



**Asia-Pacific
Economic Cooperation**

Corporate Social Responsibility in the APEC Region

Current Status and Implications

Chapter 2: Executive Summary of Economy Report

Canada

Corporate Social Responsibility (CSR) is alive and well in Canada, and evolving rapidly in the context of a vigorous debate on the appropriate role of business in society. Canadian firms generally have a good reputation, as they are widely seen to conduct their business based on principles of fairness and integrity, as well as compliance with the law. But, this reputation is being put to the test at home, as companies find themselves under increasing public scrutiny. While there is a neo-conservative view in Canada that CSR is anti-business, reflecting a left-wing agenda to undermine the efficient and responsible use of owners' financial capital in the pursuit of social goals, the evolving mainstream of opinion believes not only that CSR is appropriate, but that it is good business. For its part, organized labour is conspicuously absent from much discussion around CSR, and suspicious of it.

Within the domain of public policy CSR is complicated by the federal system in Canada where sovereignty is shared by two orders of government, and by the division of responsibilities across government departments at the federal level. Thus, there is no coherent view, let alone strategy, on CSR within government. Nevertheless governments in Canada have not hesitated to mandate appropriate corporate behaviours through legislation or regulation where they felt it appropriate to do so. For their part many corporations go well beyond the minimum standards required by law, and have integrated CSR into their overall business strategies and their governance practices

But the evolution of CSR is still work in progress. Those sectors that operate in a highly political or regulated environment, such as mining, energy, forestry and banking, have responded most strongly to stakeholder demands for CSR practices. Yet CSR applies to all companies.

Looking to the future CSR will continue to be a key business issue in Canada. CSR will increasingly be formally integrated into business conduct. Companies that understand the scope of their impact on society stand to reap the benefits. Reporting will continue to be the key accountability mechanism. There will also be on-going debate over the appropriate degree of regulation regarding corporate accountability for social and environmental actions.

Chile

Chilean businesses are facing new challenges in an increasingly complex business environment. The adoption of a more sophisticated approach to Corporate Social Responsibility (CSR) has been driven by the globalization of markets and by Chile's participation in Free Trade Agreements (FTAs) with Europe, North America, and Korea, among others. Local surveys and researches show that CSR is becoming an important and visible issue, moving fast from a philanthropic approach to one integrated into business practices and policies.

Compared to the leading edge CSR practices in developed economies, Chile's adoption of CSR practices are fairly rudimentary. Nevertheless, many businesses in Chile, and significantly many business associations in the country are involved in the promotion of CSR. Seminars on CSR are thus regularly conducted.

It is significant that some government agencies, different organizations within civil society, some large companies and some very relevant and visible business associations have joined together to respond to international trends and are reaching agreements regarding the voluntary adoption of CSR.

The role that Chile is playing in setting the international agenda of CSR is also relevant. Chile is very actively involved in the development of the ISO standard for Social Responsibility. It has been collaborating with the Global Reporting Initiative in the development of reporting tools for local SME's and the industrial sector.

CSR practices in Chile emphasize the importance of good labor practices, particularly in the quest for organizational excellence. Thus, CSR has become associated with respect for and the cooperation of all sectors of society. Nevertheless, the path that needs to be traversed before CSR could be declared to have been fully incorporated into the business culture the way it should be remains long.

There exist many instances and practical cases of CSR developed by noteworthy national companies and local business leaders that have the power to attract others to join them in their adoption of CSR. There also exists a new demand from society for companies to have a greater social orientation. The implementation of CSR is increasingly being perceived to create a competitive advantage and to be a key factor of business success.

Chile is demonstrating a favorable environment for the adoption of CSR. Encouraging signs can be gleaned in the efforts of the Clean Production Agreement and the Good Agricultural Practices, the Pro-growth Agenda between the public and private sectors, the CSR policies destined to improve the labor environment (which are extensively accepted and prompted by business workers), and the adoption of corporate social responsibility within the technical institutions (dual training) and higher education. In addition, the academic and research sectors have begun to incorporate CSR into the teaching curriculum of many diverse university careers.

In summary, this analysis permits the generation of a discussion around the next steps that the country should take for the development of strategies that will allow accelerating the adoption of CSR. Without a doubt, it is conclusive that CSR is rapidly advancing in Chile.

Hong Kong, China

Corporate Social Responsibility (CSR) is about companies achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment. CSR can be divided into 5 dimensions: workplace, marketplace, accountability, environment and community.

Local culture and history and the presence of Western multinationals have played a key role in influencing CSR thinking and practice in Hong Kong, China. The sense of altruism among individuals is translated at the corporate level to giving cash donations and many companies think CSR is simply about making cash donations to charities. Therefore there is much room for improvement in CSR in Hong Kong, China.

In the workplace, best practice companies have clear anti-discrimination policies in areas mandated by law but are relatively weak in those areas not yet legally required. There is also very little uptake of equal opportunities at the corporate leadership level. Hong Kong, China employees have on average longer working hours per week than other economies, resulting in adverse effects on their work-life balance and health. Overall, there is little attention given to human rights and trade union activities.

In the marketplace, there are no policies on fair trade and Hong Kong, China provides a relatively clean and modern business legal environment. Although some companies have policies on labour standards adopted by suppliers, there remains much potential to develop supply chain management. Accountability and reporting in CSR is limited in Hong Kong, China and the uptake of environmental and social reporting in the private sector is low. Moreover, information disclosed in most published reports tends to be limited. Stakeholder engagement amongst both local and multinational companies is low and few companies have a well defined transparent engagement process.

In the environment, some companies are adopting environmentally friendly practices to reduce carbon dioxide emissions and waste production and develop their own environment management system certified by the ISO 14001.

In the community, companies continue to invest through cash donations rather than employee volunteering or giving in-kind. Community investment is largely ad hoc and unstructured with few companies having sound policy or leadership in this area.

To advance CSR in Hong Kong, China, what is needed is a process of educating existing and future business leaders. Encouragingly there are a number of organisations in Hong Kong, China that continue to work with businesses committed to the various dimensions of CSR. The challenge remains engaging with the many businesses not on the CSR radar, and SME's, who are understandably preoccupied with survival.

Indonesia

The state of Corporate Social Responsibility (CSR) in Indonesia is actually still at its early stages, but lately the development has indicated encouraging signs. While a few years back CSR was considered "alien" and awareness of the concept was very low, Indonesian companies, especially those operating in the global market have been increasingly aware that they are required to balance the social, economic and environmental components of their business, while building shareholder value.

In the Indonesian culture there is an ancient concept called "gotong royong", whereby social responsibility is relevant to all stakeholders of a community or any entity. Hence the stakeholder concept is actually not really new for the Indonesian. However, a quantitative study revealed that there was a lack of understanding on what CSR is among the corporations in Indonesia, the majority of which perceive CSR as 'giving for social activities'.

The environment around CSR in Indonesia lately has been marked with various initiatives - in the government sector, private sector, by some NGOs, and even a multi stakeholder initiatives. These have been promoting CSR in Indonesia, one way or another.

In Simon Zadek's model "The Five Stages of Organizational Learning" for companies developing a sense of corporate responsibility, currently most of CSR-conscious Indonesian companies are in the 'compliance stage' of the organizational learning curve, where they adopt policy-based compliance as a cost of doing business. However, some have reached the 'managerial stage', where they embed the societal issue in their core management process, and very few has even reached the 'strategic stage' where they integrate the societal issue into their core business strategies.

Key challenge for Indonesia as an economy basically is to develop conducive environment for corporations to perform their roles as good corporate citizen, which would include good public governance and tax system which will give incentives to the socially responsible companies. Increasing further awareness among corporations on CSR as a critical element of a company strategy is another challenge, and an extra challenge is to engage SMEs to practice CSR, as obviously survival is the name of their games.

Japan

Historically, Corporate Social Responsibility (CSR) is nothing new to Japan as various forms and types of CSR practices have long been an integral part of their socioeconomic system. Two of the key reasons for the historical existence of CSR in Japan can be found in the very nature of corporation in Japan and the government sector assuming the task of overseeing the social responsibility of the entire economy.

As noted by Japan experts abroad, corporate model that exists in Japan is one in which Japanese companies are characterized as a people-based association of workers with the aim toward optimizing both capital and human resources to ensure greater social harmony. Moreover, since the Meiji Restoration of 1868 the task of assuming CSR has been done within the framework of public/private sector cooperation with government taking the lead. Few examples of this public/private sector collaboration can be seen in such uniquely Japanese systems as lifelong employment, seniority-based promotions, enterprise-based unions, consensus-based decision-making; and the like.

The present CSR debate in Japan can be attributed to the decade of public and private sector scandals in their long history as well as the proposal to establish international guidelines under ISO. Moreover, Japan is currently undergoing structural changes in its economic, political, and social systems, and in this context, CSR is being discussed with the goal toward developing a suitable CSR framework appropriate for Japan.

There are two basic schools of thought on CSR in Japan: One school stresses market principles or market mechanisms as the driving force by which companies assume a diverse range of CSR. The other school focuses on regulatory mechanisms as a standard measure of corporate conduct and CSR compliance. Currently, CSR leadership is in the hands of two leading private sector industrial associations for policy development and procedural guidelines for Japanese companies to follow.

Recent reports indicate that more than 60% of the companies surveyed are undertaking “must-do” CSR activities. However, CSR practices such as strategic approach and supply chain still remain a low priority in Japan due to the following factors: CSR is viewed as a cost center versus an investment opportunity by many companies; limited development of stakeholder concept as discussed in detail in the Japan paper; and the slow emergence of corporate governance as a necessary foundation for a successful CSR implementation.

One of Japan’s overwhelming CSR success story is their experience in effectively addressing environmental issues. More than 70% of the companies reported having an environmental management system in place and it is an integral part of their corporate strategy. In short, Japan’s track record in the environmental sector can certainly be applied to other areas of CSR practice going forward.

For Japan to further their noteworthy progress on CSR made thus far, Japanese management needs to better understand the concept that CSR is synonymous with corporate sustainability and that commitment to CSR by top and middle management ranks is a necessary prerequisite for a successful CSR implementation. In order for this to take place, Japanese management must first define and adopt its own useful concept of stakeholder along with sound corporate governance as its foundation. Finally, with this foundation in place each company must define its own CSR domain and its plan of implementation.

It is imperative for Japan, especially with private sector taking the initiative, to create a new CSR strategic forum among various stakeholders including the public sector at the earliest possible opportunity. This platform can be used to discuss new CSR concepts and develop appropriate CSR framework for implementation by incorporating various opinions and ideas that presently exist among different stakeholders. Furthermore, overall plan and implementation steps at various level of the private sector including small & medium size enterprises (SME) can be discussed and developed through this new forum.

Finally, we can establish a linkage between the new CSR forum in Japan and the global economies for mutual coordination and international exchange of views. Through this established channel Japan can import new & useful concepts and success cases from other economies as well as export Japan’s best practices like the environmental experience abroad.

Mexico

Corporate Social Responsibility (CSR) began in earnest in Mexico in the 1990s when donations were increasingly granted to social causes, albeit generally without a strategic focus, and with little control and resource utilization. CSR in Mexico has thus been traditionally and strongly tied to philanthropy.

With the opening of Mexico's economy to the world came new ideas and concepts. Transnational companies in Mexico influenced local companies through their adoption of a social vision, after which the social commitment of local companies also began to take a new course. Domestic companies became convinced of the need to pursue CSR initiatives, because their competitiveness depended on forging successful relationships with communities. Social commitment and environmental care then assumed greater relevance.

At present, Mexico faces two main CSR challenges. The first and foremost is to promote the more widespread practice of CSR—concentrated in large companies—to include small and medium-sized enterprises (SMEs), which account for the bulk of the businesses in Mexico. Awards and other forms of recognition of the practice of CSR are used to promote the concept and encourage SMEs to implement CSR activities. The second challenge confronting Mexico is how to embed CSR practices in the core strategies of businesses.

Although in Mexico CSR is undertaken strictly on a voluntary basis, a growing number of domestic companies have begun its practice. However, such endeavors lack external validation—they are mostly self-evaluating exercises. The need to identify how companies incorporate CSR into their daily practices has also been acknowledged. On a positive note, the adherence of Mexican companies to the standards of the United Nations is a good indication that CSR practice will continue to gain ground.

Moreover, evidence that that CSR practices in Mexico have been expanding comes from the fact that companies have started to publish social reports. The emergence of new organizations dedicated to the promotion of CSR has also attested to its expanding reach and scope. Several partnerships and cross alliances have emerged between and among companies, Civil Society Organizations (CSO) and business foundations.

Still, while CSR has progressed in Mexico and has become more diverse and dynamic than ever before, the need for CSR practices to expand their reach is equally apparent. So too is the need to embed social commitment initiatives into business strategies.

The view of leading practitioners in Mexico is that CSR should not be considered an expense, but rather an investment adopted among the core strategies of businesses. Addressing the CSR challenge is seen as a joint undertaking of society and private enterprise to provide a collective solution to social problems.

New Zealand

Corporate Social Responsibility (CSR) in New Zealand is often considered to be behind the practice in other advanced economies – such as the USA and England – in terms of community engagement, but it is up to par in terms of supply chain management, and ahead in terms of environmental stewardship.

With a population of only 4 million people, New Zealand is a small economy, dominated by SMEs. Many global companies operating in New Zealand encourage a local entrepreneurial spirit, which contributes to an environment of social innovation within corporate social responsibility. CSR in New Zealand has been profoundly influenced by her economic and social reform, and thus needs to be understood in the context of the strategies and management responses to altered business relationships, as well broader forces, such as the world-wide attention to corporate governance in recent years.

New Zealand has a full complement of legislation relating to human rights, the governance of the enterprise and human resources management. Radical reform of economic management in 1980s led to increases in business competitiveness driven by deregulation. As New Zealand companies emerged from this period of major change, they have not only continued a long tradition of taking an active role in society, but they are also paying renewed attention to social and community involvement.

While there has been no formal research conducted recently on what level of community engagement exists in New Zealand, and what level of community support revenue is delivered by the business sector, anecdotal evidence suggests a growing commitment. Media coverage on CSR is increasing, while consumer research demonstrates that New Zealanders will switch brands to support companies they associate with worthy causes. A brokerages function has emerged to support businesses lacking in-house expertise in CSR, while global headquarters of transnational companies are requesting their affiliates to report rigorously on their practices.

The need for environmental stewardship is well recognized. New Zealand has governmental entities, a robust legislative framework and numerous global and local NGOs addressing environmental protection. New Zealand has been marketed globally as a clean, green environment, when promoting both its commodities exports and its land as a tourist destination. Consumer vigilance around environmental performance is higher than many other developed economies.

The need to manage global supply chains transparently with a goal of improving environmental and social performance is recognized, but the dialogue on this subject is in its infancy. New Zealand imports significant amounts of goods from third world economies where compliance on labour standards are not well monitored as yet.

Peru

In Peru Corporate Social Responsibility (CSR) has evolved slowly from a traditional concept of business philanthropy to the adoption of formal practices, policies and programs in large companies in a number of key sectors. While there is still widespread reluctance to adopt and internalize practices of CSR formally, there are now a considerable number of companies in Peru – particularly large enterprises – that are striving to be socially responsible.

The private sector conception of companies' social responsibility has been profoundly affected by Peruvian history. The military rule of 1968 and the periods of social unrest and terrorism in the 1980's were difficult for business, and Peruvian private companies found themselves fighting for survival and for their acceptance within society. More recently with a more stable political and economic environment, some companies have been able to develop CSR to the point that they are integrating its practice into their overall strategic planning.

Peruvian companies are becoming more seriously engaged in CSR. For many, the focus remains on community outreach in a somewhat paternalistic fashion, while for other companies the concept of social responsibility means simply legal compliance. However, for a group of companies, CSR is being taken to dimensions that go well beyond this level, being driven from inside the organization, in order to be able to project the core values of the enterprise towards society as a whole.

The evolution of the management of social responsibility within Peruvian business has been based on an explicit recognition that there is a multiplicity of stakeholders with a legitimate interest in the affairs of the enterprise. Today it is understood that there are different levels of interest in the success of business including the government, suppliers, clients, workers, shareholders, NGOs, and the community at large.

Corporate philanthropy has been facilitated by the creation of corporate foundations aimed at sustainable development in their geographical areas of influence. A key initiative has been the creation of the organization Peru 2021, whose mission is to develop and propagate a long-term vision for Peru, wherein private companies become a key development engine, incorporating the social and environmental responsibility and contributing to the improvement of the quality of life and the environment. Peru 2021 includes among its key objectives a better quality of life, respect for the law, solidarity, and a sense of social community.

In spite of the efforts to improve CSR in Peru, there are still challenges and opportunities to improve future performance. Knowledge and practice of CSR needs to advance not only at the big company level, but also in small companies, the media and the academic community, while given Peru's current level of development and the widespread incidence of poverty, there is much room to strengthen performance outcomes.

Republic of the Philippines

For years, market forces have been the major drivers of Corporate Social Responsibility (CSR) behaviour in the Philippines. Corporations and other private institutions have both organized and involved themselves in social development. CSR activities have been practiced not only as tactical responses to potential crises but also in acknowledgment of the fact that businesses could not possibly thrive in an environment where the majority of the population was poor. Moreover, global market demands and stakeholder expectations that business would take on a larger role in economic and social development have also grown.

The birth of the concept of CSR and its initial practice in the Philippines can be traced to the 1950s. Since then it has increased in significance: From 1992 to 1994 until the latest recorded corporate giving (2002-2004), the total amount of money involved has grown almost threefold to PhP 2.6 billion. But while analysts agree that CSR efforts are important and long-term in nature, they remain sporadic.

As social problems persist amidst the worsening economic condition of the economy, it has proven difficult to implement CSR on a consistent basis, while simultaneously achieving lasting solutions to social problems. Sustaining the commitment to and resources available for CSR are the main challenges.

Case studies show different benefits derived from the practice of CSR in the Philippines. An evaluation of current CSR efforts suggests that most are philanthropic in nature, often of the simple gift type. Higher levels of collaboration among government, the private sector, NGOs and the church—involving integrated strategies and on-going partnerships—are required to make the CSR activities sustainable.

Education and health, which are considered basic social necessities in the Philippines, are the main recipients of corporate giving—actions that constitute external expressions of CSR. Internal expressions of CSR—linking it to the day to day operations of the organization—are also practiced, but they need to be promulgated in the economy. SMEs, which generally do not have excess cash to donate, are viewed as the most appropriate agents to promote the internal type of CSR activities. Multinational companies, meanwhile, are involved in programs and gift giving activities which they could very well afford financially. Companies with at least a thousand employees have been known to promote employee involvement in CSR. These practices were seen as new forms of CSR activities.

Promoting the CSR concept more widely appears critical. Awareness of CSR is low, with only one out of 10 recognizing the concept according to the latest survey on the Filipinos' perception of CSR. Leaders who play a significant role in strengthening CSR commitment within an organization have been identified as the principal agents for the promotion strategy.

Singapore

Singapore is unique among its regional neighbours as a small island state that is highly urbanized and comparatively affluent. Singapore's economy is small by global standards, but also relatively rich. Its GDP per capita in 2002 was US\$24,040, more than double that of its closest ASEAN neighbour, Malaysia and more than three times higher than Thailand. In the face of increasing global competition, Singapore continues to build on its core advantages--a good geographical location, developed infrastructure, a good communications system, political stability and a disciplined workforce--while always looking to develop new economic strengths. As a small economy with limited domestic market and lacking physical resources, Singapore has been strongly reliant on international trade for growth. Policy makers continue to chart a course for the Singapore economy that leverages on increasing globalization of the worlds' economies.

The development of Corporate Social Responsibility (CSR) in Singapore has been influenced by its unique characteristics as a city state that has achieved great success with an economy that was heavily managed by the government in the first decades post-independence in 1965. The government was responsible for the allocation of land, labour and capital resources. The pervasive presence of the government extended to the welfare of society, with public provision of housing, education, health and recreational services. The government also managed the bulk of retirement savings and took responsibility for workers' welfare through a tripartite approach involving unions and industry. In this period, it appeared that social needs were fulfilled by the public sector, either through direct provision or prescribing corporate behaviour through legislation. In recent years, there have been many reforms put in place to liberalise key sectors of the economy and to encourage free enterprise, innovation and entrepreneurship. Nevertheless, the public sector remains the key architect of Singapore's economy and has considerable interface with industry and therefore, considerable influence over corporate behaviour.

To an extent, this government-centric approach has spread to the realm of CSR, with much emphasis on compliance with legislative requirements as a means of achieving and regulating socially responsible behaviour. This might be viewed as the success of policy makers in enforcing the "social contract" between corporations and stakeholders. On the other hand, a strong dependence on compliance-induced behaviour raises the question of whether all aspects of social responsibility can be meaningfully legislated or promoted by the public sector.

Chinese Taipei

Corporate Social Responsibility (CSR) plays a central role in the development of a global economic perspective in government and other institutions in Chinese Taipei. Given their export-orientation, companies in Chinese Taipei not only have to contend with the pressure of global competition, but also with the expectations and demands of overseas and local stakeholders where CSR is concerned. Multinational companies are expected to meet international standards with regard to corporate practice and social responsibility.

There are three government institutions in Chinese Taipei that facilitate the practice of CSR. They are the Industrial Development and Investment Center (IDIC), the Council of Labor Affairs, and the Industrial Development Bureau, Ministry of Economic Affairs. The Business Council for Sustainable Development, on the other hand, leads the private institutions.

CSR implementation generally focuses on human resource management, possibly in keeping with studies that show that companies believe that employee's rights and interest are most important. Studies have noted that companies consider shareholder equity more important than CSR, even as a number of cases studies have also revealed the dedication of various companies to the practice of CSR. However, the majority of CSR practice appears in the form of philanthropy, donations and sponsorships through foundations that support social activities and fund-raising projects.

CSR in Chinese Taipei itself does not operate under unified standards. There is a palpable need to establish a CSR evaluation system that would provide a reference gauge for both domestic and foreign companies. Therefore, the long-term goal of Chinese Taipei should be to align its CSR practices with international standards with regard to overseas investments. Such can only occur through the understanding of international CSR norms and overseas investment rules.

Most Chinese Taipei companies are small and medium enterprises (SMEs). CSR implementation can therefore take smaller scale approaches, such as community service and welfare activities, while at the same time seeking assistance from government institutions in the setting up of CSR mechanisms.

The top management of corporations has been identified as the key influencer of the success or failure of CSR practices. Thus, while government institutions continuously propagate the importance of CSR in global management, environment protection, and human rights consciousness, management—in particular the CEOs of private enterprises— should likewise promote and share their experiences in the practice of CSR.

Thailand

Although it is an early stage of development, the practice of Corporate Social Responsibility (CSR) in Thailand presents a fascinating picture, as rich and varied as the Thai culture. Both the understanding of the CSR concept and its practice in the Thai economy have been substantially influenced by religious beliefs, traditional norms of ethical practice, and more recently by the concept of a “sufficient economy” as promulgated by His majesty the King in the wake of the Asian financial crisis.

The scope of current CSR practice is illustrated with four cases, covering a broad range of business in Thailand, including the multi-nationals as well as local companies comprising both listed and non-listed corporations, as well as small and medium enterprises (SMEs) sectors. All of the cases show that the concept of CSR can be taken beyond the practice of benevolent activities in the operations of the four companies. Nevertheless, the full integration of CSR into business management at the strategic level is not yet widely evident in Thai business practice. This reflects both an insufficient commitment to the concept on the part of top management and a general perception that CSR is primarily business philanthropy.

In terms of stakeholder engagement, key collaborations with the NGO sector deal with broader aspects of CSR, including sound environmental practices, social development, as the promotion of the concept of a sustainable society. The engagement with the Thai government emphasizes the compliance with environmental, health and safety standards and the need for legislation and enforcement related to the labor standards.

CSR in Thailand is faced with a number of potential challenges, ranging from the narrow perception of CSR by many leaders as merely encompassing philanthropic activities in the public relations function, to the threat of an economic downturn, and the negative perceptions of standards related to CSR as another form of trade barrier.

Nevertheless, the concept itself is still positive in the perspectives of government, key business institutions, and the NGO sector in Thailand. This is evident in the growing range of initiatives to educate stakeholders and encourage good CSR practice in the Thai economy.

The United States

Corporate Social Responsibility (CSR) in the United States is shaped by a mixture of ideology, market forces, limited government intervention, historical tradition, growing external pressures and individual values. Since the CSR approaches are not uniform, it remains considerably undeveloped both in terms of concept and practice. Thus it is described as complex and idiosyncratic.

CSR in the US also looks incoherent. Most businesses are not at any single stage of citizenship (i.e. compliant, engage, experienced, integrated and transforming). In some aspects, their firms are integrated in the sense that while others have become innovative, a number have just started. Thus, only a few companies can be said to have been able to integrate governance into CSR. As with multinational corporations worldwide, more large US companies such as Ford Motor company and Coca Cola are creating board level committees to oversee the company's social, environmental and economic performance. These companies are the exception rather than the norm.

In addition, the level of involvement of companies is varied. No single social issue enjoys majority support across the spectrum of businesses. Therefore, the challenge is to broaden the wider CSR world for it to serve a wider range of stakeholders. Most large companies are in the midst of making the transition from a narrow orientation to community engagement, to an even broader scope of CSR involvement.

Companies have been reluctant to embrace the more formal CSR mechanisms such as the United Nations Global Compact. NGOs and activist groups, on the other hand, have been very successful in confronting business practices overseas or along the supply chain that have violated basic human rights principles. A few guidelines and frameworks have been developed to guide the CSR implementation process, even as a few companies have begun to exhibit leadership in this area.

Still CSR continues to evolve and gain momentum as a business issue in the US. Private sector executives are beginning to embrace a more expansive definition of CSR. Although old forms of philanthropy and concepts of giving back largely dominate public and private perceptions, considerable pockets of innovation are emerging.

There is an ongoing debate among US businesses as to whether CSR will maintain its status as a largely discretionary feature of business practice whereby certain behaviors and activities are considered part of the cost of doing business. Will CSR ever fundamentally influence the conditions and rules of the competitive global market place?

On the one hand, US companies actively resist the idea that CSR should be formally mandated. Eighty percent of executives agree that CSR should be completely voluntary—no laws and regulations should govern it. On the other hand, the Government is relatively quiet on the CSR front so that its involvement remains minimal. Generally, Government agencies performed the role of facilitator, brokering agreements between companies and activities.

The NGOs for their part are focused on raising funds and delivering services. Environmental NGOs, in particular, have been involved in both negotiating legislation and launching collaborative initiatives.

In general, CSR in the US has been largely an outside-in model, focused on contributing to the community, and addressing environmental issues and addressing supply chain issues outside the US. The employee as key stakeholders, have received a great deal of rhetorical support, a support that has not been well integrated into the CSR model, be it in concept or in practice.

Viet Nam

Although Corporate Social Responsibility (CSR) was a de facto practice evident in military enterprises during the Viet Nam War (1940s-1970s), in general CSR is a relatively new concept. Some forms of practice were evident among export-oriented companies in line with Social Accountability International's (SAI's) globally recognized independent workplace standard, SA8000. Since then, Vietnamese enterprises have manifested their interest in the implementation of CSR as a result of the benefits gained from its practice and from the firms' exposure to the foreign market.

After the war, Viet Nam focused on economic recovery and economic renovation. This entailed replacing highly centralized planned management with market mechanisms that transformed the state into a multi-sector economy. State management thereafter has focused on developing laws providing the guidelines.

Similarly, CSR activities were regulated and supervised by the government. The enterprises' social policies, in turn, generally observed state regulations. These regulations were outlined in the enterprises' annual plans along with concrete activities suitable to the real conditions prevailing in the enterprise. In the 1980s, the most impressive CSR development proved to be the introduction of the code of conduct.

The CSR thrust of the private sector was good corporate practice. Foreign investors practiced CSR by obeying the law, meeting the requirements of import partners, operating in a favorable working environment, avoiding conflicts and disputes with local labor. Aside from good corporate practice, philanthropy was also practiced in the economy.

Overall, Viet Nam's main challenge has been to raise the level of awareness of CSR. Currently, consumers have a limited appreciation of CSR and fail to associate it in their choice of products to buy. In addition, the Vietnamese consumers generally show little concern for social problems and do not relate them to CSR. Thus, the implementation of CSR in the economy lacks a strong social force.

Enterprises and government are the two main players in the promotion of CSR in Viet Nam. Enterprises determine the success of CSR, given the fact that the owner and management of enterprises are the biggest influencers in raising awareness. On the other hand, the government is considered an active contributor in promulgating policies, supervising the enforcement of regulations, and providing information on CSR issues. However, government legislation and regulations on CSR issues remain insufficient and weak.

Studies have indicated higher average revenues and productivity, and increased benefits among enterprises practicing CSR in Viet Nam -- as much as 1.55 times, 1.47 times, and three times, respectively, than other firms. Nevertheless generally these enterprises treat CSR as a high cost activity. This negative regard for CSR also prevails, notwithstanding.