



**Contextualising Corporate Social
Responsibility in Singapore**

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Contextualising corporate social responsibility in Singapore

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ABSTRACT: *This article argues that the context in which business operates plays a large role in whether and to what extent a particular firm adopts corporate social responsibility (CSR). In Singapore, this context is shaped by government, private sector and civil society relations, partly characterised by pervasive government presence in all aspects of society including the private sector. The article examines the level of awareness of CSR issues amongst selected publicly listed or government-owned companies and the extent to which CSR policies are incorporated into their business practices. It goes on to look into the pressures that exist for companies to adopt CSR and the challenges that they face in the implementation of these practices. The results of the research show that the areas where companies in Singapore showed the most progress in their CSR practices were also the areas that the Government is most active in offering incentives and support. We conclude by establishing that the companies in Singapore face top down collaborative pressure to adopt CSR practices that is distinct from the European and North American experience, where bottom up pressures from consumers and civil society groups are more prevalent.*

Keywords and phrases: corporate social responsibility (CSR), Singapore, sustainability, public roles of private corporations, governance, private sector.

Since the 1990s in Europe and North America, the corporate social responsibility movement has been in full swing. (Florini 2003) Today, the number of Fortune 500 companies that are producing CSR reports is rising annually, voluntary standards, disclosure models and certification schemes to help businesses with CSR abound. There are more companies working with governments and civil society to address social and environmental issues. CSR can also include a whole new sector called 'Creative Capitalism' that describes companies that use their skills to start successful businesses that serve people that have been marginalised. (Gates 2008)

While the CSR trend is burgeoning globally, Asia will not be left untouched for a variety of reasons. Firstly, Asia's growing economic strength is pulling it inextricably into the global arena as Asian multi-national companies (MNCs) become more international. One of the factors that might explain the Asian interest in CSR is that these companies will have to abide by international standards on a host of social and environmental issues that go beyond their country's regulation, if they want unrestricted access to market and to be considered global players. Although cases are as yet few and far between, transnational Asian companies are starting to be subjected to the same kind of scrutiny that their western counterparts have been afflicted with for decades, either by transnational civil society or investors. With increasing integrated economies, Asian small and medium enterprises, which make up the majority of the market share, will also be affected by the global CSR trend as they are increasingly operating and supplying on an international scale. Whether it is a factory in Malaysia that sells products to Nike, a Singapore MNC that is looking for investment by an international financial institution or a Chinese company that wants

to list on the New York Stock Exchange, these companies will face pressures to go beyond domestic regulation and pay some attention to CSR issues.

However, since there is a dearth of literature and academic studies of CSR in Southeast Asia, it is difficult to tell how significant this CSR trend is in reality. This article attempts to fill a gap in this knowledge by addressing CSR in Singapore and in doing so, tries to understand a bit more about CSR as it unfolds in Asia. It addresses questions such as – what is understood by CSR? Are companies discussing or practicing CSR? Is there any resistance against what has been considered a western concept? Is there an indigenous approach to CSR that is beginning to evolve given the context that business operates in? Does CSR provide the government with an additional potential governance tool to influence the private sector?

CSR in Singapore is largely shaped by the context in which business operates. This is characterised by a pervasive presence of the government in all aspects of society including the private sector and civil society, a lack of political space that restricts groups from organising civil society campaigns, and a collaborative approach to working with the non-governmental and private sectors that is particular to Singapore. Therefore business faces top down pressures to adopt CSR rather than the bottom up civil society pressures more familiar in the Western experience, substantially affecting what CSR issues are on the business agenda. In addition, the other drivers setting the CSR agenda in Singapore are business-to-business pressure on companies to adopt practices that fulfil the requirements of a client or partner in Europe or North America (the West) as well as reputational and regulatory risk.

Definition of CSR

Since CSR in Singapore is still at a nascent stage, for the purposes of this essay, we will define CSR as a progressive continuum. This will enable to us to identify the stage that a company is at when we assess them for the project. At the very basic end of the scale, we will start with corporate philanthropy, then move towards a more strategic and integrated approach to operating in a socially and environmentally sustainable manner in the middle, with new business opportunities and models at the opposite end. A strategic and integrated approach refers to firms that adopt and incorporate responsible business practices that take into account their stakeholders and minimise any negative impacts that may arise from their activities (Nelson 2008).

Methodology

The research focuses on publicly listed and government linked companies that have a large impact on the private sector. Due to the availability of information, these companies make good research subjects and we are able to compare them with literature from firms studied in Europe and North America. There are currently a total of 13 companies in our sample. At least one company falls into each section of the Singapore stock exchange's 12 categories of industry sectors (multi-industry, manufacturing, construction, commerce, hotels/restaurants, transport/storage/communications, finance, properties, services, agriculture, mining and electricity/gas/water). In addition to analysing publicly available information, the project interviewed individuals from companies in a semi-structured method. It assessed the companies on factors including the understanding of CSR displayed by the interviewee, the CSR management structure the company has in place, employment and environmental practices, supply chain policies and systems, the level

of corporate philanthropy that the company engages in and any new business opportunities that arose from the company's CSR policies. In addition to examining how large corporations in the sample are discussing and implementing CSR, we also interviewed government agencies, non-governmental organisations (NGOs), social enterprises, and financial institutions that invested in socially responsible investment (SRI) funds.

Global History and Context

The concept of CSR started long before the inception of the term, when as early as in the 19th century, British industrialists like Sir Titus Salt relocated his factory from Bradford and built a whole new industrial community called Saltaire. This included 850 houses for his workers, a park, a school and a hospital (Smith 2003). Although this is one of the earliest examples of CSR, it was very much the exception as for many years after this; private companies regarded their social responsibility fulfilled when businesses donated some of their profits to charity. At the most basic level, many companies still consider corporate philanthropy to be the main thrust of their CSR efforts.

The history of corporate social responsibility in Europe and North America is littered with examples of bottom up pressure in the forms of civil society campaigns, consumer activism and public protest over irresponsible business practices of one company or another. Many campaigns have pushed corporations to implement or change policies to modify behaviour. In 1995, Greenpeace launched a campaign to prevent Shell from dumping the Brent Spar oil storage platform into the ocean, thereby taking on the world's largest oil company and the British government. The campaign gained support all over Europe and sparked off a series of consumer boycotts. Finally the company bowed to public pressure and reversed its decision, instead it dismantled and re-cycled the platform on land (Greenpeace 2008).

In the last few decades, Western companies have been able to take advantage of the relatively lower cost of production in countries with lax regulation on labour and environmental standards. By moving their production offshore, they could pay less attention to the social and environmental costs. At the same time, civil society organisations were launching campaigns against corporation for practices outside their own country.

Public pressure has led Nike to change the way they conduct their business. NGOs launched a campaign against Nike for poor working conditions in factories making their products. At first, Nike asserted that it had no control over its sub-contracted factories. However, as the campaign persisted, Nike reversed its position and announced that three Indonesia suppliers would be terminated over poor working conditions (Smith 2003). It went on create its own codes of conduct stating that it would meet environmental, labour or human rights standards that exceeded the domestic laws of the country that their supplier was located (Florini 2003). Most recently, a factory producing Nike goods in Malaysia was caught violating Nike's code of conduct by housing foreign workers in squalid housing, deducting wages for a government levy and withholding their passports. However, the Malaysian Human Resources Minister S. Subramaniam told reporters that the factory did not breach any labour laws (Associated Press 2008) in a classic case of Nike's standards going above the law. In order to police the supplier and make sure that it was adhering the to

codes, Nike put in place a compliance team whose responsibility is to monitor these factories to ensure that they are not violating any of Nike's standards. Nike is now committed to supply chain transparency and publishes the list of all its factories so that other parties can also monitor their practices.

Reputational risk was the motivating factor for both Nike and Shell to modify their behaviour. The other factor that is pressing companies in the West to adopt CSR is regulatory risk. Companies tend to prefer to self-regulate rather than wait for governments to legislate. For example, Dupont took the lead in developing CFC alternatives before the use of CFCs was banned. As the CSR movement gained interest and popularity, NGOs and private companies created a plethora of codes of conducts, disclosure models, and labelling schemes to assure the consumer that the products were made while meeting certain standards. At the other end of the scale are companies that create a business opportunity by distinguishing their CSR practices from their competitors. Brands like the Body Shop and Ben and Jerry's established their competitive advantage by making responsible business practices part of their business model.

In recent times, civil society organisations are much more creative in using the increased number of avenues open to them to put pressure on corporations. NGOs are buying shares in companies to engage in shareholder activism to flag issues that matter to them. Improvements in technology and the internet mean that any corporate violations can be reported almost in real time. Activists are targeting institutional investors like funds and financial houses to urge them to put pressure on companies to adopt more responsible practices. All this means that it is likely that businesses today face increased bottom up pressure from civil society.

The context in which Singapore business operates

The business environment in Singapore differs from the West in several ways that can affect the focus and extent of CSR in the private sector. In an attempt to make Singapore as business friendly as possible, the government is reluctant to legislate on issues that could otherwise be voluntarily addressed by companies either through the guise of CSR or otherwise. One of the reasons for this is that the government does not want to hamper business activities by increasing business costs. Instead, it favours a mixture of consensus building and the carrot approach, with awards for good corporate behaviour and voluntary guidelines to help companies get there. The heavy presence of the government in all aspects of society has the potential to make the government the key actor in shaping the CSR agenda that can encourage companies to implement what it considers the most important aspects. It interacts with the private sector through two primary channels, through direct engagement with companies and through the presence of government linked companies (GLCs) in the market. These are companies where the majority share is held by Temasek Holdings, one of Singapore's two sovereign wealth funds. These GLCs can have further influence on the rest of the business community by exerting pressure on their supply chain of small medium enterprises (SMEs) to adopt certain CSR measures.

The other main distinction between Singapore's context and that of the West is the virtual absence of bottom up pressure on businesses to adopt CSR. This is partly due to limited political space that restricts the presence of a robust and vocal civil society to educate and organise consumers around social issues. These restrictions, such as

the Public Entertainment and Meetings Act, which requires individuals to apply for a permit to hold gatherings of more than five people in an approved area, make any civil society mobilisation difficult. Activism of any kind has never been tolerated, which might explain the lack of consumer activism aimed at companies to adopt CSR (Tan 2008). It was no surprise that the areas where the government had the most number of guidelines and standards, such as the environment and employment practices, were the areas that have had the most media attention and therefore where companies put the most emphasis.

Another sphere of influence that the government could use to raise awareness of CSR issues is through the domestic media which is all owned by GLCs (Freedom House 2008). By collaborating with civil society groups on campaigns and talking about the issues at public events, they can increase media coverage on the subjects that it would like the business community to be cognisant of, such as environmental sustainability or being a good employer. However, the use of the media by civil society to publicise civil society campaigns intended to put pressure on companies to adopt more responsible business practices is likely to be frowned on as this would contradict the government's plan to make Singapore a business friendly hub. This limitation extends to the international media, which realise that there is a need to exercise caution when reporting on business matters in Singapore, particularly when it involves GLCs (Rodan 2005).

The relationship that the government has with trade unions and the private sector is another distinguishing feature in the Singapore context. The Singapore model favours the tripartite approach, which refers to collaboration between the government, business and the National Trade Union Congress (NTUC). All but five of the 64 unions are affiliated with NTUC, which is closely allied with Singapore's ruling party, the People's Action Party (PAP). This enables the government to influence NTUC's agenda as illustrated by the following statement made by Senior Minister Goh Chok Tong at the 2004 May Day rally. "We (the PAP) have the same objective - a better life for all. NTUC focuses on the workers while the PAP, as the Government, looks after the interests of all Singaporeans. Through good and bad times, workers and unions have strongly supported the PAP to make it the ruling party. The PAP, in turn, as the party which forms the government, ensures that NTUC has the resources to look after the workers."

Singapore civil society organisations that attempt to engage with the private sector on issues that their mandate requires them to advocate on, take an approach that differs from their counterparts in the West. NGOs and advocacy groups in Singapore favour working closely with business, often with the support of the government in a communicative and collaborative approach rather than adopting a more contentious posture. This consensus-building approach is favoured by the government in dealings with all stakeholders.

However, government involvement is not the only factor in setting apart the private sector in Singapore. Ownership is another aspect where many publicly listed companies in Singapore differ from their counterparts in Europe and North America. In Singapore, most of the companies in our sample that are not GLCs are still operated and majority-owned by the family that started the company. This can mean that the pressures to engage in CSR are different from the western model, where many

shareholders put pressure on managers to make a business case for any CSR initiatives taken. Whereas in a family-owned Asian company, there is often a paternalistic way of doing business, where there seems to be an implicit obligation to “give back” to the community, which in turn, has implications for the depth and focus of a company’s philanthropic activities.

Despite these differences between Singapore and western contexts, as both economies are linked by trade therefore Singapore companies are also affected by western pressure. The global economy is more integrated today than ever and many of the companies that we assessed want to be regarded as global players. There is a sense amongst these companies that there is a trend placing emphasis on responsible business practices with the perception that the company would lose out if it does not conform to some degree. This is particularly important in Singapore’s context, given the value of the export economy. Singapore’s non-oil domestic exports for the first quarter of this year totalled \$42.5 billion out of the total GDP of \$64.3 billion, which equals 66% of GDP. (Ministry of Trade and Industry 2008) In order for Singapore companies to access all markets, including those in the EU and USA, they will have to conform to higher standards than in their home country. The government recognises this and is making plans to support companies in their CSR efforts to maintain their competitive advantage and keep Singapore’s reputation as a ‘trusted brand’.

In our research of CSR in Singapore, we start off by assessing the level of awareness of CSR issues that the interviewee displays as well as establishing what kind of structure the company has in place to deal with CSR. This enables us to gauge how the person in charge of CSR is empowered to deal with issues and how serious the company is about its CSR, by looking at how much they invest in this area. Then we go on to see how this awareness translates into creating policies and implementing systems by examining the extent to which the company is using the traditional tools of CSR, such as philanthropy, disclosure, codes of conduct and public-private partnerships.

Level of awareness of CSR issues

One of the purposes of the research is to find out, if CSR is not noticeably being implemented, whether it is being discussed within companies in Singapore. And if it is, then what does it mean to Singapore firms versus firms in countries with a more mature CSR agenda? Therefore, we assessed the level of awareness of the person that we interviewed, which in most cases was the person in charge of CSR within the company. The level of awareness ranged widely. At the most basic end, the understanding of CSR was limited to philanthropy while at the other end of the scale the interviewee could speak fluently on all CSR issues and relate them to the business.

CSR Management Structure

This assesses how CSR is managed within a company, which gives us an indication of how important it is in the strategic context of the company. We looked at whether there was a dedicated CSR Manager, who they reported to and how many staff they had in their team. Within our sample, this varied a great deal. Four out of thirteen companies have dedicated CSR managers and teams, while at the other end of the scale, other companies have a member of the corporate communications team that

oversees CSR. We found that these individuals had a lower level of awareness than the dedicated CSR Managers.

Corporate philanthropy and community investment

In almost all cases both in the West and Asia, CSR traditionally began as philanthropy – giving donations to local charities, schools and parks. This has, over time, evolved to the idea that companies should widen their sphere of accountability to extend beyond shareholders to stakeholders including employees, the community, suppliers, local government and NGOs (Skapinker 2008). All companies in the sample practiced corporate philanthropy in one form or another. At one end, this involved supporting charities in an ad hoc and haphazard manner. This is characteristic of older family founded companies that felt a sense of obligation to continue supporting the charities that they had been giving donations to for decades even it did not really fit into their current core business or corporate strategy. The next category is where a company's corporate giving is focussed on an area but one that has nothing to do with their core business strategy or competency. At the other end of the scale, there are companies that are strategic in their community investment. One hotel group, for example, invests in conservation projects that enhances their appeal to consumers and protects the environment that their customers are attracted to.

Disclosure

Disclosure of non-financial information, such as environmental or human rights performance, is regarded by many as an important step in incorporating CSR into one's business practice. Publishing a CSR report is becoming more common amongst many of the world's largest companies. KPMG International conducted a survey of CSR reporting in 2005, where they found that over 50% of the top 250 companies listed in the Fortune 500 Global produced standalone sustainability reports (Baue 2005). These efforts are supported by initiatives like the Global Reporting Initiative (GRI), which is a framework for sustainability reporting that companies can use to benchmark non-financial performance against norms, laws, codes, standards and voluntary initiatives. The idea is to standardise economic, environmental and social reporting to a level where it is comparable to global financial reporting. A more specific model such as the Carbon Disclosure Project (CDP) is also available to companies who wish to disclose carbon emission information.

Disclosure allows stakeholders to hold the company accountable for things that it say it do or refrains from doing. By analysing the annual reports of the companies in the Singapore sample, we found that the level of non-financial disclosure amongst them is still very limited. Two of the companies in the sample produced separate sustainability or CSR reports while one published a standalone environmental report. Of all the other CSR sections within annual reports, only one had other had substantial non-financial information. The rest of the reports focussed nearly solely on corporate philanthropy with less attention given to some employee development and welfare initiatives. This lack of disclosure is one of the main problems confronting socially responsible investment funds (SRI) investors and analysts when assessing Singapore companies on their environmental, social and governance (ESG) performance. However, we have seen some improvements in the extent of non-financial disclosure in annual reports between 2006 and 2007, which could reflect that awareness of ESG issues is increasing and companies are building up their capacity in

that area. We have also observed an aversion to disclosure amongst some of the companies that they would then be expected to fulfil what they had disclosed.

Although Singapore differs from Europe, North America and even Japan, due to the limited non-financial reporting, this could be due to the lack of legislation that requires it to disclose this information. It is possible that there will be increased levels of disclosure as there are initiatives being made available by Association of Chartered Certified Accountants (ACCA) and Singapore Compact, a network that was set up by the government to promote CSR, as well as other CSR training organisations that provide training on GRI compliant reporting. Five companies responded to the CDP this year, an increase in the total number of two that responded last year.

Environmental Performance

Many of the companies that we assessed have chosen to concentrate their CSR efforts on the environment. To this end, these companies had a number of initiatives either in place or in the pipeline. Four companies disclosed environmental performance and initiatives information either as a separate environmental report or within their annual report. In addition to this, they had separate environmental departments or teams that would set targets, implement systems to track energy consumption and the amount of waste produced. The two property development companies in our sample had made it their policy to include a number of green features on their properties that would entitle them to a Green Mark award that is given out by the Buildings and Construction Authority (BCA). However, some of the companies that performed best in this area had different practices when operating out of Singapore. Only one company had global policies on their environmental practices.

While there are other companies that had not gone as far in their investment into this area of CSR, they had started think about how to look at their own environmental performance, firstly by establishing an environmental committee chaired by a senior executive. The other category of companies that we assessed had given this area no thought and had no plans to implement any environmental initiatives.

So at this point, we have to ask why the focus on the environment and what kind of top down pressure is there on companies to be more environmental. At a highest level, the government has formed an Inter-Ministerial Committee on Sustainability (IMCSD), co-chaired by Minister for National Development, Mr. Mah Bow Tan and Minister for the Environment and Water Resources, Dr. Yaacob Ibrahim and includes Minister for Finance Mr. Tharman Shanmugaratnam, Minister for Transport Mr. Raymond Lim and Senior Minister of State for Trade and Industry, Mr. S Iswaran. The IMCSD will focus on three priority areas – resource management, pollution control and the quality of the physical environment. To achieve this, the committee will emphasise encouraging people and industry to adopt sustainable practices and developing new technologies to optimise resources and improve environmental performance. Since its establishment in February this year, the IMCSD has been engaging leaders from NGOs and the private sector in focus group discussions, to inform its report that will be released next year. (Ministry of the Environment and Water Resources 2008)

Different government agencies have put their efforts into pushing the green agenda within the private and public sectors. BCA and the green mark scheme is one

example. It encourages property developers to incorporate green features into their building and gives awards in three categories: gold, gold plus and platinum based on five criteria: energy efficiency, water efficiency, site and project development and management, good indoor environmental protection and quality and innovation. In May this year, the Government announced that it will enhance the scheme to include architects and engineers that incorporate green features into building designs from an early stage (Lim 2008).

The Government can exert pressure on the private sector by using civil society organisations. It has a collaborative relationship with NGOs and will work with them and business to encourage businesses to modify their behaviour. Programmes such as the packaging agreement are good examples of this relationship. The government recognised that waste management is a large problem for Singapore. It consulted with one of the main civil society organisations, Singapore Environmental Council (SEC), gave them the necessary support to draft a voluntary packaging agreement for food manufacturing industries that would commit these companies to reducing the amount of packaging they used. When the agreement was ready, SEC gathered all food producing companies to present the draft and encouraged them to sign it. This was underlined with the point that if the businesses did not commit to this voluntarily then the government would be forced to legislate. This whole process was conducted with strong support from the government.

In addition to raising awareness on the topic in the media by speaking about it publicly, the members of the government are able to emphasise the importance of this area through engagement with the GLCs either privately or through the boards. They are also able to engage with ‘thought leaders’ in the private sector to encourage more discussion on green issues. The focus on the environment falls in line with Singapore’s plan to be an environmental hub.

Employee and Labour Welfare

Employee welfare is an area where many of the companies that we interviewed have many initiatives. In addition to what is legally required, we found that companies had codes of conduct, fair employment policies, family friendly and work-life balance initiatives such as flexible time schedule, remote working options and recreational facilities provided for employees.

The following statement made by Yong Ying-I, Permanent Secretary of the Ministry of Manpower and Chairman of the Singapore Workforce Development Agency in a speech given at the Hewitt’s Best Employers in Asia Awards 2005 illustrates the government’s policy on employee welfare and relations. “Our employment regulations in this country are very light-handed. We have believed in using non-legislative means and close social partnership to build consensus to tackle our problems.” The myriad of guidelines and awards that are available to the private sector if they followed certain guidelines on fair employment, work-life balance, family friendly organisation, suggests that the government works very hard promote better CSR practices amongst companies without legislating. Tripartite Guidelines on Family Friendly Workplace Practices; Tripartite Guidelines on Non-Discriminatory Job Advertisements; Tripartite Guidelines on Flexible Work Schedules; Tripartite Guidelines on Best Work-Life Practices are a few examples. Awards that are intended to encourage better employment practices are also common, such as the work-life

excellence award, family friendly organisation award and workplace safety and health awards.

This reflects the government's political agenda for keeping more people in the workforce as it leads to greater economic growth. Awards for family friendly organisations and guidelines for flexi-time are designed to keep more women working and to encourage working women to have more children (also on the political agenda). Companies are encouraged to embrace diversity and to re-hire mature workers. Amongst the companies interviewed, there was progress in employment practices. However, companies that had adopted family-friendly practices in our sample were still in the minority and employment policies in Singapore are still trailing behind international standards set by European and American companies. (Ethical Investment Research Services 2007).

In addition, Singapore has a proliferation of migrant labour, known as guest workers in many key industry sectors. Although their welfare is covered by employee law, there are many aspects that are not explicit in the legislation. The companies in our sample that used guest workers did not have any policies with the sub-contractor that ensures a minimum welfare standard. Across the board, no thought had been given to this as a CSR initiative.

Voluntary standards and certification

Signing on to voluntary standards is one way for companies to self-regulate, which would be well suited to a context that is not heavily regulated like Singapore. In keeping with the focus on the environment, a handful of companies or business units within companies had fulfilled the requirements to achieve ISO14,001 Environmental System Standard certification. One particular company that we looked at is currently pursuing an industry specific certification scheme that will be awarded by the Roundtable on Sustainable Palm Oil (RSPO), which it is a member of. The RSPO is a good example of industry self-regulation that also includes the equal participation of other stakeholders along the entire palm oil value chain. Palm oil growers seeking certification for sustainable palm oil are subjected to audits of all their plantations by third party auditor who will then report their findings to the RSPO. Once certified, the company will be able to command a price premium for its oil when it has been certified. It will also be able to access the global markets, including European companies like Unilever that has committed to only using certified palm oil.

Other CSR initiatives

Many global companies with trans-border operations have been exposed and reprimanded on supply chain issues by NGOs. Most recently one of Nike's sub-contractors in Malaysia has been accused of poor labour practices, even though Nike is a company that already has the necessary systems in place to monitor these issues. The lack of bottom up pressure from civil society is a plausible explanation for the lack of attention given to this area by the Singapore businesses that we interviewed. Only two of the companies had considered their supply chain: one requires their building contractors to sign a code of conduct with environmental, health and safety criteria. The other has implemented a third party monitoring system to ensure the quality and safety of the products that they are procuring.

Private-public partnerships are becoming more common in countries with weak institutions and poor governance structures and in more developed countries as well. This is relevant to companies in Singapore insofar as they operate in such countries. A few companies had engaged in public-private partnerships as part of their community investment programme, where they worked with governments to provide education or healthcare to children in countries that they operate in. However, these tended to be ad hoc and isolated instances.

New business models

Most recently, some businesses regard CSR as a business opportunity to generate additional revenue through developing innovative products to take advantage of new markets. Examples of this include Philips Electronics producing energy saving light bulbs, Citibank investing in microfinance and Unilever producing small sachets of shampoo so that women in poor rural communities can afford the product. Only two companies that we interviewed viewed that adopting a CSR agenda could include new business opportunities. One company has been putting in measures to reduce its carbon emissions at a few of their palm oil refineries, which under the Kyoto Protocol, allows it to generate carbon credits that can be sold on the carbon trading market. The other company is a bank that has development specific loan packages that are favourable for social enterprises, a sector that the Singapore government has given some attention and encouraged the growth of (Social Enterprise Committee 2007). However, the person that we interviewed at the bank offering the loan package had a limited level of awareness of CSR issues and did not regard this product as part of their CSR efforts.

Business-to-business pressure

One pressure on companies to adopt CSR has been business to business pressure, where one company in the sample was questioned on policies and strategies by another company that it supplies to. Examples include airlines with corporate accounts and suppliers of raw products. There are quite a few examples of companies adopting CSR or disclosing ESG because of requests by other companies that do business with them.

Investor pressure

Socially responsible investment (SRI) funds located in America and Europe are growing in popularity each year, with more than US\$4 trillion under management in 2005/2006. Funds are becoming more interested in Asia in an effort to diversify their portfolio. The FTSE4Good, one of the world's most prestigious sustainability indices, covered Singapore for the first time last year. A major European bank has positioned an SRI analyst who is analysing Asian companies for environment, social and governance performance (ESG) performance in Singapore for the first time this year. The Singapore Stock Exchange (SGX) has realised the potential growth in SRI funds and is conducting some initial research into this area. Although funds in London are increasingly considering ESG performance in their analysis of Asian companies, there is little evidence that this has trickled down to requests for such information from companies in Singapore, except in a few isolated instances. The growth in SRI funds might have been one motivating factor in pushing a company to improve their ESG performance, however there has been little evidence of this.

Conclusion

The Singapore government is exerting top down pressure through different stakeholders to advance the CSR agenda amongst the business community. This is possible due to the reach and influence that it has within society and because it takes a consensus building approach to advancing the CSR agenda. However, since there have been some changes in regulation to allow more political space, this may create a more conducive environment for bottom up civil society pressure on the private sector to adopt more responsible practices. While at the same time, the risk of regulation is a driving force behind a company's willingness to adopt CSR. The upstream demands of the global supply chain are also pushing companies towards addressing CSR issues.

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