

Publication: Channel News Asia Online

Date: 15 February 2018

Headline: Commentary: The understated importance of shared social responsibility for businesses

Commentary: The understated importance of shared social responsibility for businesses

Corporations must step up, serve a social purpose and make a positive contribution to society, says the executive director of the Lien Centre for Social Innovation at the Singapore Management University.



Social enterprise BloomBack helps marginalised women to pick up floristry skills and holds volunteering sessions to recycle wedding flowers into bouquets for patients. (Photo: Tang See Kit)

SINGAPORE: Last month, the world's political and business elites met in the snow-covered Alpine town, Davos, for the World Economic Forum's annual meeting.

The theme of this year's programme was Creating a Shared Future in a Fractured World.

If we consider the many social issues facing our societies today - ageing populations, climate change, threats of extremism, income inequality, and so on - the progress of modern society does indeed seem fractured.

But as "shared future" suggests, it will take multiple actors to come together to mend the cracks and grow stronger in the process.

Resilience and innovation are essential qualities that Prime Minister Lee Hsien Loong highlighted when it comes to forging a shared future for ASEAN.

As our nation takes up chairmanship of the regional bloc in 2018, we will need "more hands" behind the "many hands approach" to put these traits to good use.

So who do these hands belong to?

BUSINESSES MUST BEAR SOME OF THE BURDEN

Traditionally, social problems have fallen within the jurisdiction of the Government and the social sector.

Although social enterprises have emerged over the last decade as a force for social good and plugged some gaps, they remain part of a greater business community.

I believe it is time for the private sector - particularly business leaders - to step up, not just to alleviate some of that burden borne by the public sector and social entrepreneurs, but also to play an active role in making their businesses about people.

Publication: Channel News Asia Online

Date: 15 February 2018

Headline: Commentary: The understated importance of shared social responsibility for businesses



Larry Fink, Chief Executive Officer of BlackRock, takes part in the Yahoo Finance All Markets Summit in New York, US on Feb 8, 2017. (Photo: REUTERS/Lucas Jackson)

In Larry Fink's annual letter to the world's top CEOs, he laid out his view on social impact:

Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.

That's a strongly worded statement coming from the Chairman and CEO of BlackRock, a global investment management corporation with US\$6 trillion worth of investments and the largest investor in the world.

SOME COMPANIES HAVE STEPPED UP

Fink's memo reinforces my belief that well-run companies, with their economies of scale and focus on efficiency, are especially well-positioned to respond to social challenges, and that more should come forward.

Some big corporations have already stepped up.

Coca-Cola started the 5by20 initiative to empower five million female entrepreneurs globally by 2020.

This may appear like an expensive corporate social responsibility exercise, but Coca-Cola is in fact educating and providing livelihood opportunities to female owners of small-scale neighbourhood markets and grocery stores, and by extension, empowering the low-income communities which they belong to.



A man walks by a Coca-Cola sign. (Photo: AFP/Pedro Rey)

Cisco is another organisation that recognises the opportunity to create a "shared future" within emerging economies.

Publication: Channel News Asia Online

Date: 15 February 2018

Headline: Commentary: The understated importance of shared social responsibility for businesses

They have done so by cultivating an IT-literate labour force via the Cisco Networking Academy. The company claims that graduates of the Academy in Cambodia have gone on to find employment in the span of three months and made five times the national average within three years.

In Singapore, Olam International, a soft commodities processor and trader, works with Klasik Beans to produce specialty coffee, and at the same time reforests and conserves forests around its bean production facilities.

This has proven to be a win-win strategy. Smallholders gain access to the global market, quality of the forest is preserved, and Olam has become one of the leading players in the specialty coffee industry.



Workers at an Olam farm harvesting tomatoes. (Photo: Olam International)

BUSINESSES CAN CREATE LONG-TERM VALUE

These examples prove how vital a role businesses can play in society.

A company that is very focused on earnings may be able to deliver a good financial performance, but a socially conscious organisation is in the best position to engage meaningfully with its stakeholders - everyone from board members and employees, to consumers and their communities - and create long-term value.

Traditionally, businesses are associated with “making money”, and a “good business” is typically seen as one with wide profit margins.

But profit alone cannot and should not be the primary goal of enterprises.

Chris Houston in his book, *For Goodness' Sake: Satisfy the Hunger for Meaningful Business*, says a business should find its identity “in relationship with and in the context of others”.

But change has to come from the top as well.

Recently, the Wall Street Journal reported that Nordea Asset Management, the investment arm of the Nordic region’s largest bank with US\$300 billion in investments, demanded for greater transparency among its suppliers and their supply chains.

This followed allegations that certain suppliers were dumping toxic waste into the environment.

It wrote to the 27 drug makers in which Nordea invests in, demanding that they make public the names of their suppliers and shared more information about how they were being monitored.

Publication: Channel News Asia Online

Date: 15 February 2018

Headline: Commentary: The understated importance of shared social responsibility for businesses



German chemicals and pharmaceuticals giant Bayer said group net profit stood at 3.9 billion euros (S\$6.36 billion) between July and September, more than triple the 1.2 billion euros reported in the same period last year. (Photo: AFP/PATRIK STOLLARZ)

Nordea has invested US\$6 billion across Big Pharma companies, and if they continue to apply this pressure on their drug makers, it mitigates the potential negative impact pharmaceutical companies have on the environment.

ANOTHER ISSUE BUSINESSES CAN TACKLE - DIABETES

At the 2017 National Day Rally speech, Prime Minister Lee spoke at length about diabetes being one of three key long-term issues for Singapore – where one in nine Singaporeans are afflicted with this medical condition.

Although individual social enterprises such as Amazin' Graze promote better eating by producing healthy products, businesses can still do much more, starting from top management.

If the shareholders themselves (including lenders and investors) demanded that businesses controlled the sugar content of their products or risked losing the capital support, we may just begin to see more healthy products on the Singaporean market.

Companies often hide behind their “fiduciary duty” to the shareholders to deliver the highest possible return, but the notion that businesses should go only after monetary gain, at all cost, ought to be challenged.

I see potential for Singapore, as both a financial hub and Chair of ASEAN, to spearhead a movement for more purposeful businesses, backed by responsible investment.

Chris Houston, in the same aforementioned book, highlighted a “fourth voice” that shapes a 21st century business in addition to “the market, regulators and shareholder value” - regular people.

On top of having resilience and innovation, corporations in Singapore will do well to listen to the “fourth voice”, and encourage other businesses to do so as well.

Brené Brown in her book, *Daring Greatly*, said it best:

Connection is why we're here. We are hardwired to connect with others, it's what gives purpose and meaning to our lives.

Let's make 2018 the year in which businesses participate more fully and wholeheartedly in a shared future.

Jonathan Chang is executive director of the Lien Centre for Social Innovation at the Singapore Management University.

Source: CNA/si

Publication: Channel News Asia Online

Date: 15 February 2018

Headline: Commentary: The understated importance of shared social responsibility for businesses