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CSR Singapore Style

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CSR Singapore Style

How well have Singapore companies embraced CSR beyond merely obeying national policies and laws? Thomas Thomas surveys the local CSR landscape and examines the current state of affairs.



Globally, CSR is seen as a way to minimise the ill effects of globalisation, enhance trust in society as well as to address social and environmental issues. There are many definitions of CSR with a broad agreement that it is essentially about businesses doing well and doing good by working together with stakeholders. CSR is about the way an organisation is managed – strategically and operationally – and involves inculcating a shared responsibility for mutual gains. Above all, CSR pertains to the triple bottom line – measuring economic, environmental and social performance.

The principles and standards of CSR are reflected in the 10 principles of the United Nations Global Compact (UNGC) covering human rights, labour standards, environment and anti-corruption; the Organisation for Economic Co-operation and Development (OECD) guidelines for multinational enterprises (MNEs); and many international tools such as the Global Reporting Initiative (GRI).

As the world's largest corporate citizenship organisation, the UNGC has more than 6,000 signatories to date as opposed to only a handful in 2001. Expected to be ready by 2010, the international guidance standard on Social Responsibility – known as ISO 26000 – will act as an impetus for public and private organisations to embrace and embed CSR further. The GRI, on the other hand, is becoming the most widely used reporting framework in the world. Comprising 480 organisational stakeholders from 50 countries, the framework has an additional 5,000 companies worldwide who are using the reporting framework. The OECD, International Labour Organisation and other UN bodies are also promoting CSR through issues under their mandate, such as labour rights and environmental sustainability.

CSR is a growing global and regional trend and Singapore, as a global city depending on global markets, cannot ignore these trends.

CSR and the Singapore Government

In Singapore, there are a number of foreign and local people that doubt CSR exists in the country. They argue that there are no glaring social and environmental issues to address; that civil society is not confrontational towards businesses; that the government does not appear to be pushing the CSR agenda aggressively. In addition to this, some note that there is a lack of pressure on businesses from the top and bottom levels to exhibit their CSR credentials.

The Ministry of Trade and Industry Singapore (MTI) conducted a survey on the state of CSR in Singapore in 2008, at the request of Singapore Compact for CSR – a national

society responsible in furthering the CSR movement in Singapore. The survey of a cross-section of companies in Singapore showed that 60% of companies were not aware of CSR and only 27% of companies were aware and practising CSR. These companies considered CSR as 'giving back to society' through mainly philanthropy and volunteerism. Another 13% of the companies were aware of CSR but were not implementing its practices. They attributed their lack of interest to a lack of budget, time and knowledge. This sub-group also perceived CSR as neither relevant to their business nor financially worthwhile.

Since its independence in 1965, the Singapore government has succeeded in implementing a comprehensive set of regulations that have established high standards of responsible business practices. This is despite the fact that there has been little formal emphasis on CSR. Regulations have focused on three main areas – namely labour rights, corporate governance and environmental protection – all of which aim to protect the interests of different stakeholders in Singapore.

Take for example the foundations and origins of the national compact for social responsibility, that was established at the conception of the country's industrialisation years. To this day, this compact dominates social relations in Singapore. The Singapore government has consistently put into place legislation and policies that seek to create an environment conducive for business which in turn will attract foreign investment and stimulate job growth.

It has also established tripartism as a consultative decision-making framework in which government, labour and business collectively address the challenges of industrialisation. While its overarching aim is to attract foreign investment, tripartism in Singapore has

nevertheless resulted in a dramatic reduction in the number and frequency of labour disputes. Tripartism hence became a competitive advantage to create employment, to improve the standard of living and to improve the quality of life. In other words, a virtuous cycle of economic growth and social betterment is made possible.

Spearheading CSR Initiatives in Singapore

Beyond industrial relations, the National Trades Union Congress (NTUC) has established various cooperatives since the early 1970s, to promote the well-being of its members and their families. Developed with the core mission of creating a better life for the community, NTUC has 12 social enterprises and four related organisations owned by more than 500,000 workers today. The NTUC social enterprises have impacted the sectors they operate in and influenced businesses to broaden profit-seeking objectives to include social responsibility. On top of having to attain commercial success to realise their social objectives, the overall success of these cooperatives is measured against meeting their social objectives.

The Code of Corporate Governance that encourages Singapore-listed companies to adopt high standards of good corporate governance is another example of CSR. In order for shareholders to have a sound basis on which to make investment decisions and to assess the adequacy of a company's corporate governance practices, companies must provide appropriate disclosure of their corporate governance framework and practices. Such disclosure would also allow other market participants to play a more active role in promoting good corporate governance.

Apart from this, the Inter-ministerial Committee on Sustainable Development was established in February 2008 to formulate a clear national framework and strategy for sustainable development in Singapore. This is expected to enhance corporate social opportunities while achieving sustainable development goals.

Companies in Singapore are expected to meet the codes of practice and legislation concerning issues such as corporate governance, industrial relations, safety standards, pollution control and environmental health requirements. This tendency, however, has resulted in implicit CSR practices amongst Singaporean companies which place little emphasis on explicit display of their practices. It also has given local businesses an incomplete definition of CSR. Implicit also means that businesses may be practising CSR without realising it is CSR.

In May 2004, with support from national and tripartite leaders in Singapore, a CSR forum was organised to launch the National Tripartite Initiative (NTI) on CSR. The NTI then moved to form the Singapore Compact for CSR to provide impetus to the CSR movement in Singapore. This organisation registered in January 2005 is meant to raise awareness on what CSR is all about and promote being explicit in practice to gain the benefits of CSR. Its founding members are the NTUC and the Singapore National Employers Federation (SNEF). In the September 2005, the United Nations Global Compact (UNGC) country focal point was officially launched in Singapore, bringing together signatories from 10 companies and SNEF, NTUC and Singapore National Cooperative Federation. As of 2009, the number of signatories has increased to 72 – with half of the business signatories comprising SMEs.

The Road Ahead

Sustainability reporting is an emerging trend in Singapore. More local companies are preparing the groundwork and attending more CSR-related conferences. CSR is now becoming more mainstream as all major companies now showcase CSR on their corporate websites.

Singaporean companies are not socially irresponsible. They are obligated to be, *de facto*, good corporate citizens as they abide by national legislation, policies and social norms. Apart from actively contributing to the development of ISO 26000, the increased interest in CSR in Singapore is evident in the growing number of CSR consultants, conferences and seminars.

The Singapore Compact for CSR is working to create a national platform to carry CSR efforts to the next level where companies do well, do good and share their CSR journey with active stakeholder engagement and reporting. With support from key social partners, the organisation plans to pilot CSR strategies in key sectors to benefit businesses and other stakeholders. The benefits of CSR are many and they include risk minimisation, increased staff morale, reputational gains, improved performance, cost reduction and attracting investors both locally and globally.

Singapore businesses can practise CSR principles implicitly. The key issue in doing this effectively is to embed CSR into the core of the business, be explicit and report to stakeholders accordingly. Moving forward, continuous efforts to promote the shared vision of all stakeholders in Singapore should be encouraged further. In this way, we will be able to achieve sustainable economic and social progress while protecting and enhancing our people and environment. ❖



Thomas Thomas is the executive director of the Singapore Compact for CSR (Corporate Social Responsibility), which serves as the national CSR society in Singapore. Thomas is actively involved in the development of the ISO 26000 international guidance standard on social responsibility. He is a member of the Chairman's Advisory Group and convener of Singapore Working Group.