Corporate Social Responsibility in Myanmar -
A Business Case
“Businesses can do well by doing good.”

This already well-established motto is nowhere more applicable than in developing contexts like Myanmar. From renowned international corporations to medium-sized companies, corporate social responsibility (CSR) is increasingly becoming a major part of the business agenda for entities of all sizes as a point of difference in their branding and adding reputational value to their products and services. By taking responsibility for the well-being of the societies and environments in which they operate, these companies are practicing Corporate Social Responsibility (CSR) in a manner that generates significant returns to their businesses.

**Introduction**

When businesses start to move beyond compliance they start their journey along a continuum described in the CSR Value Curve. Survey results show that surprisingly few companies engaged in what appears to be a very fundamental area for reputation building – strategic philanthropy. Strategic philanthropy aligns charitable giving with business strategy, company skills and market needs. These efforts reinforce a company’s social commitment with ongoing returns, often in the form of goodwill and typically indirectly from a financial perspective.

Just as the recent telecommunications sector reform has triggered lasting change in the way people communicate in Myanmar and the ways in which these developments can create value for business, the influx of foreign-owned companies has already caused an enduring shift in local market dynamics and is slowly changing the traditional relationship between an enterprise and its customers, employees, and partners.

Resulting increased visibility of corporate actions, particularly at labor-force community level, directly affects perceptions of companies, as well as expectations of positive change, which were also a major driver of the 2015 elections.

Whereas in other contexts base changes to purchasing behaviors is the key consequence of increased corporate visibility, in Myanmar large population segments trapped in poverty are excluded from market participation on the back of missing sustainable livelihood opportunities, limited financial literacy and reliance on unfavorable traditional money management practices, create an additional risk for companies unable to actively demonstrate their commitment to positive social change. And because that means significant financial impact for businesses, CSR is no longer viewed as just a regulatory or discretionary cost, but an investment that brings financial returns.

A recent survey of 250 business leaders worldwide found that businesses are wasting no time in interpreting these implications and acting on them: When companies talk about CSR publicly, they tend to describe it in terms of philanthropy. The survey, however, found that businesses have actually assimilated a much more strategic view; 68 percent are now utilizing CSR as an opportunity and a platform for growth.
Based on our conversations with leading businesses in Myanmar it appears incontrovertibly true that business leaders are starting to see CSR as a sustainable growth strategy. However, the complex Myanmar operating context, although CSR opportunity-rich, for reasons already mentioned presents a unique array of challenges in turning this vision into meaningful and sustainable actions that minimize associated risks and yield the desired returns. It’s equally true in Myanmar that a more advanced view of CSR demands significant long-term commitment, and in some cases re-definition of corporate values. It can also require wholesale changes to the ways companies operate. Finally, it will require a finely honed appreciation of the market and community expectations as they relate to CSR initiatives.

Myanmar market analysis has led us to three dynamics that companies should understand and act upon in dealing with CSR.

**These are the three dynamics:**

**Business Impact** – *From compliance to growth opportunity*

**Education** - *From marketing to social visibility*

**Relationships** - *From corporate management to grass-root engagement*
CSR in Myanmar — The Challenge

REGULATORY FRAMEWORKS
Myanmar’s ever evolving regulatory frameworks increasingly demand that more and more spending goes toward compliance. For a sustainable business, organizations must work with government bodies to shape regulation through working groups and associations, and engage with stakeholders for collaborative approaches for development and local infrastructure.

CUSTOMER NEEDS
Myanmar customers, like elsewhere seek sustainable, effective products and services. Organizations need to create favorable market conditions and a conducive business environment. Businesses must identify opportunities for new products and services created by sustainable CSR such as investment in education to pave the way for infrastructure improvements and ‘green’ technologies, among others.

CSR RISK MANAGEMENT
Prioritization of CSR activities can be a challenge in an environment with a wide landscape of worthy causes and business risks to consider. Myanmar’s accelerated evolution of regulatory legislation not only increases these uncertainties but frequently adds new opportunity risks. Businesses

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CSR CROSSOVER
In line with best “Do No Harm” practices, businesses must have an in-depth understanding of the “Three W’s”: Who is implementing or already operating similar programs? What are they implementing or what is their objective? Where or for whom are they implementing them? For instance, if a company implements a Village Savings & Loans Group program in an area where a financial institution operates a microfinance scheme, this may lead to programmatic conflicts and cause reputational damage for either organization.

BUSINESS CASE
Putting a dollar value on sustainable business operations such as brand name and customer loyalty can be a challenge for a majority of organizations. Moreover, CSR is not normally embedded in the valuation of a company. “Connecting the dots” from bottom line to social impact is a business case that requires technical input and CSR expertise.
CSR in Myanmar — The Challenge

International companies generally operate in a dynamic business environment, where budget constraints are the norm. Consequently, organizations face challenges in their effort to make CSR sustainable in less established and emerging markets like Myanmar.

**WILL VERSUS CAPACITY**

Organizations undertake CSR activities without capacity to monitor and benchmark. The actual value of CSR cannot be quantified due to the lack of technical expertise.

**COMPETITION**

The Myanmar market is a highly competitive environment. Contributing to one-time CSR activity is often limited by budgetary constraints and the bottom line; not maximizing its value or “missing the mark”, therefore, are unacceptable risks.

not only increases these uncertainties but frequently adds new opportunity risks. Businesses must integrate CSR into their wider ERM frameworks.

“Philanthropic intentions aside, without technical expertise, the real potential of CSR is ultimately left untapped and business—relevant social impact opportunities are missed.”

**RIGHT METRICS**

CSR metrics such as ecological footprint and workforce demographics reflect baseline values for a firm’s economic and social sustainability activities. However, prioritizing projects by internal and external stakeholders, and identifying the CSR projects that have maximum impact is challenging in an environment where relevant data is not readily available.

**PEOPLE**

Sustainable CSR requires an intimate understanding of how both individuals and communities take decisions about environmental and social issues. The primary challenge is to attract and incentivize employees showing interest in or willing to drive CSR programs.
Return on sustainable CSR

Source: Study by ‘Global Alliance for Banking on Values

CSR has yielded significant benefits to society such as community welfare, economic development, and environment protection.

In addition, businesses have realized intangible benefits, as shown in Figure 1

Figure 1: Benefits of sustainable CSR

Enhances Brand Equity
Businesses can boost their brand image through CSR activities. Responsible companies face far lesser scrutiny from regulatory authorities.

Builds Trust & Confidence
In an uncertain business environment, CSR activities help organizations build trust and relationships with different stakeholders.

Improves Financial Performance
CSR activities can directly contribute to the bottom line. According to a study commissioned by the Global Alliance for Banking on Values (GABV), values-based businesses deliver higher financial returns.

Increases business growth
There is a correlation between CSR activities and business growth. Prospects of a business increase when CSR is aligned with business. It could be due to brand recognition by and the brand loyalty of customers.

A Sustainable Business Begins with CSR

Businesses must realize that CSR is an intrinsic part of a sustainable business. CSR needs to be embedded into every aspect of business, including product design, innovation, operations, supply chain, and marketing.

Financial institutions must integrate CSR with their core strategy, product design, mission, and company policy.

An effective CSR strategy should be well-formulated, articulated, and aligned with business. It must also have the unstinting support of key stakeholders to become a long-term sustainability agenda.

“CSR can become sustainable when people are involved in the CSR agenda, the CSR policy is clearly defined and communicated to constituents, and employees are recognized and honored for excelling in CSR activities.”
About Eos Group Myanmar Ltd.

We are a finance sector support and enterprise risk management firm registered in Myanmar, with regional offices in East Africa and Oceania.

In line with our own passion for and commitment to social responsibility, sustainability and meaningful engagement we have geared CSR to be one of our core services.

We provide technical support, project design and management services and community based program assistance, whilst building the capacity of all kinds of organizations, ranging from corporate entities, financial service providers and INGO’s to government agencies and educational institutions.

It is our deep understanding of Myanmar’s unique operating context, which ideally positions us to walk with our clients every step of the way, lending our extensive subject matter expertise, utilizing the latest tools and taking innovative approaches in applying international best practices to maximize positive impact as a catalyst for business growth.

Sources: Infosys—Rethinking CSR in Financial Services, 2013 | IBM—Attaining sustainable growth through CSR, 2009