

9-2008

# Are Companies in Asia Serious About the Environment? Perspectives from Business and Government

Knowledge@SMU

Follow this and additional works at: <http://ink.library.smu.edu.sg/ksmu>



Part of the [Business Commons](#)

---

## Citation

Knowledge@SMU. Are Companies in Asia Serious About the Environment? Perspectives from Business and Government. (2008). Knowledge@SMU.

**Available at:** <http://ink.library.smu.edu.sg/ksmu/254>

This Journal Article is brought to you for free and open access by the Office of Research at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Knowledge@SMU by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email [libIR@smu.edu.sg](mailto:libIR@smu.edu.sg).

(<http://knowledge.smu.edu.sg>)

## Are Companies in Asia Serious About the Environment? Perspectives from Business and Government

Published: September 02, 2008 in Knowledge@SMU

*Two SMU student associations, the Special Interest and Community Service Sodality and SMU Verts, organised a forum recently on environmental sustainability in action. Invited speakers at the event were: Howard Shaw, executive director, Singapore Environmental Council (SEC); Diane Gulyas, group vice president, DuPont performance materials, DuPont Company; Ester An, CSR head and deputy general manager for corporate affairs, City Developments Limited (CDL); Elizabeth Ong, adjunct business professor, SMU; and Vaneeta Bhojwani, senior engineer, resource conservation, National Environment Agency (NEA).*

**Audience:** DuPont uses agricultural products to produce biofuel. There is currently a food shortage with biofuels accused of depleting the supply of agricultural produce. Does this not conflict with your sustainability goals?

**Gulyas:** I think we are just in the early stages of understanding biofuel. Many people have latched on to the debate about ethanol and the food versus fuel competition. There are lots of things companies like us can do to squelch that debate, but it takes a whole lot of science and research to get there.

First, there is a lot of technology going into seed production today to significantly increase yield and harvest so that you get much more food content per acre than what we could do four or five years ago. Having said that, ethanol is not the only answer. I think there is a lot more science and innovation --- from our company and other companies -- into other types of biofuels such as biodiesel. We are working on biobutanol which comes from sugar beets and sugarcanes. One of the things on the horizon which really has a lot of promise is cellulosic ethanol where we are able to use the stalks and other [crop] remnants to create ethanol. So we can end this debate because we are able to get both food and fuel from the same plant.

There is also a tremendous amount of science going on right now in drought-resistant crops that can grow in areas that are not arable today, and to fortify and strengthen seeds and create yields that are significantly higher. All the challenges that we are facing with climate today will require us to have seed-based technology to weather the variety of scenarios that are going to play out going forward. We work in just about every country in the world and one of the most challenged regions we are working on today is Africa. Africa represents tremendous opportunity for us to find ways of growing crops in very, very challenging climates.

**Audience:** Many people see companies going 'green' just to create corporate goodwill. Is it just PR or are companies really turning green?

**Gulyas:** When companies engage in a very shallow level of activity, it is very quickly perceived by the public as 'greenwashing', as dressing up bad behaviours to look green. But what is important is for companies to realise that the public is very quick to spot that, and to point out a company that is a fraud. There is tremendous social pressure on companies to go much deeper and get it right because of public scrutiny. [People] will know when you are not truly working on the fundamentals -- which is embedding sustainability into how you run your business. So it is a constant challenge for companies to go deeper into real, bona fide sustainability efforts, and to continue to deliver them consistently year after year. I think public scrutiny forces companies to make a choice. Is this just PR or they are really committed? What do you think, Howard?

**Shaw:** I think that with a lot of companies embarking on this journey, there is still a great deal of confusion between CSR and philanthropy. Some say, "I'm not going to address the issues from my core but I'll go and plant a few trees in my free time." I agree with Diane [Gulyas] that the public is very sensitive to that. There is a whole movement of greater reporting, sustainability reporting and transparency. All these are picking up, and the market is much more discerning and sensitive now about whether a company really has a green policy, or whether it is a greenwash.

**An:** The term CSR is relatively new. The UN Global Compact for CSR was only established about five or six years, and Singapore's local chapter was just established two years. There are actually a lot of international and local efforts to promote CSR to corporations. The trend has been picking up very fast -- especially for businesses that are listed companies -- because we are subjected to a lot of scrutiny, and not just by the public and stakeholders. There are a lot of institutional investors and CSR related funds that decide where to park their money.

So [CSR] becomes a very important aspect for listed companies like us who wants to attract institutional investors from different parts of the world. We have to fill in many forms to report on our activities. Gone are the days when we could just say we were committed and give a PR talk. As Howard says, social and environmental reporting is also

another growing trend in different parts of the world. In Singapore, similarly, more companies are encouraged to do this. It is still on voluntary basis now, but once you start to monitor, track and report data, there is no PR talk anymore. We need to show actual evidence and also progress in [terms of] what we have achieved each year.

**Ong:** I agree that, today, the burden of truth is not on the consumers, the users or the buyers. The burden of truth is now on the corporations and we hope they will sustain it.

**Audience:** Ms Esther An has mentioned that CSR is still relatively new. It has been riding on the back of relatively good economic growth so far, but now the economy seems more uncertain. Do you foresee a fall in the number of CSR initiatives given the poorer economic outlook?


**An:** I can't project what the economy will be going forward. We have gone through economic crises in the last 10 years. Of course if we have bigger budget, we can do more. But even if you have less budget, you can find creative ways to do something. We don't believe in just writing a cheque; we are very hands-on. For example, few years ago, we introduced the eco-office project. It doesn't cost us millions of dollars to reach out. Then the SEC came up with ideas and green tips to help them reduce, reuse and recycle. Cultivating green habits doesn't have to cost a lot of money. You have to think of practical ways, of what is relevant to your target audience. It should be something they can associate with, and they have to see the bigger picture of why we do that. We are not giving them money or rental rebates to do it. Singaporeans should look beyond asking what the benefits are for themselves because the environment is for everyone to own.


**Gulyas:** I come from a part of the world, the US, where the weak economy, the weak US auto industry, the weak housing market are all very real. We have been living in a downsizing part of the world where employment is challenged. But, I think, in challenging times there are always areas of opportunity. What a lot of companies do is to look for the silver lining.

The opportunity I see for my company right now is in alternative energy. As Howard said, photovoltaic and wind power are starting to take off, to become economically viable. To date, DuPont sells about eight different materials that go into photovoltaic and solar cells production. We see them as having 20-50 times growth for the next couple of years. We started asking how we could create more materials that can make photovoltaics more economical and more useful.

Again, looking at recent statistics in the US, SUV sales are down 50%, car sales are down 50%, but small, fuel efficient cars, hybrid cars, diesel cars are up 40%. So here you start to shift your thinking. In an economic downturn, in a time when energy is out of control, there are other opportunities. In another business I'm a part of, we sell a lot of plastic that goes into making cars more lightweight. Today, only about 16% of the weight of a car is plastic. We think it can go up to 50 or 60%, and we can replace a lot of the weight in metal. There have got to be opportunities when you face challenging times like these. What you want to be thinking about as a business leader is where the opportunity is for me. There has got to be one.

**Shaw:** People tend to look at CSR and good environmental practices and investment in technologies as something antagonistic to economic growth, that it would retard economic growth. I see CSR practices as more of a safety net that will see you through rainy weather and economic downturns, because you are talking about saving resources, looking at being more resource efficient and, therefore, more productive. We have run a reward scheme for eight years and given out awards to all kinds of companies, not just MNCs but also SMEs. I'm glad that every company we have rewarded is still doing very well today.

 [back to top \(#top\)](#)

 [back to top \(#top\)](#)