

“It pays to dispatch a CSR unit to a new market first before sending market development team.”

Intel’s ‘strategic social contribution’ catching two rabbits, business growth and social contribution, at once

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Dr. Anjan Ghosh, Director of Asia Pacific CSR Department, Intel emphasizes the importance of corporate social responsibility that
“The ultimate success of companies depend on successful development of local communities”. [Provided by Intel Korea]

In South Korea, large corporations donate large sums of cash to charity organizations such as Community Chest of Korea. It's an act of good will but at the same time the companies hope to improve their corporate image by doing so. Interestingly, charitable donations are now considered to be beginner's Corporate Social Responsibility (CSR) activities. However, global corporations in advanced nations still make such charitable and financial donations but many of them have developed a wide array of much more sophisticated CSR activities. More specifically, they now concentrate much more on 'strategic social contributions' which aim to not only contribute to local communities but also boost their business and increase sales.

Last December, the Samsung Economic Research Institute (SERI) published a report titled 'Must-have Qualification of Respected Corporation' and urged Korean corporations to ramp up their CSR strategies to higher levels. The author of the report presented Intel as a model company that has used its computer products and IT technologies to lessen the digital divide and reduce unemployment in developing countries while successfully expanding its business at the same time. Intel recently co-hosted the 9th Asian Forum on Corporate Social Responsibility in collaboration with Philippine-based Asian Institute of Management (AIM) in Kuala Lumpur, Malaysia. The focus of this forum was 'Improving business competitiveness through CSR'. I met with Dr. Anjan Ghosh, Director of Asia Pacific CSR Department, Intel, at the Forum venue, the Crowne Plaza Mutiara Hotel on the 20th of October to hear more about Intel's vision and their CSR strategy. Dr. Ghosh has a Ph.D. in Statistics and is a director of US-ASEAN Business Committee.

Do you believe that it is possible for all corporations to improve their business performance through social contribution activities that focus on providing public benefits? Some people criticize strategic social contributions, saying that CSR is merely a fancy phrase and that such activities actually pose a threat to both corporations and society.

"Such criticism might be valid if we measure the business benefit of CSR activities only by the short-term impact on the bottom line. However, CSR benefits business in other ways, for example by strengthening companies' ability to manage and mitigate various risks. It should also be noted that we are facing common challenges such as climate change and water shortages. We live in a global market where all players are connected. In today's globalized world, the problems of poverty, hunger, AIDS and other health issues, human rights and employees' working conditions no longer just impact companies within individual countries. There is a reason for businesses, especially international companies, to do something about the problems. Acknowledge that the poor in developing countries account for a great portion of the global population; help them to become economically independent and you will turn them into potential customers thus developing new markets."

It seems like strategic social contribution is a marketing tool for companies to increase their market share

"If a corporation firmly believes in the necessity of local community development for guaranteeing sustainable growth of the company, there is no real difference between marketing and social contribution activities because you have to always consider the socio-economic impacts of all business activities. We also need to remember that business activities and technology that has developed for the greater public good often leads to new innovations and better bottom lines."

I heard that Intel actually dispatches social contribution teams to new overseas markets before sending in their market research team.

"Building trust is the single most important first step you must take in order to successfully reach out to new customers in the country you want to start business with. Intel establishes trust from governments or local communities in new markets with education support programs. For example, we provide products that contribute to improving education. Vietnam and

Mongolia are two good examples. In Vietnam, Intel launched a training program for teachers in 2005, which focuses on transferring modern teaching skills that fit with 21st century standards. One year later, in 2006, we began construction of a product manufacturing plant. That plant was recently completed and started operating this week. The training program is still operating and so far 87,000 have teachers benefited from the training. We also introduced a scholarship scheme that allows talented Vietnamese students to study in the US and come back to Vietnam to work for Intel. These types of scheme benefit both students and Intel by helping us to access human resources."

Did you face any opposition from shareholders who often make short-term profit their highest priority?

"Fortunately, both our board of directors and shareholders understand the value of our CSR activities. Nonetheless, CSR outcomes need to be communicated to them in a language that they can understand. In other words, you need to make the effort to communicate the value of CSR programs using financial figures. For example, you need to tell shareholders that you saved 1.8 million US dollars in the first year of implementing energy conservation measures, when explaining the value of investing 4 million US dollars in an energy saving program."

How is Intel's CSR strategy received by the employees? Do they understand it well? Are they actively participating?

"Fostering common understanding of values and willingness to contribute are the two most important factors. Within Intel, there are grass root groups organized by employees to study sustainability issues and CSR projects related to the issues. The company encourages participation of its employees by making each employee's contribution to CSR activities a part of their job performance criteria. The CSR department and finance departments are also working closely to develop an incentive scheme, such as a cash reward program, to further encourage employee participation in CSR activities."

What is the size of Intel's CSR program budget?

"CSR activities are now fused into all our business activities, so it is difficult to assess how much was spent on CSR activities alone. Even if we come up with a number, it would not tell us much either. From a strategic social contribution perspective, investments made in product design, convenience facilities for employees, supplier-relations improvements, employee volunteer services, environmental impact and other similar activities, can all be considered CSR expenses. If I have to give a numeric figure on some of them, we spent about 1 billion US dollars on education support programs in various countries over the past 10 years. For water conservation projects, we've spent about 100 million US dollars since 1998."

Isn't there a case that old fashioned financial contributions still have to be a part of Intel's CSR activity?

"Of course, yes, we sometimes give out goods and make financial contributions for the purpose of brand image management. However, we aim to build partnership when we sponsor an event or an organization, rather than making a

one-time donation. For example, our sponsorship of the Asian Forum on Corporate Social Responsibility, which we have supported over the past four years, is rooted in the close partnership that we established with the Asian Institute of Management (AIM). We also collaborate on many other things. For example, Intel and the AIM professors discuss what kinds of CSR information to include in their MBA curriculum. AIM also published a book on our CSR activities using the information we provided and their own research into our CSR works. In collaboration with the Hope Institute of South Korea, we invited the NGO leaders of 14 Asian countries to South Korea and held a seminar last September, which was also a step to build partnerships for continued collaboration. We are looking forward to sharing our experience and knowledge and assisting to strengthen the capacity of NGOs in this region in order to fuel positive progress in Asia.”

“The philanthropic spirit of Bill Gates and Warren Buffet makes their charity special”

A report on the heated discussion at Asian Forum on Corporate Social Responsibility held on 21st and 22nd of October, 2010.

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Asian Forum on Corporate Social Responsibility ended with the Asian CSR award ceremony held in Gala dinner format at Kuala Lumpur, Malaysia on 22nd of October. A total of 99 companies submitted 141 CSR programs that fall into five categories including Best Workplace Practices, Concern for Health, Environmental Excellence, Poverty Alleviation and Support and Improvement of Education. Companies including MEASAT Broadcast Network Systems of Malaysia and Kraft Foods Philippines emerged as winners.

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"Donations made by Bill Gates and Warren Buffet have far reaching impacts because their acts are rooted in philanthropic spirit. CSR activities cannot be sustained unless they are rooted in such philanthropic spirit".

"CSR encompasses a wide range of activities from ethical business management to philanthropic donations. That's why we need to encourage companies to strengthen their CSR activities, not just philanthropic spirits".

On the morning of 22nd October, 2010, the Grand Ballroom of the Crowne Plaza Mutiara Hotel in Kuala Lumpur was engaged in a heated debate titled 'Should we encourage CSR more than Philanthropy?'. A total of over 340 participants from 27 countries, including CSR managers of US and European companies based in Asian offices, Asian companies, and Asia-based NPO and NGO experts participated in the debate on the age-old issue, chicken or eggs first. Although the topic of the debate was not new, the four main panels including Dr. Ralph Sorenson, Professor Emeritus, University of Colorado and Dato Paduka Timothy Ong, Chairman, Brunei Economic Development Board, made the debate rich and provided all participants with a great opportunity to think about the importance of both the spirit of philanthropy and CSR.

The thirty special interest sessions held in 6 different conference rooms over two full days were lively and rich with presentations and questions from participants. One major underlying topic was whether it is possible to 'increase business competitiveness through CSR'. Some of the presentations were on well-known case studies of US-based organic food product supplier, Whole Foods Market, which achieved outstanding growth while abiding by wholesome business management principles, particularly in the areas of employee-relations and supplier-relations. Telenor Group and GTZ (similar to KOICA of South Korea which manages international aid programs) were also the subject of presentations on the CSR strategy of engaging with corporations. Prof. Felipe B. Alfonso, Vice-Chairman, Board of Trustees, Philippines based AIM (Asian Institute of Management) Scientific Research Foundation and AFCSR (Asian Forum on CSR) Executive Director, who has organized the forum since 2002, said 'The Forum provides corporate participants with an opportunity to learn how more experienced global corporations are aligning their CSR activities with their business strategies. The forum also provides a unique opportunity to establish a strategic social contribution partnership with NGOs and NPOs in each country in Asia.'

CSR managers from POSCO and SK Telecom also participated in the Forum and expanded their network. The founder and CEO of Global Competitiveness Empowerment Forum, Ms. Angela Joo-Hyun Kang, who made a presentation on CSR activities of Korean companies in one of breakout sessions, said "South Korean companies still do not feel comfortable about linking social contribution activities with business strategy or economic benefits, largely due to expected criticism from the Korean public on linking the two". Then, she added that "Despite this, companies need to give serious thought on how to effectively link their CSR activities with business strategy if they are thinking about expanding into other parts of Asia and globalizing their operations".