

AustCham Shanghai CSR Survey Findings

The importance of Corporate Social Responsibility (CSR) is becoming increasingly obvious in China. Companies are re-examining their position in relation to the social, economic and environmental expectations of their "stakeholders" and the Chinese government is affirming its adherence to a 'harmonious society' by tightening its social and environmental standards.

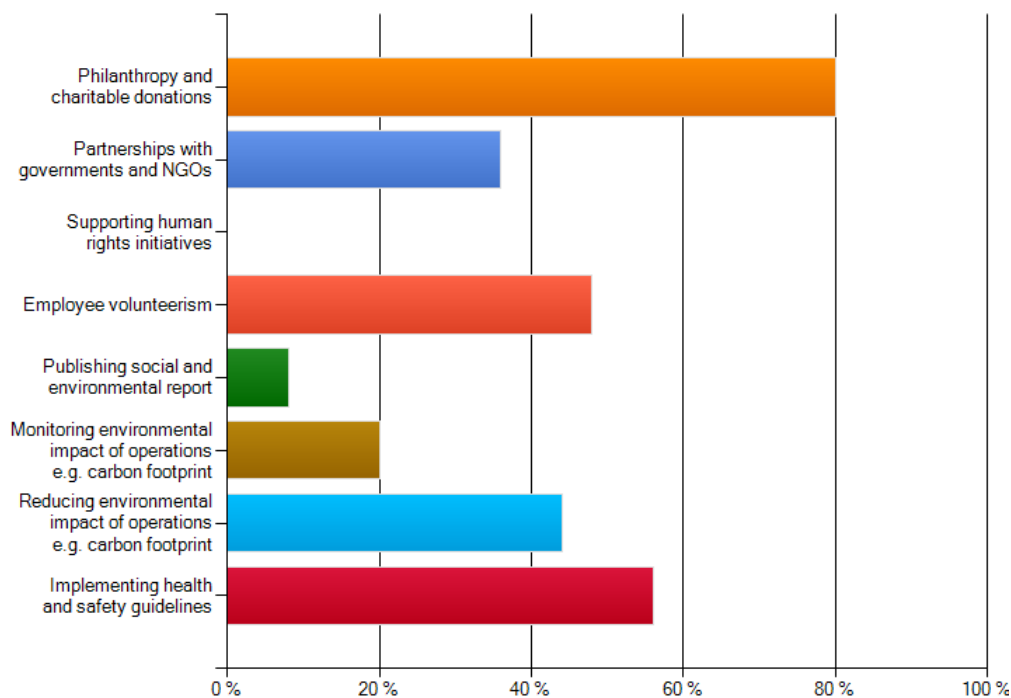
In response to the growing awareness of CSR and its relevance in Chinese markets, AustCham Shanghai conducted a survey of member businesses exploring their CSR attitudes, activities, expectations and goals.

Respondents of this survey reported that there is a trend towards CSR as good business practice and that it is an increasingly important element of doing business in China.

Feedback shows that CSR is framed as something that is good for business and that makes business sense. The 2 major benefits stated are; firstly that CSR is good for corporate branding and secondly for building strong relationships with stakeholders. Also noteworthy, and a close third, is that companies are using CSR to attract and retain key talent.

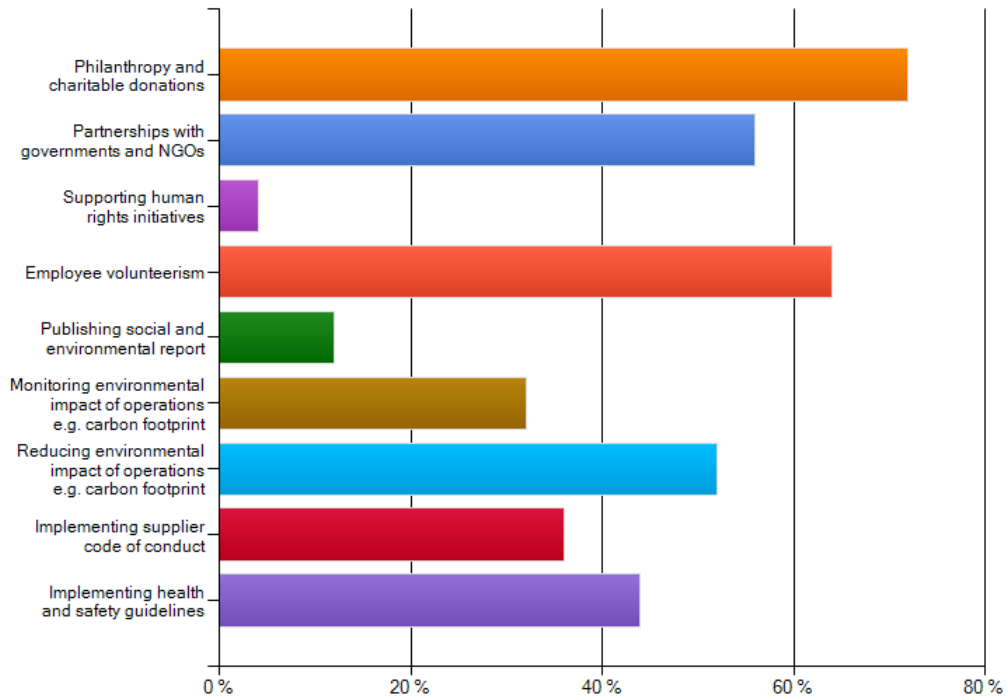
Given that the talent shortage is a key challenge for companies working in China, the connection between CSR and HR is particularly interesting. Perhaps linked to this is the fact that half of the respondents were engaged in employee volunteerism as part of their activities, however the most common type of CSR activity is by far philanthropy and charity.

Which of the following CSR activities is your organisation already doing? (Select all that apply)



This suggests many companies still do not see CSR as part of their business strategy but as an add on.

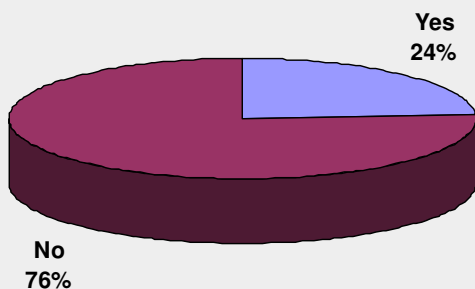
**Which of the following CSR activities does your organisation plan to do in the next three years?
(Select all that apply)**



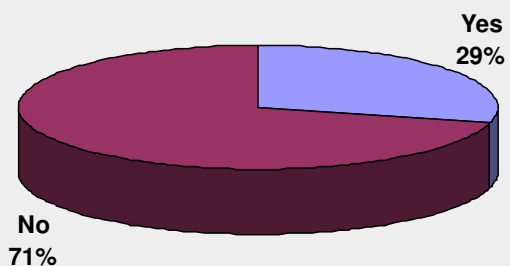
Only 2 respondents said they always or often partner with NGO's or government, and they cite the lack of knowledge and lack of contacts as key reasons for this. Given that CSR is a company's commitment to sustainability and part of this is through establishing and maintaining positive relationships with key stakeholders, the lack of a partnership with the Chinese government, a crucial stakeholder, would make it difficult for a company's CSR efforts to have a big impact on their business success.

The two most popular tools to communicate a company's CSR activities are traditional media relationships and the corporate website. Interestingly, only 23% felt that their company was doing enough communication around their CSR activities.

Does your company produce a sustainability report?



Does your company benchmark its social/environmental/governance performances against that of its competitors?



Many of the responding companies do not have a dedicated CSR officer, instead the corporate communications officer was the most likely staff member with this portfolio. A high proportion of senior management are also involved in CSR development and activities as many of them believe that CSR is fundamentally important to the business.

When looking at the reasons why a company does CSR in China these were the 3 major themes:

1. A sense of doing once bit for the community. making a contribution;
2. Brand reputation;
3. Compliance with government regulations.

Interestingly, environment or environmental issues figured as the number one issue companies believe they should be engaging with.

Lack of resources and experience was consistently mentioned as the biggest challenge faced by companies undertaking CSR in China, along with achieving internal alignment.

Companies mention roots and shoots and Sichuan Earthquake relief as examples of CSR. Of the companies that have a multi-market presence, most followed a global framework for CSR with local implementation.

Feedback from the survey confirmed the growing importance of CSR as part of the overall strategy of businesses in China. The majority of respondents recognised the value of having a CSR element in their business plan however the success of an effective program is often hampered by a lack of understanding, internal alignment and know-how. There is an obvious need for more education about CSR, methods of implementation and opportunities.