibility and the Legal Profession," *Inter Se* (Jan-Jun 2010).
- ²⁹ Lim-Lum Kit-Wye, "Defining Corporate Social Responsibility — A Singapore Perspective," *The Australian Journal of Asian Law*, 6 (2004).
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- ³¹ Sriramesh Krishnamurthy, *et al.*, "Corporate Social Responsibility and Public Relations: Perceptions and Practices in Singapore," in *The Debate Over Corporate Social Responsibility*, eds. Steve May, George Cheney, and Juliet Roper (New York: Oxford University Press, 2007).
- ³² Cedric Foo, Keynote Address by Minister of State for Defense and Chairman, Spring Singapore at the launch of the National Tripartite Initiative on Corporate Social Responsibility, May 26, 2004, Singapore.
- ³³ On the close PAP-NTUC ties, see People's Action Party, "Winning over Workers", in *For People, Through Action, By Party* (Singapore: People's Action Party, 1999). See further the NTUC's perspective at:
http://uportal.ntuc.org.sg/wps/portal/tripartismdetail/?WCM_GLOBAL_CONTEXT=/wps/wcm/connect/u_portal_content/steaboutntuc/staorgprofile/tripartism/000001tripartism&title=NTUC%20and%20PAP &
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- ³⁴ Foo, Keynote Address.
- ³⁵ See Singapore Compact website, www.csrsgap.org/aboutus.php (accessed 18 December 2007).
- ³⁶ For Singapore Compact's terms of reference and activities, see its website at www.csrsgap.org. Earlier in April 2003, an independent non-profit organisation, the Centre for CSR, was formed with the aim of "improving standards of ethical and responsible behaviour within the community in general and among corporations in particular." This entity is now defunct.
- ³⁷ See www.csrsgap.org/whatiscsr.php.
- ³⁸ Vivian Balakrishnan, "Promoter and Practitioner: The Singapore Government's Experience," keynote address by the Minister of State for Trade & Industry and National Development, at the "Singapore/UK: Developing Corporate Social Responsibility" Seminar, February 23, 2004, Singapore.
- ³⁹ Heng Chee How, "Creating Sustainable Outcomes with CSR," speech by Minister of State for Trade and Industry, at the launch of Singapore Compact, January 26, 2005, Singapore.
- ⁴⁰ "Business Response to Social Issues: Getting it Done," speech at the 7th Asian Forum for Corporate Social Responsibility, November 20, 2008, Singapore.
- ⁴¹ Gerald F. Davis, Marina V.N. Whitman, and Mayer N. Zald, "The Responsibility Paradox!" *Stanford Social Innovation Review* (Winter 2008).
- ⁴² Information and tables extracted from the first National CSR Survey.
- ⁴³ The survey also found that, generally, the size and ownership of respondents did not significantly affect their responses.
- ⁴⁴ Some respondents had both a general and specific understanding of CSR.
- ⁴⁵ The concept of CSR was explained to these respondents before they answered this question. Two per cent of respondents did not answer.
- ⁴⁶ Tripartism is acknowledged as a cornerstone of the CSR scene in Singapore. Singapore Compact, *Our CSR Journey: The Singapore Experience* (Singapore: Singapore Compact for Corporate Social Responsibility, 2007), 5. See also Singapore Compact's constitution at www.csrsgap.org/files/SingaporeCompact-Constitution.PDF (accessed 26 December 2009).
- ⁴⁷ See Singapore Compact's Annual Reports for Year 2008 at: www.csrsgap.org/news/2008scar.pdf; Year 2006 at: www.unglobalcompact.org/docs/networks_around_world_doc/Annual_Reports_2006-07/Singapore_Compact_-Annual_Report_2006_-_Final.pdf.
- ⁴⁸ Vivian Balakrishnan, "Promoter and Practitioner: The Singapore Government's Experience," keynote address by the Minister of State for Trade & Industry and

National Development, at the “Singapore/UK: Developing Corporate Social Responsibility” Seminar, February 23, 2004, Singapore.

- ⁴⁹ This approach is primarily adopted in Singapore’s delivery of social welfare services and support.
- ⁵⁰ Another variant of harmony in governance is communist China’s ideal of a “harmonious society” as a core, long-term policy-planning objective. This objective accelerated with the “Building on a Harmonious Socialist Society” resolution at the sixth plenum of the 16th Central Committee of the Communist Party of China in October 2006. See http://news.xinhuanet.com/english/2006-10/11/content_5191071.htm.
- ⁵¹ Lim Boon Heng, “Business, Ethics and Labour,” in *Asia’s New Crisis: Renewal Through Total Ethical Management*, eds. Frank-Jurgen Richter and Pamela C.M. Ma (Singapore: John Wiley & Sons, 2004). See also Simon Deakin and D. Hugh Whittaker, “Re-embedding the Corporation? Comparative Perspectives on Corporate Governance, Employment Relations and Corporate Social Responsibility,” *Corporate Governance*, 15, no.1 (2007).
- ⁵² On the communitarian ethos in Singapore, see Chua Beng Huat *Communitarian Ideology and Democracy in Singapore* (London: Routledge, 1995).
- ⁵³ As then Prime Minister Lee Kuan Yew declared, “The basic difference in our approach springs from our traditional Asian value system which places the interests of the community over and above that of the individual.” See Lee’s speech at the opening of the Singapore Academy of Law, August 31, 1990.
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- ⁵⁵ For further discussion, see Eugene K B Tan, “‘Harmony as Ideology, Culture, and Control: Alternative Dispute Resolution in Singapore,’ *Australian Journal of Asian Law*, 9, no. 1 (2007).
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- than controversy. Harmony ideology can be powerful even when it contradicts the common realities of disputing.”
- ⁵⁷ Jeremy Moon, “Government as a Driver of Corporate Social Responsibility,” International Centre for Corporate Social Responsibility Research Paper Series no. 20-2004 (Nottingham: Nottingham University Business School, 2004).
- ⁵⁸ “Such public recognition will encourage other companies to adopt the principles of CSR in their day-to-day operations. This is because government endorsement not only enhances the reputation of the recognised company, but also heightens consumer awareness of CSR.” See Vivian Balakrishnan, “Promoter and Practitioner: The Singapore Government’s Experience,” keynote address by the Minister of State for Trade & Industry and National Development, at the “Singapore/UK: Developing Corporate Social Responsibility” Seminar, February 23, 2004, Singapore. Two pre-existing recognition schemes mentioned are the Singapore Quality Award and the Green Labelling Scheme.
- ⁵⁹ For example, the British government is conscious of the importance of CSR to its foreign policy objectives and British international image where businesses are concerned. Indeed, the British government had been involved in promoting CSR in Singapore through its High Commission’s sponsorship of CSR seminars and inviting British experts on CSR to speak to the Singaporean audience. On the role that governments can play, see further Laura Albareda, Josep M. Lozano, and Tamyko Ysa, “Public Policies on Corporate Social Responsibility: The Role of Governments in Europe,” *Journal of Business Ethics*, 74 (2007).
- ⁶⁰ Cf. Doreen McBarnet, Aurora Voiculescu, and Tom Campbell, eds., *The New Corporate Accountability: Corporate Social Responsibility and the Law* (Cambridge: Cambridge University Press, 2007).
- ⁶¹ CSR has been the preferred vehicle to initiate organisational changes in Britain. See Simon Deakin and D. Hugh Whittaker, “Re-embedding the Corporation? Comparative Perspectives on Corporate Governance, Employment Relations and Corporate Social Responsibility,” *Corporate Governance*, 15, no. 1 (2007).
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- ⁶³ David Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (Washington, DC: Brookings Institution Press, 2005).
- ⁶⁴ See, for example, Neo Boon Siong and Geraldine Chen, *Dynamic Governance: Embedding Culture, Capabilities and Change in Singapore* (Singapore: World

Scientific, 2007), and Richard H.K. Vietor, *How Countries Compete: Strategy, Structure, and Government in the Global Economy* (Boston, MA: Harvard Business School Press, 2007), especially chapter 3, on how the Singapore government creates the overall environment for “Singapore, Inc.”’s successful competition in the global economy. The link between responsibility and a competitive economy has been affirmed in AccountAbility, *The State of Responsible Competitiveness 2007* (London: AccountAbility, 2007).

- ⁶⁵ See, for instance, Minister Mentor Lee Kuan Yew’s speech, “Ethical Leadership a Competitive Advantage,” at the Asian Strategy and Leadership Institute’s World Ethics and Integrity Forum 2005, Kuala Lumpur, Malaysia, April 28, 2005.
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- ⁶⁷ See, generally, Frank-Jurgen Richter and Pamela C.M. Ma, “Why Ethics?” in *Asia’s New Crisis: Renewal Through Total Ethical Management*, eds. Frank-Jurgen Richter and Pamela C.M. Ma (Singapore: John Wiley & Sons, 2004).
- ⁶⁸ Heng Swee Keat, “Building Singapore as a Trusted Business Hub,” keynote address by Managing Director, Monetary Authority of Singapore, at the Commercial Affairs Department’s “Corporate Governance Conference on Corporate Ethics—Emerging Challenges and Responses,” Singapore, November 23, 2005.
- ⁶⁹ Tharman Shanmugaratnam, Speech by Minister for Education and Second Minister for Finance, at the launch of the Standard Chartered Private Bank, Singapore, May 28, 2007.
- ⁷⁰ *The Straits Times*, April 12, 2006.
- ⁷¹ Lim Boon Heng, Keynote address by the NTUC Secretary-General, at the NTUC-DGB seminar on “Global Challenges and Union Response,” January 11, 2005, Singapore.
- ⁷² Heng Chee How, “Creating Sustainable Outcomes with CSR,” speech by the Minister of State for Trade and Industry, at the launch of Singapore Compact, January 26, 2005, Singapore.
- ⁷³ See Peh Shing Huei, “Pragmatic green push by ‘party of white’,” *The Straits Times*, May 4, 2007, 27. The ruling party’s uniform is an all-white attire emphasising purity and its commitment to clean governance.
- ⁷⁴ ISO 26000 is not a management system standard. ISO 26000 received huge support from ISO member countries when voting and comments closed on September 12, 2010.
- ⁷⁵ Cedric Foo, Keynote address by the Minister of State for Defence and Chairman,

- SPRING Singapore, at the launch of the National Tripartite Initiative on Corporate Social Responsibility, May 26, 2004, Singapore.
- ⁷⁶ *International Herald Tribune*, March 16, 2007.
- ⁷⁷ Sheila M.J. Bonini, Lenny T. Mendonca, and Jeremy M. Oppenheim, “When Social Issues Become Strategic,” *The McKinsey Quarterly*, no. 2 (2006).
- ⁷⁸ Gerald F. Davis, Marina V.N. Whitman, and Mayer N. Zald, “The Responsibility Paradox!” *Stanford Social Innovation Review* (Winter 2008).
- ⁷⁹ *Ibid.*
- ⁸⁰ Kent Greenfield, *The Failure of Corporate Law: Fundamental Flaws and Progressive Possibilities* (Chicago, IL: University of Chicago Press, 2007). Greenfield also observes that until the beginning of the twentieth century, public corporations were deemed to have important civic responsibilities.
- ⁸¹ Section 172 of the United Kingdom’s Companies Act 2006 (c. 46) reads:
- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
 - (a) the likely consequences of any decision in the long term,
 - (b) the interests of the company’s employees,
 - (c) the need to foster the company’s business relationships with suppliers, customers and others,
 - (d) the impact of the company’s operations on the community and the environment,
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
 - (f) the need to act fairly as between members of the company.
 - (2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
 - (3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.
- ⁸² The report can be found at www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf. The study looked at the largest capital market jurisdictions, viz., Australia, Canada, France, Germany, Italy, Japan, Spain, the UK, and the US. It also considered the likely evolution of the interpretation of the law with respect to investors and ESG issues.
- ⁸³ See UNEP press release, “Spotlight on Investors’ Environmental Responsibility” of

October 25, 2005 at www.unep.org/Documents.Multilingual/Default.asp?DocumentID=455&ArticleID=5015&l=en.

- ⁸⁴ The discussion on the UK Companies Act and the legal limits of the discretion of institutional investors to consider ESG issues in their investment decisions in the earlier sections is drawn from Eugene K. B. Tan, “Corporate Social Responsibility,” in *Ethics and Social Responsibility: Asian and Western Perspectives*, 2nd ed., eds. Gary Chan and George Shenoy (Singapore: McGraw-Hill Education, 2011).
- ⁸⁵ There is also a movement towards designing a corporation such that its social and financial purpose are seamlessly integrated: see the Corporation 20/20 website at www.corporation2020.org.
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- ⁸⁷ Kenneth W. Abbott and Duncan Snidal, “Hard and Soft Law in International Governance,” in *Legalization and World Politics*, eds. J. L. Goldstein, et al. (Cambridge, MA: MIT Press, 2001).
- ⁸⁸ David M. Trubeck, Patrick Cottrell and Mark Nance, “‘Soft Law,’ ‘Hard Law’ and EU Integration,” in *Law and New Governance in the EU and the US*, eds. G. de Búrca and J. Scott (Oxford: Hart, 2006).
- ⁸⁹ Joseph Nye Jr., *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).
- ⁹⁰ Lawrence Kohlberg, “Moral Stages and Moralization: The Cognitive-Developmental Approach,” in *Moral Development and Behavior: Theory, Research, and Social Issues*, ed. T. Lockona (New York: Holt, Rinehart, & Winston, 1976).
- ⁹¹ See BIS website on corporate (social) responsibility at: www.bis.gov.uk/policies/business-sectors/low-carbon-business-opportunities/sustainable-development/corporate-responsibility. BIS’s 2009 *Corporate Responsibility Report* can be found at: www.bis.gov.uk/files/file50312.pdf.
- ⁹² For more information, see the ISO website on ISO 26000 at www.iso.org/sr. See also *International Documents on Corporate Responsibility*, ed. Stephen Tully (Cheltenham: Edward Elgar, 2005) on the corpus of developing international law on various aspects of corporate responsibility.
- ⁹³ See also David Vogel, “The Private Regulation of Global Corporate Conduct,” in *The Politics of Global Regulation*, eds. Walter Mattli and Ngaire Woods (Princeton, NJ: Princeton University Press, 2009).
- ⁹⁴ See, for example, Willie Cheng and Sharifah Mohamed, eds., *The World that Changes the World: How Philanthropy, Innovation, and Entrepreneurship Are Transforming the*

Social Ecosystem (Singapore: Jossey-Bass, 2010).

- ⁹⁵ For instance, a mobile phone with an affordable usage plan can be a boon to rural business vis-à-vis the supply chain. In contrast, innovation for innovation's sake can be very cost-sensitive and would not be sustainable in the long run. Thus, a mobile phone can be put to innovative use in the rural sector but, if its use is unreliable, it would be of limited utility. However, if the innovation provides new capabilities to the end-user and results in enhanced reliability, the innovation is likely to be self-sustaining. CSR can be the platform for companies seeking innovation grounded in the drive to provide end-users with new capabilities and capacities.
- ⁹⁶ But as Thomas Malone reminds us, sustainability has its downsides if the concept is not appreciated for its inherent limitations: "It's often the case that good things are sustainable, but sometimes things are sustainable but not good. And sometimes things are good but not sustainable." See his interview in the *MIT Sloan Management Review* (April 2009), available at <http://sloanreview.mit.edu/beyond-green/can-collective-intelligence-save-the-planet/> (accessed on 10 May 2009). See also *The Business of Sustainability* produced by MIT Sloan Management Review and the Boston Consulting Group.
- ⁹⁷ Innovation and productivity are national concerns in Singapore's latest economic strategy. See further, Economic Strategies Committee's *High-Skilled People, Innovative Economy, Distinctive Global City* (2010); available at www.esc.gov.sg/.
- ⁹⁸ Under the Kyoto Protocol, non-Annex I countries are not bound by emission-reduction targets. Annex I countries are required to reduce the emissions of six greenhouse gases, on average, by 5.2 per cent below 1990 levels during the first commitment period from 2008 to 2012. See also Ministry of the Environment and Water Resources, Singapore (MEWR), *The Singapore Green Plan 2012* (Singapore: MEWR, 2006).
- ⁹⁹ In 2007, Singapore identified the clean energy industry as a strategic growth area for its economy. The multi-agency Clean Energy Programme Office (CEPO) was formed to coordinate the efforts to grow the industry. CEPO is responsible for planning and executing strategies to develop Singapore into a global clean energy hub. For more details, see www.sedb.com/edb/sg/en_uk/index/industry_sectors/alternative_energy/industry_background.html.
- ¹⁰⁰ For an incisive and persuasive critique of Singapore's approach to the Kyoto Protocol, see Natasha Hamilton-Hart, "Singapore's Climate Change Policy: The Limits of Learning," *Contemporary Southeast Asia*, 28, no. 3 (2006).
- ¹⁰¹ *The Straits Times*, March 17, 2007.
- ¹⁰² Press Release of the National Research Foundation, Prime Minister's Office, "Singapore set to become a centre for research in environmental sustainability," April 20, 2007.

- This press release was issued in Zurich, Switzerland. Lee Kuan Yew has also said that the environment will be a factor when immigrants decide where to go: see *The Straits Times*, October 5, 2007.
- ¹⁰³ Chua Soon Guan, “Singapore committed to mitigating climate change,” *The Straits Times*, May 4, 2007, H12. Chua is the Director of Strategic Policy at Singapore’s Ministry of the Environment and Water Resources.
- ¹⁰⁴ Singapore’s progress in the innovation arena is discussed in John Kao, *Innovation Nation* (New York: Free Press, 2007). See also Dirk Matten, Andy Crane, and Jeremy Moon, “Corporate Responsibility for Innovation: A Citizenship Framework,” in *Business Ethics of Innovation*, ed. G. Hanekamp (Berlin: Springer, 2007).
- ¹⁰⁵ Speech by Mr Goh Chok Tong, Senior Minister, at the official opening of Sembcorp’s Newater Plant, May 3, 2010, Singapore.
- ¹⁰⁶ *The New York Times*, July 15, 2007.
- ¹⁰⁷ *The Straits Times*, May 12, 2007.
- ¹⁰⁸ See, generally, speech by Yaacob Ibrahim, the Minister for the Environment and Water Resources, at the Global Summit for the Environment (B4E), April 19, 2007, Singapore.
- ¹⁰⁹ For an early view of such efforts, see the companies presented in *CSR for Sustainability and Success*, ed. Evelyn S. Wong (Singapore: Marshall Cavendish Editions, 2009), and *Socially Responsible & Sustainable: Company Perspectives and Experiences*, ed. Evelyn S Wong (Singapore: Singapore Compact for CSR and Straits Times Press, 2011).
- ¹¹⁰ GRI; <http://www.globalreporting.org/Home>.
- ¹¹¹ See Eugene K. B. Tan, “Back to Basics: The New Moral Economy?” *Social Space*, 2 (2009) (available online at www.lcsi.smu.edu.sg/downloads/SocialSpace2009-EugeneTan.pdf). Information on Timberland’s reporting initiatives are taken from John Russell, “Consumer trust that’s good for the sole,” *Ethical Corporation* (May 2009), and Timberland’s website at www.timberland.com/corp/index.jsp?page=csr_strategy (accessed on May 10, 2009).
- ¹¹² See *Sustainability Reporting: The Rise of the Report and the Regulator* (Singapore: ACCA, 2010). This report was commissioned by ACCA and undertaken by CSR Asia. The report also examines regulatory demands and voluntary guidelines for sustainability reporting in Southeast Asia.
- ¹¹³ See SGX regulatory announcement of August 28, 2010, “SGX Proposes Sustainability Reporting for Listed Companies,” available at www.sgx.com/wps/wcm/connect/cp_en/site/press_room/news_releases/regulatory+announcement+sgx+proposes+sustainability+reporting+for+listed+companies?presentationtemplate=design_lib/PT_Printer_Friendly.

- ¹¹⁴ For a full exposition, see further the SGX “Policy Statement on Sustainability Reporting.” (August 2010); available at www.sgx.com/wps/wcm/connect/594c9a8043bbe2a90a0b78792afe0f7/Guide+to+Sustainability+Reporting+for+Listed+Companies.pdf?MOD=AJPERES. The version of 27 June 2011 can be found at http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Sustainability_Reporting_Guide_and_Policy_Statement_2011.pdf.
- ¹¹⁵ EDB is the lead government agency responsible for planning and executing strategies to enhance Singapore’s position as a global business centre and grow the Singapore economy. See further EDB’s website at: www.edb.gov.sg/edb/sg/en_uk/index/about_edb/what_we_do.html.
- ¹¹⁶ See speech by Dr Vivian Balakrishnan at the opening ceremony of the Tanglin International Centre, July 2, 2010.
- ¹¹⁷ Canada’s Department of Foreign Affairs and International Trade, “Why CSR Matters for Canadian Business Active Internationally,” at www.international.gc.ca/trade-agreements-accords-commerciaux/ds/why-csr.aspx?menu_id=5&menu=R (accessed on May 10, 2009).
- ¹¹⁸ President Barack Obama’s Inaugural Address, January 20, 2009, available at www.whitehouse.gov/blog/inaugural-address/.

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ABOUT THIS PUBLICATION

The presence, profile and prominence of corporate social responsibility (CSR) in Singapore is ambivalent at best. Many Singapore-based companies regard CSR with wariness or indifference. Unsurprisingly, the limited CSR efforts in Singapore are generic, and lack the contextualisation to local needs and conditions. Too often CSR is viewed in limited terms as a compliance issue or public relations exercise, rather than as a way of doing business.

In seeking to manage the CSR agenda and to formulate broad CSR strategies, Singapore has opted for the tripartite approach, involving the unions, the employers, and the government. Undergirded by the core values of consultation, consensus and an acute aversion to confrontation, this engagement process has evolved over the years and is now an integral part of the CSR landscape here.

ABOUT THE LIEN CENTRE FOR SOCIAL INNOVATION

The Lien Centre for Social Innovation, a partnership between the Lien Foundation and Singapore Management University, was established in 2006 to advance the thinking and capability of the non-profit sector. Based in Singapore, the Lien Centre seeks to enable global thinking and the dissemination of best practices related to social innovation in Singapore and beyond.

The Lien Centre works through the diverse range of stakeholders in the social ecosystem, in particular the Lien Foundation and SMU (students and faculty), non-profits and non-profit leaders, socially responsible corporations, and the community at large.

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