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The Growing Importance of Corporate Social Responsibility in Asia

Introduction

Kuwata-san, distinguished panelists and guests.

In a course on the sociology of development in the University, I was brought to understand the distinction between progress and development, that the modernisation of the city does not necessarily create the structures and processes leading to equity and better standards of living and environmental protection. I think this was remarked by our keynote speaker this morning.

This intellectual orientation had since guided my observations and commentaries, and when I joined the family business, more due to difficult circumstances than by choice, after two decades of teaching both in the University of Hong Kong and the National University of Singapore, I was anguished by what I thought was an irreconcilable tension - the profit-driven self-interests of businesses and the desired communitarian ethics based on shared benefits. This was the same angst that our young Hitachi Leader, Joanne, must have felt when she raised the question earlier, about how to sustain CSR when the state continues to encourage economic growth? She too seems to see the same competing tensions, which I felt when I was a younger woman.

I think one of the reasons for this tension was the simplistic belief that business which drove global development only looked after their self interest with little regard for the larger community. We perceive business as always bending to the overpowering pressure and greed in driving profits at the expense of cutting up people's livelihood and squeezing them with low wages in order to save costs, causing environmental degradation by not taking care of the wastes and production processes and de-humanizing the quality of life in general by over exploiting the land, sea, water – you saw the statistics put up earlier - unscrupulously keeping separate the interest of the shareholders in the business and the needs and concerns of the stakeholders in the community. I cannot deny these thoughtless business practices, but I would also point out that corporate social responsibility is fast becoming a

global expectation. And many companies, like ours, are just learning to re-invent their organisations to respond to this expectation.

Banyan Tree Resort – What We Attempt To Do?

Tan Sri Datuk would like to know that my husband started as a journalist and he was paid US\$50 per day for his accommodation during his overseas assignments, and now in Banyan Tree Villas, we charge US\$600, as a revenge. So is it true, if you want to become rich, you become an entrepreneur.

When my husband and I joined the family business and diversified it to develop resorts, the challenge facing us was, how can we achieve the economic goals to satisfy the hardest profit-driven shareholders while at the same time contribute to broader social and environmental goals to satisfy our stakeholders?

Bit by bit, progressing on a painstaking learning curve through the years, we became more and more convinced that the inherent tension between business and community, including the environment, is not an irreconcilable one. We have minimised the competition and isolation by adopting clear company policy to fulfill society's goals. I am glad to hear from the second speaker who said that CSR as a value can also be a business stratagem.

Let me take you through some of our social and environment programs. We have a very clear mission statement: to make Banyan Tree not just an abode for the rich but for those who seek a sanctuary for their senses, who also share with us our corporate ethos of conservation and development.

Why Banyan Tree? Because it is tropical, because it is Asian, and if you remember Tagore Rabindranath's beautiful refrain, "trees are earth's efforts to reach out to the listening heavens". The Banyan Tree is of an Asian heritage and it suggests abundance, fertility, shelter, protection and growth.

Let me show you some slides We have the hotel, the spa, and the gallery. The first is about our unique infrastructure and tropical architecture, the second is our high touch service to guests and the third is on the indigenisation of craftwork. All these are connected and

integrated in what we call the Banyan Tree lifestyle product. This is where the media is very important to us. They did surveys, carried out opinion polls, and gave us awards. They let the market tell us that we can engage in eco-tourism as this appeals to the discerning tourists and younger people.

When we did the Bintan Banyan Tree Resort, we did not cut the trees to build the villas. It took us five to six years to get the project off the ground because we consulted environmentalists, botanists, even sandfly specialists about the whole terrain, before we built our villas around hundred-year old trees to conserve them.

Now we are looking at a slide on Phuket, where we actually first started.

Let me relate a little story for those interested in entrepreneurship, because during the coffee break I heard and sensed that our 24 young leaders were so anxious about how to become entrepreneurs and were curious about how I became one. I said I was an academic and my whole experience in entrepreneurship was by chance. We chanced upon this beautiful land for development. We did not read a 1977 United Nations report which actually declared the land that we were developing as useless and undevelopable, due to the seriously leached top soil. Because we did not do our homework and as hot-headed young people, we decided nevertheless to do something with the land. And we therefore pumped a huge amount of money to recover the top soil and brought in environmentalists and other experts as well as investors to help us create a destination at Laguna Phuket that is now teeming with birds and fishes. And we are providing jobs for thousands of people.

In Maldives due to global warming, a lot of the corals were whitened or dead. I was very glad to know that the Maldivians had very strict state regulations about environment protection and in response, we engaged German specialists who helped us build barnacles which are man-made steel structures that we submerged about 20 feet in the sea. Through what is called a marine accretion technology this project helps to accelerate coral growth by using safe low level voltage current that reacts with sea water, causing the minerals to crystallise into limestone. The rock-hard limestone provides the ideal foundation on which corals can flourish. It was proven that the barnacle program helped to accelerate the growth of corals 3-5 times faster. Another innovative program is to invite guests to pick up fragments of corals which would otherwise be washed away and plant them onto the

barnacles. Within days, they will be solidly cemented in place and will continue to grow and flourish in their new habitat.

So far I am trying to impress you that while there is global environmental degradation due to over-exploitation, we need to seek new technologies and new methods of reviving the environment, and this could be done. What was declared as a wasteland in Phuket in 1977 is now a thriving destination resort and a community. What was then a decaying coral bed around our two Maldivian resorts in Vabbinfaru and Ihuru is now thriving through three projects we are doing, called the Barnacles, the Lotus and also the Necklace. We are still learning how to revitalise the habitat of coral reefs and the biodiversity of the underwater community. So it is a do-able initiative. It just means a lot more time and energy, as well as financial investment. Above all it requires a conscious company policy.

There is another brand which we are positioned by, called the Angsana. This is my favourite. Many people have heard of the Banyan Tree. Angsana is a sister project within the same group. And the project we are very proud of is the 'Turtle Protection' project. This was in fact debated in the Parliament in Maldives. When I was a Nominated Member of Parliament, during a conversation with a Minister from Maldives, I had asked whether we could advocate for a retention of more than ten per cent of baby turtles so that we could help to grow these baby turtles in specialised nurseries until they are one year older and are much bigger and stronger, and more able to survive.

My reasoning with them was "These turtles will all die because they are so tiny as they are still soft and are quickly eaten by the big fishes." The government stuck to their regulation. In order to prove a point that kept turtles have a better chance to survive, we have to carry out a year-long experiment. Two specialists, Aziz and Anwar, both Maldivians, with the help of an environmental group in Europe have proposed that we monitor the growth and survivability of these young turtles by attaching monitors on them to track their movements when we released them. Two monitors were sponsored at US\$12,000 dollars each and the turtles were released in June 2002. We are all anxious to know the outcome.

Our other conservation programs include the 'napwatch' programme, a 'Napoleonic Wrasse' watch program that records the sightings of this endangered species, their special features,

sizes and type of activity that they were involved in. A number of international bodies have been consulted to help us identify ways to protect the remaining population.

Our spa is about high touch. Again in this sector, we talk about people. The oils that I am developing are based entirely on indigenous herbs and ingredients . This is also connected to job creation. The more indigenous materials we use, the more capacity building we are promoting because the people who are producing the oils will get employment.

The same for Banyan Tree Gallery, which I am in charge of. I have 40 galleries in the region, and one stand alone in Singapore. My experience in entrepreneurship started with two cushions. An elderly lady from YASATHON asked me to buy them, because she told me that my contribution could save lives. And I thought if I could buy more than two cushions, let's say 200 cushions, I could then accessorise the hotel rooms with those cushions and that could save many, many lives. And then I thought if I could buy 2,000 cushions, I could then start a retail shop so that other people could buy them and with the profit we could support more community causes. That is how the retail business of the Banyan Tree group started.

We have 34 nationalities in our group. We also operate in different countries, from Seychelles to Maldives to Phuket to Indonesia. Now we are going into Seychelles, China, Taichung, Hong Kong, Sydney and Guam -- different cultures which we try to understand, and develop the human resource package that adapt to their needs and issues. Seriously, we too often think we understand other people's needs. When we came up with a package, we then realise subsequently in a survey that their needs are quite different from what we think their needs are. We therefore have to design a scheme which is sensible enough that does not just focus on bottom line margins but balances multiple demands and expectations to nurture happy workers.

We initiate numerous service projects where we operate, whether it is to do with children's care services, providing English language courses, or simply initiating donation collections. Earlier on at the coffee break, a few had asked me if there is a contest between conserving the land and creating jobs, what is my choice? I am a greenie, but to some extent I will moderate this angst of being an environmentalist by also looking closely at people as part of our overall concern for the environment. People's livelihood is an equally important aspect.

If I can create a business that provides jobs and if these jobs requires me to harness environmental natural assets, I would do it. Because for the 4,000 people we employ, 16,000 people are altogether affected, if we add to each worker, a spouse and two children. The challenge is to moderate excessive exploitation of the environment and to find new methods of harnessing natural resources without disturbing the ecological balance, while safeguarding the interests of business development.

The Green Imperative Fund is our latest introduction in Banyan Tree Hotels & Resorts. For every room night, you donate one US dollar to this fund, which the management will match dollar-for-dollar. This fund supports projects that have strong environmental focus. It could be coral-saving, it could be saving the gibbons, or turtles, or it could be doing R&D work on new technologies for protecting the coral reefs. This Green Imperative Fund launched last November in 2001, has been very successful and we are drumming up the impetus by creating more media awareness for this worthy community-based environmental action.

The trend is in our favour, because we realise that people who will come to us are people who care about the environment. It's not only the young, there are also the older guests because they are thinking of the future generations, their grandchildren. This is just to show that we cannot just look at shareholders, we need to look at stakeholders and different partners. And if we are to get into any adversarial stance with any partner, there would be no business, hence no progress either. The trick is, how to work a partnership programme yet be able to grow the business on a win-win formula?

CONCLUSION

In conclusion, in myriad ways through many entrepreneurial efforts and concrete programmes, our company continues to learn to uphold the triple bottom line. Why the triple bottom line? That is a judicious balance of the relationship between economic prosperity, social justices and environmental quality. I would add a fourth bottom line. That would have been a gender perspective. But I thought I could also see a gender perspective embedded in the notion of social justices. So I kept to the historic use of the word Triple Bottom Line, which originated from John Elkington in 1997 in a book on twentieth century businesses.

The key value which weaves together our company's effort is a notion of sustainability, which believes that business will continue to thrive only when we promote sustainable

societies. Societies and businesses have to be enmeshed, mutually re-enforcing and mutually prospering by doing good. And doing good is being driven by values beyond profits and includes community enhancement, strong support for women, capacity building programmes which recognise the dignity of labour, the worth of the individual and respect for the environment.

You are 24 privileged students. As millennium leaders, you have to start thinking about the meaning of development and your role in recovering and shaping the ethos of society. Let me take just one minute to give you some thoughts on a cross cultural perspective. You must have read this in the Internet but others may not have. So let me share this.

If we shrink the earth's population to a village or precisely 100 people, with all the existing human ratios remaining the same, there would be 57 Asians, 21 Europeans, 14 from the Western hemisphere both north and south, 8 Africans; 52 would be female and 48 male - that's why I said the 21st century is a woman's century; 70 would be non-white, 30 would be white; 70 would be non-Christian and 30 would be Christian; 89 would be heterosexual and 11 would be homosexual; 6 people would possess 59% of the entire world's wealth, and all 6 would be from the United States; 80 would live in substandard living; 70 would be unable to read; 50 would suffer from malnutrition and one would be near death, one would be near birth. One, yes only one, will have college education and one would own a computer. That's why I say you are privileged students.

When one considers our world from such a compressed perspective, the need for acceptance, understanding and education becomes glaringly apparent. This was put up by a professor from Stanford University. For me, leadership is about developing an ethics of service and citizenship. We cannot see ourselves as bystanders and passers-by, we become active citizens by engaging in activities that connect us to larger communities and feel the pride of having made the difference.

I observed last night 24 of you on the dance floor at dinner time. It was a great insight to me. It was a simple dance which you had known. There was the joget which is similar to the Ramvong, which is also quite similar to the farmers' dance from the Philippines. But 24 of you were not sure of the dance steps, and were slow to get heated up. And then you moved not quite synchronised in your dance steps, but you were there together as a group. And

what united you all was the spirit for collaboration and the music. I am trying to say this - if you look at your commonness, despite the different background and cultures, and if you carry that spirit of collaboration with you as you become leaders, there is a lot more hope for older people like us who are going to be placed under your custody.

Watching the 24 of you dancing, then singing and play-acting together, is like watching a little United Nations in action. There was a diversity but there was that commonness as well. I felt that it was this commitment and this participation through doing things together, by doing life rather than talking about life, that was emotionally powerful for me. It is by engaging activities that promote CSR rather than intellectualising it all the time that we can move forward. And it is also through your outreach programmes in helping the vulnerable, enabling the weak to have access to livelihood resources and opportunities and advocating justice for the disabled and the disempowered, championing the Green Imperative causes to safeguard the environment for your children and our grandchildren, that we steadily and incrementally realise the ethos of CSR.

This underscores the spirit and meaning of leadership in civil society and I do not think leadership belongs only to the realm of political parties. I think community politics is a potentially enriching field for us to own, to strengthen, so as to advocate, and speak up on public and social issues. We can all lead and impact on social and economic policies. In the final analysis, doing good is doing well and that is the bottom line for the prosperity of humankind.

I leave you with that thought.