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Corporate Social Responsibility in Europe and Asia: Critical Elements and Best Practice

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Critical Elements and Best Practice**

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Abstract

In a response to a need for a workable definition and practical guidance with respect to corporate social responsibility, this paper maps out twenty elements of that concept that businesses can adopt. The elements are based on international conventions, codes of conduct and industry best practice. The usefulness of the elements is tested in a survey of the written policies of companies in twelve countries in Europe and Asia. Results point to an emphasis on internal aspects of corporate social responsibility and supply chain management. However, wider ethical, accountability and citizenship aspects of corporate social responsibility are less well developed and the paper points to a need for more action from the business community in this respect. With respect to many elements, Asian companies seem to be doing less than European ones in terms of the existence of written policies. However, there are some notable exceptions to this when it comes to elements associated with trade. An analysis of selected countries also points to some significant differences in priorities that can, in part, be related to the issues that are identified as more important in those countries. Overall, it would be wrong to conclude that European companies are always ahead of Asian ones in respect of their corporate social responsibility agendas and there is great scope for companies to learn from each other.

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Introduction

Corporate Social Responsibility (CSR) has become an important business concept over the last few years. However, most agree that it has not been well defined. The lack of a clear definition means that firms are able to interpret it as they see fit and some argue therefore that it is seen as something that is added on to a company's core operations without changing in any significant way how that company operates. On the other hand, perhaps we should not be looking for a single definition since social issues are highly controversial and different elements can be highly contradictory. Take for example the issue of child labour. Whilst in the long run it might be a positive aspiration to have no children in the workplace, in the short-run implementing that policy can bring poverty to many families in the poorest parts of the world. In addition, we might have a considerable debate about the age at which children are considered as young adults.

While there are some attempts at definitions of CSR, Holmes and Watts (2000) on behalf the World Business Council for Sustainable Development (WBCSD) provide a reasonably representative definition 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". Lying behind this definition is the belief that the firm's main objective as defined in the field of corporate finance (maximising shareholder value) is not consistent with sustainable development because it ignores the wide range of stakeholders who may have other legitimate demands. Rather than to maximise shareholder value at any cost, corporations are therefore encouraged to take broader social objectives into account. The

problem with these so-called definitions is that they provide a broad-brush approach which companies are still expected to operationalise. Whatever the starting point, corporations will be judged by the operationalisation of their social objectives and their behaviour 'on the ground' that so often makes it into the media.

The European Commission's (2001) Green Paper on Corporate Social Responsibility defines CSR as "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment". This definition immediately reveals a schism in the debate over CSR, namely whether it includes environmental issues or whether it runs parallel with working in the area of corporate environmental management. We return to this issue below. The Green Paper is however, a useful approach since it emphasises the importance of building partnerships between key stakeholder groups and, in particular, places a great emphasis on relationships between different companies along the supply chain. Although external to the firm's own organization, these supply chain relationships are absolutely critical in a world of globalization where many companies source their products from sources in developing countries because of the existence of low-wage labour (de Bakker and Nijhof, 2002).

In Asia, debates over CSR have tended to follow developments in the West (Mohan, 2001; Moon 2002). However, whilst the basic context of environmental management, social responsibility and sustainable development is the same, there are very different priorities in countries where norms, values and economic development differ (Rock, 2002; Ruud, 2002). Work by Chambers *et al* (2003) does suggest that CSR in Asia lags behind best practice in countries such as the United Kingdom but that there is a new wave of interest

in this in Asia. This work also points to the fact that within Asia there are considerable differences between different countries.

Many companies are committed to CSR but lack the detailed knowledge of the areas that they ought to prioritise. This paper goes beyond the general definition of CSR and tries to begin to construct a more detailed picture of what it might constitute. The aim of this paper is therefore to try to provide a workable definition of corporate social responsibility in the context of sustainable development. In order to do this a number of criteria or elements of CSR are established. These are then compared with the actual policies of the leading companies in Europe and Asia.

The identification of the elements of CSR is done with reference to worldwide declarations of principles, conventions and codes of conduct with respect to social responsibility as well as observation of industry best practice. These so-called elements of CSR are then compared with the activities of some of the largest companies in Europe and Asia where we might expect CSR policies to be found. It is the largest companies that are chosen for this analysis precisely because they have brands and reputations to protect and because they are most likely to have responded for calls for greater social responsibility and corporate governance. It should be stressed therefore that this is not a survey of a random sample of companies in Europe and Asia, but rather a deliberate attempt to examine what the leading companies are doing and thus to paint a picture of best practice.

The Coverage of Corporate Social Responsibility

As was highlighted above, not only are there problems associated with defining exactly what CSR is, there are even problems in defining its overall coverage. Many contributions to the literature see CSR and being one of the three aspects of sustainable development in a business context (the other two being corporate environmental management and economics). Welford (2000) suggests that CSR must run in parallel with corporate environmental management if companies are to act in a way that is consistent with sustainable development. Work by Elkington (1997), stressing the triple bottom line concept, is very much in line with this approach where there are essentially three pillars on which sustainable development is built. However, other proponents of CSR see it as the all encompassing ‘umbrella’ term. This is the approach of the European Commission’s Green Paper discussed above. In effect this approach sees environmental issues as a subset of social responsibility.

However, the confusion is even greater when we begin to consider concepts such as corporate governance, which has historically had its roots in the accounting and legal professions but now also seems to encompass social, environmental, health, safety and ethical issues. It is therefore important that we are clear about what CSR is in the context of this paper.

Diagram 1 is a representation of where CSR fits with the others terms so often used, (incorrectly) in an interchangeable way. The focus of this research is on the circle labelled Corporate Social Responsibility. There are clearly links and overlaps with other elements

presented, such as environmental management, occupational health and safety and ethics. In particular we see a strong link between social responsibility and ethics when it comes to issues of bribery and corruption, but there are other ethical issues that businesses must deal with that we do not consider to be directly part of the CSR agenda (e.g. animal testing, arms dealing, sales of tobacco). In addition to these elements we must remember that sustainable businesses must be able to exist in the long run and that usually requires profitability. Furthermore, there are employment aspects to consider as well. Sustainable development is not consistent with large scale unemployment, for example. Together all these elements comprise what the diagram calls ‘management for sustainable development’. Add to this the legal and accounting issues listed in the box on the right hand side of the diagram, and we have most of the components of the wider concept of corporate governance. The contribution of this paper however, specifically deals with CSR as part of that wider agenda.

Defining the Elements of Corporate Social Responsibility

The research in the paper is in two stages. First we identify the elements of CSR and then go on to see if they can be found in the policies of leading companies. Starting with the elements, therefore, table 1 presents the twenty elements of CSR used in this research. Sources of Guidance are provided which essentially represent the source and further information about each element. The fourth column used gives the short code used for each aspect used in the diagrams that follow.

As has been suggested by Welford (2002) a good starting point for consideration of CSR is human rights. The regime of rights and freedoms established through the United

Nation's Universal Declaration of Human Rights back in 1948 contains a number of articles of direct relevance to businesses. Although initially intended for countries to adopt, in a world of globalization where the turnovers of the largest corporations exceed the national products of some medium-sized countries, the Declaration is now also relevant to the commercial world. Indeed, the United Nation's Global Compact initiative calls on businesses to look carefully at human rights issues both within their own organizations and within their "sphere of influence".

The various articles of the Universal Declaration of Human Rights have often been translated into conventions of direct relevance to business by the International Labour Office (ILO). Hence, in particular, we find ILO conventions on non-discrimination, equal opportunities, freedom of association, collective bargaining and working hours. An important but often neglected aspect of the human rights agenda (and to some a surprising element given the Declaration was written in 1948) is a commitment on on-going vocational education. This has now become a major project initiated by UNESCO. Taken together, these elements of CSR can all be considered as internal to the business organization and are represented by elements 1 to 6 in table 1.

There are of course, external aspects as well. As well as promoting human rights within the organization the UN's Global Compact Initiative calls on businesses to promote human rights wherever they have some influence (i.e. with governments, other businesses, local communities in which they operate and more widely through education initiatives). The ILO also has relevant conventions affecting aspects external to the normal operations of the firm, but important in the context of supply chain management. These include labour standards (including health and safety amongst other aspects), restrictions on the

use of child labour (but not an outright ban which may be seen as a long term aspiration but not entirely achievable in the short run), suppliers' health and safety provisions and the protection of indigenous populations. Local community protection and engagement has long been an aspect of best practice by companies working in developing countries and this is part of a wider UNESCO initiative. Other aspects such as having a clear code of conduct on bribery and corruption (as advocated by the pressure group Transparency International who also provide practical tool-kits to help in this aim) and policies on fair trade (Blowfield, 2000; Welford *et al*, 2003) also seem to be important. Much of this supply chain-type of approach is consistent with a stakeholder management strategy as is now common in leading companies (Belal, 2002; Downey, 2002). These issues together comprise elements 7 to 15 in table 1.

Being accountable and transparent has often been advocated as an important aspect of environmental management, CSR and sustainable development (Gray *et al*, 1997; Betit, 2002). In particular the internationally recognized framework embedded in the Global Reporting Initiative provides firms with guidance and an ability to benchmark activities (Morhardt *et al*, 2002). Advanced stakeholder dialogue as proposed by Welford (1997), Jonker and Foster (2002) and Windsor (2002) and standardized in AA1000 is also important since this provides for a two-way process capable of dealing with stakeholders that do not always agree with each other and stakeholders that may not have as high a standard of ethics as the company itself, for example. Elements 16 and 17 of table 1 therefore examine accountability issues.

Finally, aspects 18 to 20 examine the concept of citizenship in the context of the business organization as advocated by Banerjee (2001). These aspects are less embedded in formal

codes on conduct and conventions but can be seen through industry best practice and the activities of some of the leading (and at times controversial) companies that have put in place CSR and sustainable development procedures. At its most simple level citizenship can be expressed through support for third party programmes promoting social improvements. More advanced companies have begun to use their power connected with a large customer base to promote educational activities consistent with social responsibility. More controversially, some businesses have begun to see themselves as campaigning organizations actively promoting environmental and social issues such as the elimination of animal testing, women's rights and human rights. Many are increasingly doing this in partnership with non-governmental organizations.

Survey methodology

The second stage of the research is to see how well the elements of CSR defined above (and presented in table 1) map on to the actual policies that exist in some of the largest companies in Asia and Europe. The survey consisted of communications with 240 of the largest companies listed on relevant stock exchanges. Twelve countries were chosen with a sample of twenty companies in each. These countries were the United Kingdom, Germany, France, Italy, Spain and Norway in Europe, and Hong Kong SAR, Singapore, Japan, Korea, Malaysia and Thailand in Asia. Although strictly speaking Hong Kong is not a country, it is an autonomous region of China and has separate currencies, laws and government. It also has separate representation on a number of international bodies and is significantly different economically and historically to China. Since the survey work was also done from the University of Hong Kong it would have been odd to have left this

region out. A summary of the information relating to the survey, the stock exchange index selected and response rates of the survey can be seen in table 2.

The survey consisted of emails to, where possible, named individuals in companies selected at random from the stock exchange index indicated in table 2.. The named individuals were normally found from searching company websites and typically had titles such as environmental manager, sustainability manager or health, safety and environment manager. Where a specific individual could not be identified then an email was sent to the public relations department. In most cases the identification of an individual person with, as necessary, one follow-up email meant that response rates were anticipated to be relatively high.

Companies were sent an email asking them to complete a simple questionnaire about CSR. The questionnaire asked if they had policies in each of the twenty areas listed in table 1. Alongside each element they had to simply check a box stating yes or stating no. Although the letter accompanying the questionnaire stated that there had to be a *written policy* and although there was the implication that this might be checked, it was never the intention of the research to do this checking since it would have taken an inordinate amount of time. There was therefore a good deal of trust given to respondents to tell the truth. Clearly there may at times have been some exaggeration and it is accepted that some of the elements are open to wide interpretation. Nevertheless, since we are trying to paint an overall picture of activity rather than a scientific sample, such problems seem to be within the realms of acceptability.

As it turned out the response rate was indeed impressive overall for this kind of survey reaching almost 50%. This breaks down to a response rate in Europe of 61% and in Asia of 38%. In surveys of this kind there is of course a degree of survey bias. Questionnaires about the environment, sustainable development and social responsibility and the such like are more likely to be completed by companies that have done some work in these areas rather than those that have not. In this research such a survey bias actually works in our favour. The 50% of companies that did respond are more likely to be carrying out the elements identified and, since we are looking for best practice rather than a scientific sample, this is therefore not a problem. It simply re-enforces the best practice picture.

The response rate by country is shown in table 2. The very high response rate in the UK explained by the fact that the researcher is British, worked in this subject area in the UK for ten years before moving to Hong Kong and personally knew many of the respondents to which questionnaires were sent. Nevertheless response rates in Germany (70%) and France (60%) are also impressive. In Asia overall response rates are lower although Hong Kong (60%) and Singapore (70%) are comparable with France and Germany. Relatively low response rates are found in Spain (20%), Thailand (20%), Malaysia (20%) and Korea (15%). This might be explained, in part, by the fact that all communications and the questionnaire were carried out in English.

One might also tentatively hypothesise that the response rate is a function of how important the concept of CSR is perceived in each country. High response rates in Northern Europe and the open developed market economies of Hong Kong and Singapore might suggest it is an issue on the agenda of business. Lower response rates in Southern Europe and less developed countries might imply that it is less of an issue. Such

assertions must nevertheless be treated with some care since the survey data is not sufficiently rich to confirm this on a scientific basis.

Results

Overall results can be seen in diagram 2. This needs to be read in conjunction with table 1 that provides a guide to the code or abbreviations used in the diagram. It can be seen that the bottom six elements in figure 2, comprising the internal aspects of CSR are, with the exception of the protection of human rights within the company's own operations (hr1), all commonly found as policies in the companies surveyed. This can probably be explained by the fact that these policies are required by law in many of the countries surveyed (e.g. laws on non-discrimination, equal pay, limits on hours worked etc.). The least developed of the elements, human rights in the company, is perhaps one of the newer initiatives for companies to consider based on the United Nation's Global Compact initiative, and it is not surprising that fewer companies have developed policies in this area.

The external aspects show a rather more mixed picture with fewer written policies in the area of the protection human rights in the company's sphere of influence (hr2), policies on fair trade (fair tr) and policies on the protection of indigenous populations (indig). More common however, are policies on local community protection and engagement (local), inspection of suppliers' facilities (suppliers), labour standards adopted by suppliers (lab stdn) and child labour (child lab). Within this group of external aspects of CSR it is the elements relating to the management of supply chains that appear to be most common and those relating to broader ethical issues less common.

The two elements making up the accountability group comprise reporting on social responsibility and/or sustainable development (according to responses now being done or planned to be done by over 50% of the companies responding) and two-way stakeholder engagement according to AA1000 principles (being done by only about one-third of respondents). It is perhaps disappointing not to see more activity in these areas and certainly this is one area that companies need to think about developing in the future.

The citizen group of elements is clearly the least developed amongst respondents to the survey. This is less surprising since the elements are more contentious. However, we must remember that we asked respondents whether they had a policy in the areas identified and just because they do not have a policy does not mean that they do not do it. Philanthropy towards sustainable development initiatives or third party support (third party) is probably likely to be more widespread than the survey would suggest for example. In the areas of educational programmes for the promotion of corporate citizenship (educ prog) and external campaigning on social and sustainable development issues (campaign) although a small number of companies have policies in these areas it is nevertheless interesting to see some companies engaging in these activities since some might argue that they are outside the normal realms of corporate activity.

Broadly speaking, as we move up the diagram we find a lower incidence of respondents having written policies in the areas identified. Internal aspects are common and the supply chain related elements of external aspects also seem well developed. However, broader issues of ethics, accountability and citizenship are not so well developed. This is perhaps not so surprising but it is interesting to see that there is at least some activity in each of

the twenty elements defined and that this set of elements of CSR is being adopted by some of the leading companies. Table 1 does therefore seem to be a useful checklist for those companies embarking on a process of engaging with CSR.

There were no formal hypotheses formulated at the beginning of this research although there was probably an expectation that we might see less activity in the sphere of CSR in Asia compared with Europe. Figure 3 looks at differences between the responses from Europe and the responses from Asia with respect to the internal aspects of CSR. As expected there are fewer policies to be found in Asia in each of the six elements identified. Perhaps most notable is the less common practice in Asia of having a statement on normal working hours, maximum overtime and fair wage structures. Working long hours (and often much longer than employees are paid for) is certainly a characteristic in Asia observed by the author. But there is also less of a commitment to guaranteeing freedom of association and promoting staff development and vocational education. A policy on the protection of human rights within the company's own operations is common in just over 50% of the European firms responding but only 10% of the Asian ones.

When it comes to external aspects of CSR (see figure 4) the results of the survey become rather more surprising. Overall there is not the stark contrast between European and Asian respondents that we see with some of the internal aspects of CSR. Indeed in three areas (labour standards in developing countries, responding to stakeholders and complaints and a code of ethics, including bribery and corruption) we actually find a higher incidence of policies in Asia (although given the sample size only the latter of these three elements are actually statistically significantly different). One aspect of the results that we ought to consider in more detail relates to whether companies in Asia are more likely to be taking

action on the issues that directly affect them. It may be more likely that Asian companies have policies on ethics, bribery and corruption if they experience it around them and identify it as a problem. In addition many of the Asian companies surveyed are either in or surrounded by developing countries and here issues of labour standards, health and safety become more acute. Perhaps surprising though is that this observation does not hold up particularly well with respect to the use of child labour. Here we see more European companies with policies in this area than Asian ones. But this might reflect a greater media intensity with respect to child labour issues or possibly less understanding of the complexity of the child labour issue where, as mentioned above, a strict no child labour policy may not be practical or desirable.

When it comes to an examination of accountability and citizenship the same pattern of a lower incidence of written policies amongst Asian respondents returns (see figure 5). Fewer than half of the Asian companies, when compared with European companies, engage in social and/or sustainable development reporting, for example. We might expect much higher incidences of environmental reporting of course but this was not the focus of the question here. Philanthropy is almost as high amongst Asian respondents as European ones, but the existence of policies promoting educational programmes and campaigning initiatives is much lower in Asia.

It is of course possible to make comparisons between all the individual countries but the low response rates in some of the countries make this sort of exercise statistically dubious. A full analysis would also make this paper rather too long for its present purpose. Nevertheless a comparison of the four countries with the highest response rates (two from Europe and two from Asia) does have the potential to raise some additional issues and

questions. Therefore if we select the UK (95% response rate), Norway (75%), Hong Kong (60%) and Singapore (70%) we probably have a sample of what the leading companies are doing with respect to CSR in the some of the leading countries. This is consistent with the aims of this paper, namely, to paint a picture of best practice (rather than a representative sample).

Figure 6 provides information on the existence of policies in the four countries selected with respect to the internal aspects of CSR. Generally we find a similar pattern to that existing previously with a high incidence of policies, rather more so in the United Kingdom and Norway than in Singapore and Hong Kong. Significant differences do not exist between the UK and Norway and often a score of 100% is recorded in areas that are covered by legal aspects of operations. Similar incidences of policies are also apparent between Hong Kong and Singapore with the exception of policies in the area of freedom of association, collective bargaining and complaints procedures where there is a considerably lower incidence of policies in Singapore. Policies on standardised working hours, overtime and wages are only to be found in about a third of cases in Singapore and Hong Kong.

Figure 7 provides information on the existence of policies in the four countries selected with respect to external aspects of CSR. Once again, external aspects give us a more interesting and mixed picture. Perhaps most interesting is the profile of Singapore where more companies than anywhere else (57% of those in Singapore) have a code of conduct on ethics, including bribery and corruption. In addition, 100% of the respondents from Singapore have policies on the inspection of suppliers' facilities for health, safety and environmental aspects. Fifty percent of Singapore respondents (much higher than any

other country) have policies on fair trade, equitable trade and end-price auditing. And 85% of Singaporean respondents, a higher percentage of companies than anywhere else, claim to have a policy on labour standards adopted by suppliers in developing countries. Singapore is of course, a great trading nation, and it is interesting that its leading companies seem to want to do that in an increasingly ethical way. Perhaps there are high ethical standards in Singapore in general, or perhaps companies there find that an ethical approach is best when they are surrounded by developing countries where such standards may not be upheld so rigorously. It is interesting to note that on every single external aspect (with the exception of influencing human rights within their sphere of influence) Singapore has a significantly higher incidence of policies than Hong Kong.

There are other interesting aspects of the results in figure 7 as well. Norway, for example, has the lowest incidence of codes of conduct on ethics but the highest with respect to indigenous people (probably because as a country it has a large indigenous population in the north that has led to a number of interesting debates in the past). It also has by far the greatest commitment to the protection of human rights within the companies' sphere of influence (66.7%).

Hong Kong's companies report the lowest incidence of policies with respect to external aspects compared with the other three, have the lowest reported percentage of policies in the areas of indigenous populations, fair trade initiatives, stakeholder responsiveness, local community development, inspection of suppliers, child labour and labour standards. However, compared with other Asian countries, Hong Kong companies are not so significantly out of step.

Figure 8 examines the issues of accountability and citizenship that we know are already less well developed amongst the sample of respondents to the questionnaire. The pattern of more activity in Norway and the UK is re-established in general. There is a high level of social and/or sustainable development reporting in Norway and the United Kingdom, and of the four countries considered here it is lowest in Singapore. One might suggest therefore that whilst Singapore might have reasonably advanced ethical policies connected with their trading activities they are less likely to report on them. It seems that Norwegian companies are more likely to support third party sustainable development-related initiatives, whereas British companies are more interested in educational initiatives. In Singapore there are no company policies with regard to education or campaigning.

Conclusions

It is worth stressing once again that what this paper attempts to do is paint a picture of best practice. The aim of the research has not been to draw on a randomly selected sample of businesses capable of representing what is happening on average. The aim has been to deliberately represent the activities of leading, large companies with respect to CSR. Considerable care must also be taken when comparing the responses of companies in individual countries because at this level the sample size often becomes too small for differences to be significantly different.

The first aim of the research was to try to define a useful and workable set of elements that can represent CSR. This was done with respect to conventions, codes of conduct and industry best practice. The list of twenty elements that were derived proved to be

workable and useful since all had been adopted to a greater or lesser extent by those companies responding to the questionnaire. We have therefore at the outset established, in effect, a set of criteria that businesses in general could use in assessing their progress towards CSR and which could, in time, be used in some sort of benchmarking exercise. This should not, of course, be seen as a definitive list and companies will need to review their own activities and impacts closely. But it does provide guidance as to what seems important amongst best practice companies.

Once the elements of CSR were defined, the aim of the research was to examine what leading companies in Asia and Europe were doing and the previous section of this paper provided a picture of this. It is worth also stressing that we measured the degree of commitment to CSR on the basis of companies' written policies. Of course, just because a company has a policy does not always imply that it is implemented. On the other hand, companies may be carrying out activities consistent with CSR that are not recorded in a policy document. Bearing in mind these limitations of the research there are, nevertheless, a number of interesting conclusions that can be drawn from this data.

Internal aspects of CSR do seem to be quite well developed amongst the best practice companies responding to the questionnaire. Perhaps not surprisingly however, there is rather more activity in Europe than in Asia measured by the existence of written policies. A particular challenge in Asia seems to be to recognize the right of workers to standardised working hours. There does seem to be an ethic of remaining at work for long hours and not being seen to be the first person to leave. This is not in line with best practice elsewhere. One is left with the conclusion that in locations such as Hong Kong and Singapore labour is treated as a 'factor of production' rather than 'human capital'.

The issue of human rights within the company itself is something that is less developed in both Europe and Asia, and with the UN Global Compact initiative now in place it is an area that we are likely to see developing.

When it comes to the external aspects of CSR the picture between Europe and Asia (and between the four countries selected for further analysis) becomes very much more mixed. Overall we see the external elements linked to supply chain management (e.g. labour standards, inspection of suppliers' facilities) more developed than what we might call some of the ethical issues (e.g. bribery and corruption, indigenous populations). It is interesting to note that in some areas there are more Asian companies than European companies reporting written policies. This is particularly true with respect to codes of conduct on ethics (including bribery and corruption) and Singapore as a country seems to see this aspect as more important than most. We could certainly not draw the conclusion that European companies are more advanced with respect to the external aspects than Asian ones.

The areas of accountability and citizenship are certainly less developed. Reporting on social and sustainable development issues does seem to be becoming more important but thorough two-way stakeholder dialogue is still less developed. Many companies undoubtedly support third party initiatives on social responsibility but fewer see as part of their role an educational or campaigning element. Although less developed however, we might see these areas as ones where firms could be challenged to do more. It is likely that as we see more partnerships being developed between corporations and civil society, however, that a similar survey in the future might see these areas as much more important.

We must be careful about drawing too many conclusions from this data on a country basis. However the comparison of the United Kingdom, Norway, Hong Kong and Singapore does raise issues. It often seems that companies do respond to what is important in their own country and reflect the challenges. Singapore (with an economy based on trade) puts much more emphasis on external aspects of CSR than internal ones, for example, whereas Norway, with its own significant indigenous population, has the highest incidence of policies in that area. Hong Kong corporations are less developed in terms of having written policies than their European counterparts but the pattern of what elements they see as important is much more similar to the European pattern with a greater emphasis on aspects internal to the firm.

Overall, the paper provides a useful tool and illustrates what is best practice in the leading companies in Asia and Europe. Such a tool could be used by companies developing CSR practices and has the capability of being used in further benchmarking studies. It would be wrong to conclude that European corporations are always ahead of the Asian ones and companies can certainly learn a lot from each other's different practices and priorities. What we need to emphasise is that this paper paints a picture of best practice. It is not a representative sample of what is going on. With that in mind we can see that there is a lot more work to do (even amongst the companies surveyed) but what is provided here is the beginnings of a road map of where to go.

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Table 1: Elements of Corporate Social Responsibility

	Element of CSR	Source of Guidance	Code
Internal aspects			
1.	Written policies on non-discrimination in the workplace	UN Universal Declaration of Human Rights, 1948	non-dis
2.	Equal opportunities statements and implementation plans	ILO Conventions 100, 110 and 111	eq-ops
3.	Statement on normal working hours, maximum overtime and fair wage structures	ILO Conventions 1, 30 and 47	fair wage
4.	Staff development, in-house education and vocational training	UNESCO Project on Technical and Vocational Education (UNEVOC)	voc educ
5.	The right of freedom of association, collective bargaining and complaints procedures	ILO Convention 98	assoc
6.	The protection of human rights within the company's own operations	UN Global Compact	hr 1
External aspects			
7.	Policy on labour standards adopted by suppliers in developing countries	ILO International Labour Standards Convention, 144	lab std
8.	Policy on restrictions on the use of child labour by suppliers	International Programme on the Elimination of Child Labour (IPEC)	child lab
9.	Commitment to the protection of human rights in the company's sphere of influence	UN Global Compact	hr 2
10.	Inspection of suppliers' facilities for health, safety and environmental aspects	ILO Working Environment Convention, 148	suppliers
11.	Commitment to local community protection and engagement	UNESCO World Heritage Initiative	local
12.	Policy on responding to stakeholders including procedures for the resolution of complaints	Industry best practice	stake 1
13.	Policies on fair trade, equitable trade and end-price auditing	Ethical Trading Initiative	fair tr
14.	Policies on the protection of indigenous populations and their rights	ILO Indigenous and Tribal Populations Convention, 169	indig
15.	Code of ethics (including bribery and corruption)	Transparency International	ethics
Accountability			
16.	Commitment to reporting on corporate social responsibility and/or sustainable development	Global Reporting Initiative	report
17.	Policies and procedures for engaging a wide range of stakeholders in two way dialogue	Industry best practice, AA1000 standard	stake 2
Citizenship			
18.	Direct support for third party social and sustainable development related initiatives	Industry best practice	third pty
19.	Educational programmes for the promotion of corporate citizenship	Industry best practice	educ prog
20.	External campaign programmes for raising social and sustainable development issues	Activities of 'leading edge' companies	campaign

Table 2: Survey samples and summary of response rates

Country	UK	D	F	It	Es	No	HK	Si	Ja	Ko	Ma	Th
Index	FTSE 100	DAX	CAC 40	MIB 30	IGBM	Oslo Bors	Hang Seng	STI	TOPIX 150	KOSPI	KLSE 100	SET 50
Sample	20	20	20	20	20	20	20	20	20	20	20	20
Response	19	14	12	8	5	15	12	14	9	3	4	4
Response rate	95%	70%	60%	40%	20%	75%	60%	70%	45%	15%	20%	20%

Figure 1: Corporate Governance and its elements

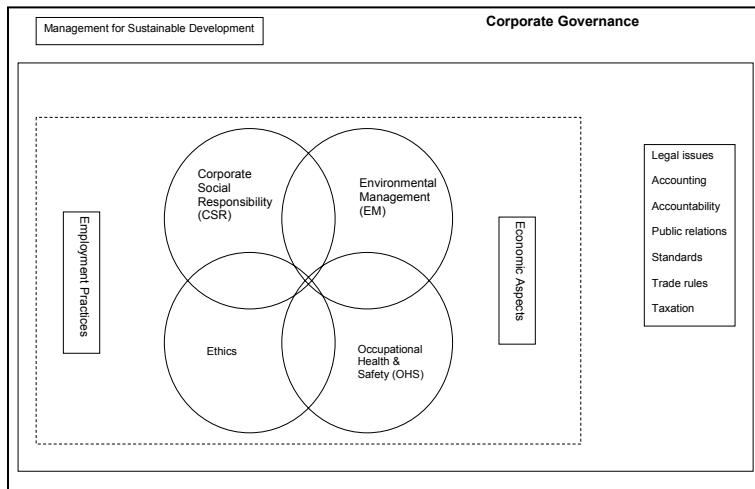


Figure 2: Overall results (all countries, percentage saying that they had a written policy in the area stated)

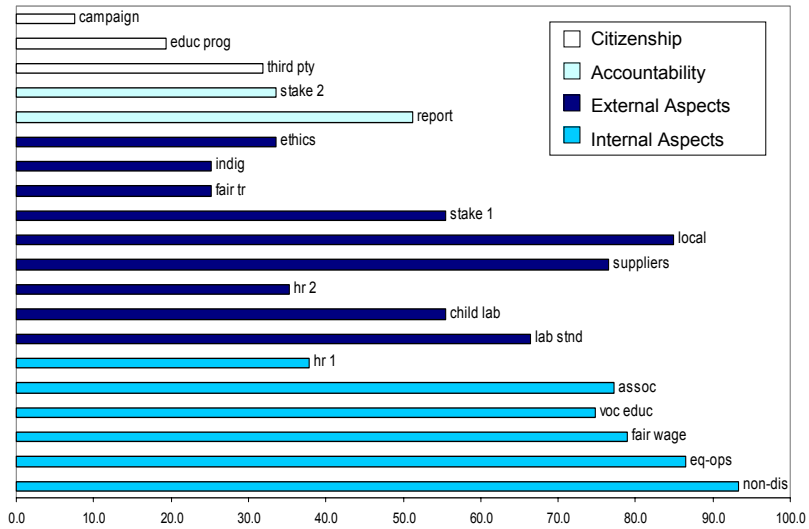


Figure 3: Internal aspects of CSR in Europe and Asia (percentage saying that they had a written policy in the area stated)

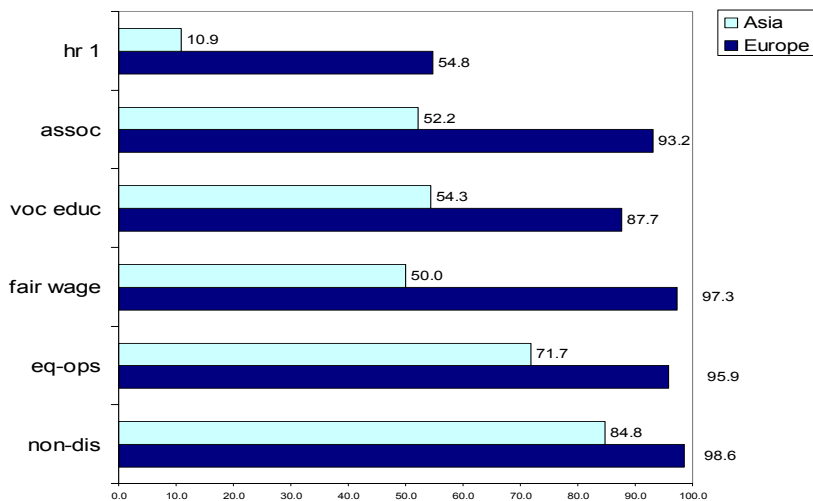


Figure 4: External aspects of CSR in Europe and Asia (percentage saying that they had a written policy in the area stated)

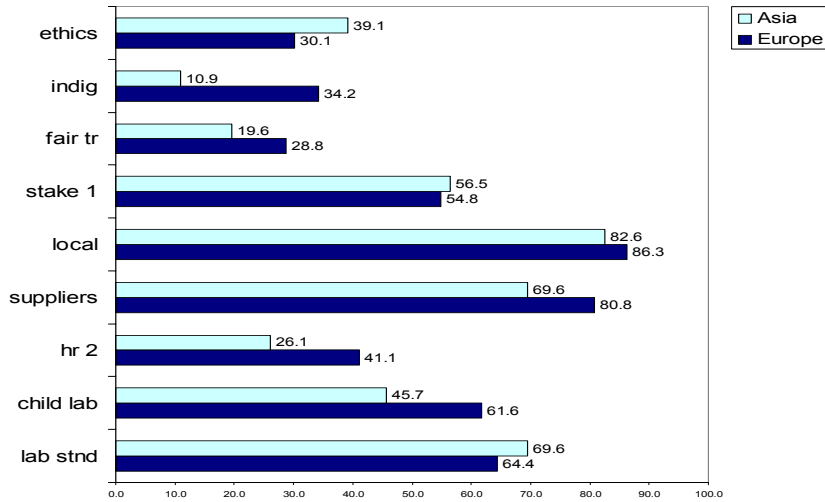


Figure 5: Accountability and Citizenship (percentage saying that they had a written policy in the area stated)

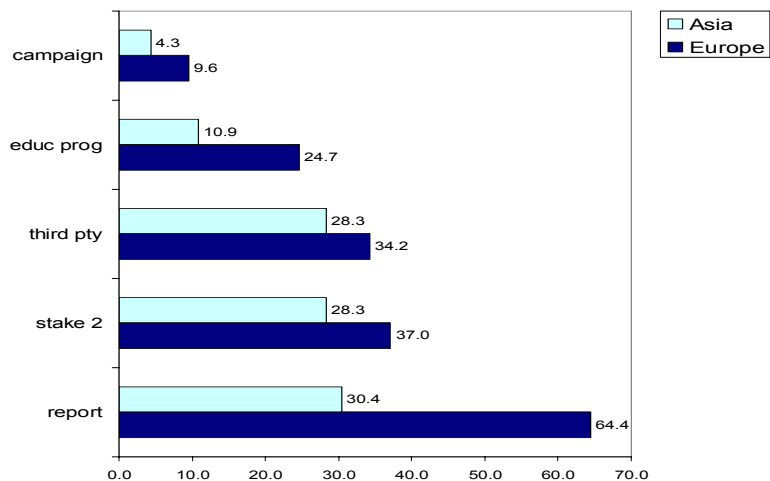


Figure 6: Internal aspects of CSR in four selected countries
(percentage saying that they had a written policy in the area stated)

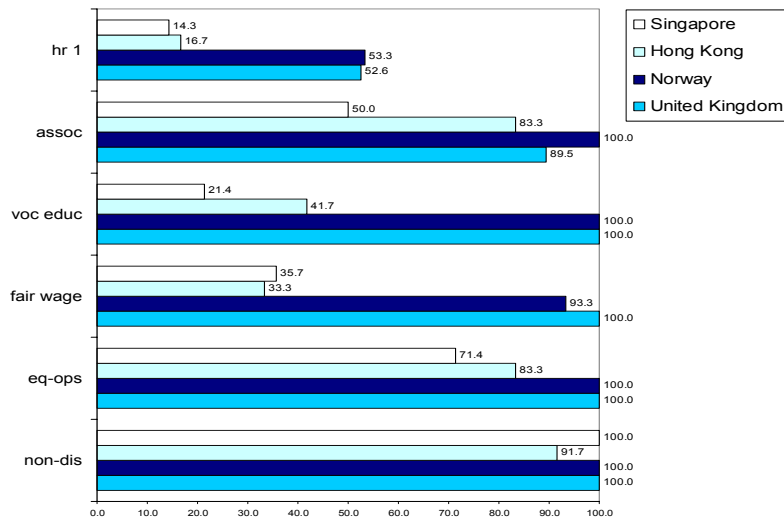


Figure 7: External aspects of CSR in four selected countries
(percentage saying that they had a written policy in the area stated)

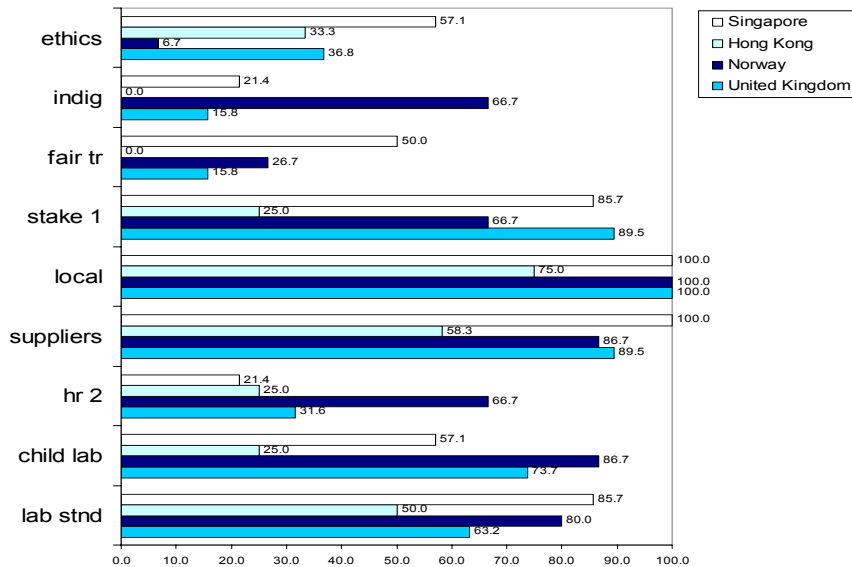


Figure 8: Accountability and Citizenship in four selected countries
(percentage saying that they had a written policy in the area stated)

