

The State of CSR Reporting in Asia

By Wayne Visser

CSR Asia has just launched their inaugural Business Barometer, which measures CSR disclosure among the top 20 listed companies in Hong Kong, Malaysia, Singapore and Thailand.

The ranking is based on 62 indicators across the following categories:

1. Company (codes and policies)
2. CSR strategy and communications
3. Marketplace and supply chain
4. Workplace and people
5. The environment
6. Community investment and development.

The findings make interesting reading:

TOP ISSUES - Company (codes and policies) are the most reported CSR issue (scoring 59%), compared with workplace and people scoring only 19%. This seems to imply a continued lack of transparency on Asia's thorniest CSR issue, namely labour conditions.

TOP COUNTRIES - The companies' overall score remains low (30%), but there is some national variation, with Hong Kong scoring best (42%), as compared with Malaysia (29%), Thailand (25%) and Singapore 24%).

TOP COMPANIES - The top companies - China Light and Power and HSBC, both listed in Hong Kong - scored 93%, as compared with the poorest performer - Hong Kong Land - scoring only 3%. The top company in Malaysia was, somewhat controversially, BAT (British American Tobacco) Malaysia; in Thailand, it was Siam Cement, and in Singapore, City Developments.

What can we understand about CSR in Asia from these findings?

1. **LAG EFFECT** - Transparency and reporting is not a strong tradition in the East (some would even argue that it is contrary to many cultural norms), so companies are playing

catch-up on the overall trend. It remains, by and large, an expectation imposed by the West.

2. LARGE SPECTRUM - The huge variation between the best and worst performers, as well as the overall poor performance, suggests that there is a general lack of awareness, expectation and standards on CSR reporting in Asia.

3. SIZE DOES NOT MATTER - An analysis of the findings showed that there was no correlation between company size and CSR reporting performance. Hence, we need to take other factors into account - international aspirations and strength of leadership for example.

4. IMPLICIT CSR - We should remember that CSR reporting does not necessarily equate to CSR performance. It is quite possible that many Asian companies, much like in Europe, engage in what Matten & Moon call "implicit" CSR (as compared with "explicit CSR" in America).

5. GLOBALISATION MATTERS - However, any Asian company now engaged internationally, either through the supply chain or foreign direct investment, will increasingly need to meet minimum standards for transparency (such as the Global Reporting Initiative) and for CSR (such as the Global Compact). Only 5 of the 80 companies were Global Compact signatories.

My expectation is that we will see overall performance in the Barometer leap up over the coming year or two, as a combination of domestic awareness and international pressure raises CSR further up the political and economic agenda in Asia.

For more information, see www.csr-asia.com.

Source:

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