

Being socially responsible makes good business sense

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MORE investors are now interested in socially responsible companies, so it makes good business sense to be one, according to global telecommunications company, Telenor Group.

"Companies have to demonstrate that not only its governance is good, but that it is in fact making a positive contribution to society," said the group's director of corporate responsibility (CR), Ola-Jo Tandre.

Telenor should know what it is talking about. After all, it won huge market traction in its first Asian venture — Grameenphone in Bangladesh — by first empowering women in the country side with a project called "village phone ladies", where Telenor helped them set up a small telephone kiosk business.

After its beachhead start from its CR project, Grameenphone is now the largest mobile provider in Bangladesh, serving more than 23 million subscribers in 2009. Telenor holds a 55.8 per cent stake in the company.

"Since 1997 till now, we've grown a lot in Asia and I think to be able to (continue to) succeed in Asian markets, we recognise that we have to show value in those markets — to demonstrate that we can bring something to the table," said Tandre.

He was sharing with *Businesses Times* on Telenor's CR experience after speaking at the Asian Forum on Corporate Social Responsibility in Kuala Lumpur recently.

Indeed, socially responsible investing (SRI) is a booming market in both the US and Europe.

Between 2007 and 2009, broad market indices such as the S&P 500 declined and the broader universe of professionally managed assets increased by less than 1 per cent, but assets involved in sustainable and socially-responsible investing managed to rise by more than 13 per cent — from US\$2.71 trillion to US\$3.07 trillion (RM8.54 trillion to RM9.67 trillion), according to the 2010 edition of the Social Investment Forum Foundation's Report on Socially Responsible Investing Trends in US.

Nearly one of every US\$8 (RM25) under professional management in US today — 12.2 per cent of the US\$25.2 trillion (RM79.4 trillion) in total assets managed and tracked by Thomson Reuters Nelson — is involved in some socially responsible and sustainable investing.

Experts had pointed out that more investors are moving their money and demanding more "responsible returns" from their investments by taking environ-

mental, social and governance issues into account.

Local telco DiGi, of which Telenor owns 49 per cent shares, has also been infected by the group's enthusiasm for CR.

It won the first Prime Minister's CSR Award that was handed out for the best overall CSR programme in Malaysia in 2007.

The honour was bestowed on DiGi just two months after Telenor was ranked number one on the Dow Jones Sustainability Indices in the mobile communications sector.

The indices are the first global indices that track the financial performance of the leading sustainability-driven companies worldwide.

"There is room to create a kind of CSR portfolio of initiatives that can create advantages for your own business. It can be much more than a cost, constraint or charitable deed. That has been an important inspiration for us," said Tandre, quoting marketing guru, Michael Porter, who thinks that CR can be an important business strategy.

The trick is to find areas of mutual interests in the surrounding society and look for those that are related to the kind of businesses one is involved in.

Tandre believes business has a fantastic capability to do good in society, and it is important that governments recognise their potential and give the right incentives to spur such efforts.

"People are more aware now. There are those that think their money should not be risked in a company that does not look after its sustainability performance, fearing that it might become a liability for that company if it hits a crisis," said Tandre.

Tandre said CR was also looking increasingly important when it comes to attracting and retaining the best talent for the company.

"A lot of young people today want to work with a company that takes its responsibility to society seriously," he added.

It is about making people feel they are meaningful in a wider context, beyond the company's bottom line.

"Staff feel proud to work for an organisation when they know they are part of the solution to difficult problems in society, and that they too are instrumental in improving the quality of people's life."

But Tandre did not want to give the impression that Telenor has already got CR down pat.

"Not everything is perfect or hunky-dory. But we're working hard and constantly monitoring (our business operations) to ensure that we do better where and when things are not good enough."