CORPORATE SOCIAL RESPONSIBILITY FOR

IMPROVING HUMAN SETTLEMENTS

THROUGH VOLUNTARY AND PRIVATE SECTOR PARTNERSHIPS IN

SELECTED SOUTHEAST ASIAN DEVELOPING COUNTRIES

by

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Final Thesis submitted in fulfillment of the requirements

for the degree of

Doctor of Philosophy

November 2009

ACKNOWLEDGEMENTS

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14AISDRC	: The 14th Annual International Sustainable Development Research Conference 2008
ADB	: Asian Development Bank
AusAID	: The Australian Government's Overseas Aid Program
ASEAN	: Association of Southeast Asian Nations
BP	: British Petroleum
BSR	: Business for Social Responsibility
CBO	: Community-Base Organization
CCI	: Corporate Community Involvement
CFP	: Corporate Financial Performance
CIT	: Communication & Information Technology
CR	: Corporate Responsibility
CSP	: Corporate Social Performance
CSR	: Corporate Social Responsibility
CWS	: City Without Slums Action Plan
DB	: Deutsche Bank
DPU	: Development Planning Unit, University College London
EPS	: Electronic Payment System
EU	: The European Union
GDP	: Gross Domestic Product
GE	: General Electric
GNESD	: Global Network on Energy for Sustainable Development
HA	: The Habitat Agenda
HFH	: Habitat for Humanity
HSBC	: Hong Kong and Shanghai Banking Corporation
ICOUS08	: International Conference on Urban Sustainability 2008
IDE	: International Development Enterprise
IT	: Information Technology
LA 21	: The Local Agenda 21
MDG	: Millennium Development Goal
MSC	: Magadi Soda Company
NGO	: Nongovernmental Organization
OECD	: Organization for Economic Cooperation and Development
P & G	: Procter & Gamble
PRIA	: Society for Participatory Research in Asia
SD	: Sustainable Development

SEA	: Southeast Asia
SME	: Small and Medium-Sized Enterprise
TNC	: Transnational Corporation
UN	: The United Nations
UNCED	: United Nations Conference for Environment and Development
UNDP	: United Nations Development Programme
UNEP	: United Nations Environment Programme
UNESC	: United Nations Economic and Social Commission
UN-HABITAT	: United Nations Human Settlements Programme
UNICEF	: United Nations Children's Fund
U.K.	: The United Kingdom
U.S.	: The United States
USAID	: United States Agency for International Development
VO	: Voluntary Organization
WB	: World Bank
WBCSD	: World Business Council for Sustainable Development
WHO	: World Health Organization
WSSD	: World Summit on Sustainable Development
WTO	: World Trade Organization
WUF	: World Urban Forum

ABSTRAK

Kebanyakan negara di Asia Tenggara adalah negara sedang membangun yang mengalami masalah petempatan. Walaupun kerajaan negara tersebut telah berusaha untuk menyelesaikan masalah petempatan, namun masalah perumahan, perkhidmatan bandar dan infrastruktur masih menjadi masalah besar dan memerlukan tindakan dan penyelesaian yang baik. Pendekatan pembangunan baru menggunakan kerjasama daripada pelbagai pihak ke arah mencapai petempatan mapan, yang melibatkan baik pulih fizikal dan pembangunan kapasiti komuniti. Dalam usaha ini, pendekatan sektor swasta menggunakan saluran tanggungjawab korporat sosial (CSR) melalui kerjasama dengan sektor kesukarelawan sebagai kaedah untuk menyampai, mempermudah dan menambah baik pembangunan petempatan. Pendekatan ini memberi ruang kepada penggunaan sumber yang pelbagai dan saling menyokong dalam pembangunan petempatan. Kerjasama melalui CSR boleh memberi manfaat kepada pelbagai pihak, termasuk masyarakat tempatan, syarikat dan organisasi kesukarelawan. Walaupun kerjasama antara sektor swasta dan kesukarelawan adalah penting, namun data sekunder menunjukkan bahawa kerjasama ini masih tidak popular di wilayah Asia Tenggara dan kajian lepas tentang topik ini juga kurang.

Kajian ini mengkaji aktiviti kerjasama di negara yang terpilih di Asia Tenggara, termasuk Kemboja, Indonesia, Laos, Malaysia, Myanmar, Filipina, Thailand dan Vietnam. Skop kajian terhad kepada kerjasama antara syarikat dan organisasi kesukarelawan yang terlibat dalam pembangunan petempatan untuk masyarakat miskin di luar dan dalam bandar. Pembangunan petempatan termasuk kualiti perumahan, tenaga, komunikasi dan teknologi informasi, pengangkutan dan jalan, bekalan air, sistem kumbahan, pengurusan buangan pepejal, ruang masyarakat dan kemudahan sosial. Ciri dan skala syarikat dan pertubuhan

kesukarelawan yang dikaji adalah luas, namun fokus diberi kepada syarikat yang mempunyai ibu pejabat di Asia Tenggara. Melalui pendekatan kualitatif, data untuk kajian ini dikutip daripada Mac 2007 hingga September 2008. Sumber utama data diperolehi daripada sorotan karya yang berkenaan dan laporan daripada 86 syarikat dan 30 pertubuhan kesukarelawan. Data juga ditambah melalui temuduga mendalam dan perbincangan panel dalam bengkel dengan syarikat, organisasi kesukarelawan dan pakar untuk mendapatkan pengalaman dan persepsi mereka dalam topik ini.

Penemuan menunjukkan bahawa hanya 20 projek kerjasama dalam pembangunan petempatan, dengan hanya 15 syarikat terlibat dalam kerjasama CSR tersebut. Penemuan ini selari dengan keadaaan semasa di mana kerjasama CSR adalah sangat kurang. Kajian kes dianalisa mengikut tema seperti latarbelakang dan pencapaian syarikat dan organisasi kesukarelawan, lokasi projek, jenis pembangunan petempatan, tempoh dan kesinambungan. Lima kes dipilih untuk mendapatkan analisis situasi yang mendalam. Penemuan juga melibatkan faktor yang mendorong kerjasama, kebaikan kerjasama dan cara untuk memaksimakan keberkesanan kerjasama.

Salah satu daripada penemuan utama kajian ini adalah hampir semua kerjasama melibatkan organisasi kesukarelawan tempatan atau organisasi antarabangsa yang mempunyai kaitan dengan tempat kawasan projek dijalankan. Kerjasama dengan organisasi kesukarelawan tempatan bleh memupuk penglibatan masyarakat, yang mana juga boleh menyumbang kepada keberkesanan penglibatan syarikat dalam pembangunan masyarakat. Organisasi kesukarelawan tempatan boleh membantu kerana mereka lebih memahami keadaan setempat. Manakala kebanyakan kerjasama dijalankan oleh syarikat cawangan daripada pelbagai sektor perniagaan. Kajian ini menunjukkan bahawa untuk memaksimakan keupayaan syarikat, adalah penting juga untuk memaksimakan keberkesanan kerjasama,

contohnya dengan menyediakan kepakaran khusus, penegtahuan dan sumber yang pelbagai untuk menghasilkan keserasian, yang mana hanya boleh dicapai melalui kerjasama. Syarikat boleh mempengaruhi dan memandatkan jaringan lain dalam perniagaan mereka untuk memberi impak yang tinggi. Sektor perniagaan yang berbeza boleh menyumbang kepada kerjasama dengan memadankan keupayaan unik mereka dan menyahut cabaran kepada tanggungjawab sosial yang berbeza.

Kajian ini mencadangkan agar kerjasama digalakkan di wilayah ini menggunakan pendekatan CSR untuk pembangunan petempatan sebagai syarat. Kajian ini menganalisa kaedah untuk membentuk kerjasama berdasarkan kekangan dan keperluan yang dikenal pasti. Kerjasama melalui CSR juga memerlukan tanggapan positif terhadap CSR daripada syarikat. Untuk CSR yang berjaya, empat motivasi dikenal pasti − kedermawanan yang mempunyai motif sendiri, tindak balas bertahan, pengurangan risiko dan peluang perniagaan. Syarikat perlu menyesuaikan nilai dan strategi CSR selaras dengan sebab dan tujuan mereka menjalankan CSR. Kajian ini juga menunjukkan bahawa syarikat perlu mempunyai objektif dan strategi sendiri yang sesuai dengan strategi, keupayaan dan identiti perniagaan mereka, yang mana juga sesuai dengann keperluan tempatan. Untuk memupuk kerjasama, syarikat dan organisasi kesukarelawan perlu bertindak secara proaktif terhadap CSR dan merekabentuk satu tema kerjasama yang dipersetujui. Sikap kerajaan yang tidak begitu menggalakkan penglibatan sektor lain dalam pembangunan menjadi halangan utama membentuk kerjasama dalam aspek ini. Oleh itu, perkongsian tanggungjawab dan pembuatan keputusan dalam pembangunan adalah syarat utama untuk mencapai kejayaan dalam pembangunan sebegini. Kajian ini juga mengenalpasti peranan syarikat, organisasi kesukarelawan dan sektor awam untuk menggalakkan kerjasama melalui CSR.

Walaubagaimanapun, kebanyakan projek kerjasama masa kini adalah berbentuk "one-off" atau sementara, oleh itu faktor yang menyumbang kepada kemapanan kerjasama juga penting.

ABSTRACT

The Southeast Asian region, which mainly consists of developing countries, is one of the world's regions suffering from poor human settlements. Despite the efforts by the public sector to solve these problems, they persist which require more actions and better solutions. New development approaches drawing more actors' efforts through partnership are sought to promote sustainable human settlements, which include physical upgrading and community capacity building. Private sector involvement through corporate social responsibility (CSR), and the use of voluntary and private sector partnership as a tool to deliver, facilitate and improve the CSR are believed to be the new development approach. These enable diverse, complementary and more resources to be drawn together to give supports to human settlement development. The adoption of the CSR through partnership can bring benefits to all parties, including the served communities and the involved corporations and voluntary organizations (VOs). Although the development of the partnership is important and provides potential benefits, reviews based on secondary data show that it is still not popular in most Southeast Asian countries. Previous research on this topic is also scarce.

This research investigates the current concerned partnership activities in selected Southeast Asian countries, including Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. The scope is limited to those partnerships between corporations and VOs involved in improving human settlement fabrics associated with capacity building for the poor in both urban and rural areas. The human settlement fabrics include shelter quality, power, communications and information technology, transports and networks, water supply and connections, sanitation, solid waste management, community space and social facilities. The nature and scale of the corporations and VOs examined are open, but focus on those

having headquarters and/or affiliates in Southeast Asia. Using a qualitative approach, the data of this research were collected from March 2007 to September 2008. The main data sources are based on literatures and public reports of the corporations and VOs which include published and online reports of 86 corporations and 30 VOs. The data collection was supplemented by the experiences and opinions of the relevant corporations, VOs and other professional individuals/organizations gathered through individual interviews and conference panel discussions.

The findings show that only 20 relevant partnership projects are found, with only 15 corporations forming the CSR partnership. The research therefore confirms the current low popularity of the partnership. The partnerships were analyzed by doing analyses according to themes like the background and achievements of the corporations and VOs, project locations, types of human settlement development, periods and continuity. Five cases were purposively selected to provide in-depth insights on each situational analysis of the cases. The findings also include the reasons and actual advantages of partnership for human settlement and ways to maximize the effectiveness of the partnership.

One of the key findings of this research is that, nearly all of the current partnerships involved local VOs or the local affiliates of international VOs located in the places of project implementations. Partnering with local VOs can facilitate community participation, which also contributes to the effectiveness of the corporate community involvement. Local VOs can help through their understanding of local situation. As for the corporations, the partnerships are mostly run by their local branches from wide coverage of different business sectors. This research shows that maximizing the utilization of the core capacities of corporations is essential to maximize the effectiveness of the partnership, for example by providing specialized skills, knowledge and resources of different kinds to support their VO

partners to step into what either sector cannot achieve alone. They can also help advocate or mandate along their supply chains to greatly enlarge the impact of the efforts. Yet, different business sectors can provide different specific potential contributions in the partnership by matching their different unique capacities and responding to their different social responsibilities.

This research suggests the promotion of the partnership in the region through CSR for human settlement development as a prerequisite. It analyzes the possible ways to develop them in response to the current drivers, barriers and needs identified; and emphasizes that the promotion of the CSR should firstly require the positive attitude of corporations towards CSR. There are four motivations linked to successful CSR - self-motivated philanthropy, defensive response, risk reduction and business opportunity. Corporations need to adjust their CSR values and strategies in response to their reasons and aims of doing CSR. This research also indicates the needs for corporations to integrate CSR with their core business strategies and design focused CSR objectives and strategies for their own, which match their capacities and identities and suit the local needs. In promoting the partnership, it requires both corporations and VOs to act more proactive towards it and design significant partnership themes. As the lack of governments' willingness to allow and support other sectors' involvements in development is found to be one of the current key barriers to CSR and partnership, the sharing of responsibilities and decision-making in development by the governments is also a precondition. The roles of corporations, VOs, public sector bodies and other actors in promoting CSR and partnership are identified by this research. However, most of the current partnership projects are of one-off project-based nature, therefore, in addition to promoting the partnership, this research also identifies that the importance of ensuring the sustainability of partnership.

CHAPTER 1 – INTRODUCTION

It is estimated that about half of the world's urban slum dwellers live in Asia Pacific. The region's group of developing countries has an urban slum incidence of about 72 per cent, which is about 30 per cent more than the regional average. The Southeast Asian region, which mainly consists of developing countries, is one of the regions in the Asia Pacific seriously suffered from poor human settlements. According to the data from the United Nations Population Division, the estimated slum to total urban population in Southeast Asia has seriously reached 28 per cent, equaling to about 56,781 thousand people (UN-HABITAT, 2003). Focusing on individual Southeast Asian developing countries, slum to urban population in 2001 has reached 72 per cent in Cambodia, 66 per cent in Laos, 47 per cent in Vietnam, 44 per cent in the Philippines, 26 per cent in Myanmar and 23 per cent in Indonesia; and all are of positive annual slum population growth rate, ranging from 1 to 6 per cent (UN-HABITAT, 2001b). Not only shelter provision is a problem, but also the urban services and infrastructure. For example, in Jakarta, Indonesia, one of the cities in the region that have the largest concentration of urban poor, nearly one-third of them have no access to safe water and more than two-third do not have access to adequate sanitation (UN-HABITAT, 2004). According to the data of WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation, only 28 per cent of the total population in Southeast Asia is connected to household piped water. The problem of sanitation is also serious. A huge effort is needed urgently to expand the hygienic sanitation coverage to achieve the Millennium Development Goal's target level of 75 per cent by 2015 from the level of 67 per cent by 2004 in Southeast Asia (WHO/UNICEF, 2006).

Human settlement problems exist in both urban and rural areas. Despite several

numbers of big cities and rising urbanization, the Southeast Asia region is still largely rural where over 57 per cent of the population lives (ASEAN, 2006) and many of them still suffer from isolation because of poor transportation and communication infrastructure. However, while there is an exodus from the villages and an influx into the cities, yet, even the cities are not properly equipped to manage it. Heavy rural-urban migration, together with natural population growth, is leading to unprecedented rates of urban population growth that may have surpassed the absorption capacity of urban social services, and led to the lack of urban land and resources. Also, many areas suffered from the lack of community capacity and properly trained local personnel in managing the development planning process, as argued by Atal (2001). Slums and informal settlements appear, along with the many inter-linked social, environmental and economic development problems associated with them.

Poverty is usually associated with slums and informal settlements. Taking the definition of "poor people" as those living on less than one U.S. dollar per day (ADB, 2004), the number of poor in the Asia Pacific still reaches about 900 million, counting for about 70 per cent of the world's poor. Among this, 55 million are in Southeast Asia. Nearly one in three Asian is poor. A quarter of the 700 million urban dwellers in low and middle-income countries in Asia, up to two-fifths in some countries, are described as poor people (ADB, 2002; Franceys and Weitz, 2003). Until recently, trends in poverty reduction throughout the Asia Pacific region have been positive. However, the number of poor people, especially in Southeast Asia, has increased (ADB, 2004b).

Todaro and Smith (2003) argued that the most pressing challenges in developing countries in the next few decades will be caused by poverty. The problems related to slums and informal settlements such as low quality and bad durable shelters, poor and

inadequate urban services and infrastructure, such as water, sanitation, drainage, solid waste management, power, transports and communications facilities, need attention and action as part and parcel of fighting against poverty. Besides, landlessness and insecure tenure rights make the poor lack legal status and eligible identity to access public urban services, social welfare and job opportunities. Dwellers feel reluctant to invest in improvements to their houses and neighbourhood due to the lack of recognition of such housings as their economic assets. Inadequate urban services and infrastructure also limits the capacity for income generation activities. All of these will create problems such as limited economic development, poor public health, social exclusion, environmental hazards and low security to natural disaster, bringing low human security and reinforcing the cycle of poverty in developing areas. Therefore, the *Habitat Agenda* suggested that, poverty eradication is inextricably linked to the promotion of equitable, socially viable and stable human settlements (*Habitat Agenda*, 1996). In alleviating poverty and thus bringing favorable conditions for people to live and business to operate and market, the availability of basic shelter, urban infrastructure and services play a critical role. They create the conditions for development, so that income generation activities can happen and poverty is reduced. Promoting sustainable human settlements helps alleviate poverty as well as improve business environment.

Traditional expectation has been that, promoting sustainable human settlement development should be the responsibility of the governments and global institutions such as the United Nations and World Bank. However, human settlement problems are complicated and require global efforts from different sectors to search for sustainable solutions. Working towards sustainable development is not only the responsibility of the government. It is increasingly apparent that the investment will require shared responsibilities and multiple participants, including corporations and VOs of different

sectors and scales. The incapability of the governments in some developing countries in dealing with the complicated development issues particularly demand the collaborations and external assistances from other sectors. Private sector's involvement through corporate social responsibility (CSR) and its partnership with voluntary organizations (VOs) can be one of the best ways. In achieving sustainable human settlements, actions from different sectors are needed towards physical upgrading of basic shelters, urban services and infrastructure, associated with capacity building for the poor.

Currently, globally recognized action plans that promote sustainable human settlements include the *Local Agenda 21 (LA21)* in 1992, *Habitat Agenda (HA)* in 1996 and *Millennium Development Goals (MDGs)* in 2000. The basic overarching principles of sustainability, livability and equity are goals in both *LA21* and *HA*, whereas enablement, civic engagement and multi-actor governance are envisaged as the means to realize the goals. In promoting the goals of "sustainable human settlements" and "adequate shelter for all", both agendas emphasized the critical contribution of all major social groups including nongovernmental organizations, and also emphasized the strengthening of private sector involvement in development, as well as cooperation between groups for local capacity building. "Develop a Global Partnership for Development" and "Ensure Environmental Sustainability" are also set as two of the eight *MDGs'* goals. Up to the *World Summit on Sustainable Development* in Johannesburg in 2002, sustainable development was a "campaign topic" (Wilkes, 2005). Today the new phase on sustainable development focuses on implementation. In response to the common goal of "promoting sustainable human settlements" and the means by "strengthening private sector involvement" and "partnership between sectors", this research explores the private sector's involvement in promoting sustainable human settlements through CSR, and its partnership with the voluntary sector.

1.1 VOLUNTARY AND PRIVATE SECTOR PARTNERSHIP FOR CSR: ISSUES AND TRENDS IN SOUTHEAST ASIA

"Partnership" has been a major theme suggested by various existing action plans like the *Local Agenda 21, Habitat Agenda* and *Millennium Development Goals* in promoting sustainable development. Considering partnership as a tool for the CSR for sustainable development, this section aims to address the need of voluntary and private sector partnership, by firstly looking into the concept and needs of CSR and giving an overview on the strengths and weaknesses of the voluntary and private sectors. The current situation and future possibilities of their partnership activities in Southeast Asia are then discussed.

1.1.1 Concept and Need for Corporate Social Responsibility (CSR)

Increasing demand for sustainable development during the last decades has initiated actions from governments as well as corporations and VOs. However, many of today's social, economic and environmental challenges are too complex for one sector to tackle alone. The responsibility to take care of the environment should not solely be the role of government. The incapability of the governments in some developing countries in dealing with the complicated development issues particularly demand the collaborations and external assistances from other sectors. "Strengthening the role of business and industry to achieve sustainable development, including their contributions in the aspect of sustainable settlements" was emphasized in the *Agenda 21*, under Chapter 30 of Section IV (*Agenda 21*, 1992). *The World Summit on Sustainable Development (WSSD)* in Johannesburg in 2002 has also shown that various parties and persons are beginning

to see the need to re-define the roles of business in society. At the *WSSD*, the private sector pledged to work with governments and NGOs as partners to solve the challenges of sustainable development. Contribution from the private sector towards sustainable human settlements through their CSR is needed.

CSR is a commitment of corporations to behave ethically. It is also regarded as a voluntary commitment to exceed the explicit and implicit obligations imposed on a corporation by society's expectations of conventional corporate behavior (Heblich, 2007, p.247). Garvey and Newell (2005) argued that CSR should imply a discretionary act on the part of corporations as they consider their role and impact across a wide range of corporate activities. In a comprehensive sense of CSR, corporations are expected to consider the interests of all those affected by their decisions and actions in the society. According to the World Bank, CSR also implies the use of resources by pursuing a series of social policies which can ensure a global environmental security (WB, 2004). Business and society are interdependent. Business, being part of the society which has controlled and utilized majority of the society's resources in fulfilling economic needs and changing social goals, should contribute towards social and environmental responsibilities in different levels of their operations and strategies. "Working with the society at large to improve their quality of live" has been included in the CSR definition of the World Business Council for Sustainable Development (WBCSD, 2006). The scope of CSR is not limited to philanthropy and community involvement, but embraces business practices, including environmental and social strategic investment for a sustainable future.

In the age of globalization, many transnational corporations (TNCs) operate in both developed and developing countries. They have extended their governance and business

operations globally from their home markets to production lines and material sourcing countries, notably developing countries, along the supply chains. Currently, most international products are of supply chains in Asia, for example, solely sportswear produced in Asia has counted 90 per cent of the total world's production (Welford, 2006b). The performance of CSR by TNCs in Asian developing countries is needed. Having utilized the materials, human and other resources in the developing countries, TNCs carry the social responsibility to contribute more towards sustainable development there. In addition, while business activities have been relocated to developing countries to enjoy lower cost of operation and production, threats to the society and environment may also follow. Therefore, TNCs should carry the responsibility towards such threats they brought to the developing countries. Due to the difference in laws and standards in different countries, urging TNCs to perform CSR is a good way of promoting social trends to enhance society's basic order, which consists of obligations that cover both the legal framework and social conventions.

Currently, the private sector has been playing a key role in development through the tax revenues generated and paid to the local governments, and importantly, the employment opportunities they provided to local people along the supply chains. Such contributions have been the basic CSR. The income generation opportunities are essential for the poor in fighting poverty. In 1998, it was estimated that 53,000 TNCs and their 450,000 global affiliates had total assets in excess of US$13 trillion (UNCTAD, 1998, Goddard, 2005). Such assets determine employments through the job openings provided, and so influencing the world community's quality of life. Apart from employments, the private sector has also involved in community philanthropy including contributing money, products, services and human resources such as time, skills and leadership to meet the social and economic needs of the community. However, corporations are suggested to

connect their business objectives with the benefits of the communities in which it operates, to devise new ways in which business interests can be aligned with community interests so that there is a win-win solution to community problems and issues. Yet, due to the limitation of the private sector in certain aspects, it may need the help from other sectors to search for suitable CSR practices and implementation.

1.1.2 Strengths and Weaknesses of Voluntary and Private Sectors

Both voluntary and private sectors have their own strengths and weaknesses in their involvement in supporting human settlements. It is good to utilize the strengths and compensate the weaknesses of each other while at the same time fulfill each other's needs, that can allow mutual benefits for both parties.

Voluntary sector consists of nonprofit organizations serving humanitarian, social or cultural interests. It has been a key player in the development of the Third World urban housing and service needs. Prominent among such sector are nongovernmental organizations (NGOs) and community-base organizations (CBOs). NGOs are registered, private, and independent nonprofit organizations (Copestake, 1993; Otiso, 2003). CBOs are usually unregistered, informal, local or grassroots organizations that obtain their finances primarily from members or NGOs (Otiso, 2000; 2003). The examples of NGOs and CBOs are explained in detail under Section 2.3. Using a general term of "Voluntary Organizations" (VOs) to represent both NGOs and CBOs, VOs usually have good knowledge in promoting sustainable human settlements, good access to local community and also better understanding of the regions where assistances are needed. They can be in a unique position to focus on specific issues in a debate with individual corporations. Specializing in one kind of work lets them gain a competitive advantage

due to the strong and professional knowledge and skills provided and so the organizational image built. Along with VOs' ability to focus, gain attention and act quickly is the high level of credibility VOs have cultivated with many constituencies. In addition, Argenti (2004) argued that VOs are typically better at building coalitions than corporations, and this enables them to gain allies, in contrasting with the common doubt on corporate greed. But, there are several weaknesses limiting their abilities in the service provision for the poor. Otiso (2003) stated that VOs have experienced acute lack of technical and financial resources to initiate, implement, and sustain projects on their own, hence, their dependence on external support, such as donors. In addition, their limited resource capacity means that their projects may be of limited spatial coverage. Most of them, especially the medium to small scale ones, usually lack both human and capital resources that may hinder them from offering the poor long-term supports.

On the contrary, despite the adequate human and capital resources of the private sector, their knowledge in promoting sustainable human settlements may not as professional as VOs', so as their ability to access local community and understanding on the local context. Nowadays, many corporations have involved in philanthropy, but most are limited to simply donating money or products to VOs only. More opportunities and higher level collaboration can be enabled by better utilizing the capacities of the different business sectors.

1.1.3 Call for Voluntary and Private Sector Partnership

The Asian Development Bank has defined "Develop a global partnership for development" as its Eighth Millennium Development Goal, of which "cooperation with

the private sector" is one of the targets included for monitoring its progress towards poverty reduction in the Asia and Pacific regions (*MDGs*, 2000). "Partnership" was a major outcome of the *World Summit on Sustainable Development* in Johannesburg in 2002. Partnerships between sectors to fight poverty in Asia are needed. As pointed out by Chino Tadao, the former president of Asian Development Bank, in the opening remarks at the Manila Social Forum in November 1999,

> *"fighting poverty is a long-term battle. It requires concerted efforts by all parties, including private sector, civil society, nongovernmental organizations, governments and international community like bilateral and multilateral institutions. In this battle, we are all partners. Every one of us has its own strong points and weaknesses. To succeed, we must cooperate"* (ADB, 1999).

The private sector is considered to have a positive impact on poverty reduction through its involvement in development and building the capacity of communities. In addition, it is increasingly recognized by corporations that CSR is not only essential for the attainment of poverty reduction and sustainable development, but is also directly related to their own corporate success (UNDP, 2005). To achieve this, partnership with the voluntary sector is a choice.

Corporations and VOs can be attracted to form partnerships for different reasons. For most VOs in the development field, partnering with the private sector can compensate the VOs' weaknesses in certain aspects, and thus helps advancing the development outputs. In general, besides financial resources, VOs may obtain in-kind support from corporations, including volunteers, products/services, equipments, technical knowledge and skills, and public relations opportunities (ADB, 2004a).

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On the other hand, corporations may be interested to work with VOs for reasons that are different from case to case partnership. Private and voluntary sectors increasingly recognize that CSR can be practiced alongside solid business strategies. Corporate involvement in community philanthropy through partnership with VOs has become common, and considered by corporations as a good way to deliver their CSR. Besides, through partnering with VOs for CSR activities, corporations may gain advocacy effect from VOs, meet public's pressure on CSR, and gain wider community acceptance and credibility, depending on the partnership theme and detail activities involved (Mantel *et. al*, 2006). Moreover, one of the great offerings of voluntary sector to private sector partners is their understanding of, and access to, local communities and networks. In illustrating this, the partnership between International Development Enterprise (IDE) and Unilever (a TNC specializing in manufacturing food, health and personal care products) for a social marketing campaign in 2000 to 2001, in encouraging behavioral change for trachoma eradication for primary school children, is a good example. With the help in accessing rural communities by IDE, Unilever could improve children's health and hygiene in the rural areas of Vietnam by providing them with affordable soap for killing germs, as well as increase the local demand for its Lifebuoy soap (Unilever, 2001). Utilizing the VOs' channel to communicate with local community enables corporations to identify the best way to resuscitate local market and to foster their reputation. Providing help can thus also allow corporations to increase the local demand of their services and products, achieving a win-win situation (ADB, 2004a).

1.1.4 Current Situations and Future Possibilities

Recently, corporations from all over the world have been offering assistances to VOs of

different scales in different regions. Several VOs have even established certain levels of partnership with corporations for their community development programmes, apart from their partnerships with governmental bodies or other agencies. Most voluntary and private sector partnerships are using different approaches such as monetary donations, product sponsorships and volunteer support from corporations, and aids in the form of helping the poor through improving education, human rights, health, food and nutrition, income generation and emergency relief for disaster. Boyle and Boguslaw (2007) argued that, currently, ways of significant contributions other than monetary donation from the private sector on community development is emerging, yet their efforts are often circuitous and fragmented. The efforts are not systematic, organized and long-termed. The very possible reasons for this problem are that it is difficult for corporations to run community development projects by themselves, as they do not have the concerned strengths and experiences. It is also not their organizational duty. So, it justifies their need for VOs' assistance.

It is believed that VOs should not just solely ask corporations for monetary donations, but also other things that they can utilize, depending on the strengths of the corporations for more effective and long-term contributions. Examples of other capacities include professional knowledge and skills, labor force, equipments, technologies, property space, products/services, accesses to places, human network and advocacy ability. For the partnership theme, there is a need to work together in the physical improvements for human settlements, along with capacity building for communities, as these link to other social, environmental and economic problems.

This kind of partnership between corporations and VOs in improving human settlement and building community capacity was very new and uncommon in Southeast Asia.

However, since the post-disaster relief period in 2005 right after the Indian Ocean Tsunami in late December 2004, some new kinds of innovative and helpful voluntary and private sector partnerships have arisen to redevelop the suffered areas, such as in Indonesia and Thailand. Along with huge donations for immediate relief, some corporations offered in-kind helps with their expertise, equipments and products/services. They worked with VOs in different extent, from financial support to management and trainings. Examples of corporate philanthropy included the lending of power generators to provide power and run water filtration system by an electric corporation (General Electric, 2005); installation of telecommunications between the suffered local communities by a telecommunication corporation (Vodafone, 2005); provision of oil and gas to households by a fuel corporation; and support in the construction of housings, clinics and schools by corporations of different business sectors such as banking and building materials. Positive changes were seen in CSR awareness and partnership opportunities among corporations following the Tsunami (*Bangkok Post*, 2005). The relevant examples of partnerships and their details are to be figured out in this research, and presented under the chapter of research findings and analyses.

Welford (2006) argued that the lessons from the Indian Ocean Tsunami is that, handling over money may not always be the most effective way of supporting the efforts. Usually once stopped, the problems may continue, and some communities may depend too much on external assistances. Such kind of help thus is not a sustainable way to reduce poverty as capacity building for the local community should be a long-term solution. From the experiences of the corporate involvements for the Tsunami relief, it showed that corporations can have greater potential to provide long-term concrete assistances towards poverty reduction. For example, a banking TNC provided

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post-disaster vocational training programme for adults in a suffered area in India on topics such as construction skills, carpentry, electricity, plumbing and micro-scale productions. These could give long-term impact on people's skills by building better quality shelters and generating income for economy recovery (Deutsche Bank, 2005). Another example was that, a communications TNC improved the effectiveness of relief operations in remote communities and strengthened emergency help coordination by making satellite communication equipments be available to remote suffered areas (Vodafone, 2005).

It has become clear that capacity building is central to the quest for sustainable development. Chapter 37 of *Agenda 21* emphasizes that capacity building is important in developing countries to solve their own development problems. The definition of capacity building is broad, yet it basically means building abilities, relationships and values that will enable organizations, groups and individuals to improve their performance and achieve their development. Basically, it means enhancing people's technical ability and willingness to play new development roles and adapt to new demands and situations (UNEP, 2002). Capacity building for the deprived communities is no doubt one of the very important solutions in fighting poverty, such as by providing local people with skills that can sustain themselves in securing their settlements with quality shelters and basic urban services and infrastructure, in providing the basic conditions for lives and income generation activities. However, the realization and success of promoting capacity building is not a simple task and needs cooperation from different agencies, government, community and also the private sector. Therefore, it is in the interest of this study to examine the myriad roles of private sector in contributing to the well-being of the poor through partnership with voluntary sector, particularly in relation to promoting sustainable human settlements.

1.2 RESEARCH OBJECTIVES

1.2.1 Research Objectives

The current situations as discussed in Section 1.1.4 show that the voluntary and private sector partnership for corporate social responsibility (CSR) related to human settlement development is not common in Southeast Asia, but there seems to have demands and high potential for the development of it. In response to these, this research investigates the current collaborations and potential opportunities of partnering between corporations and voluntary organizations (VOs) to deliver, facilitate, enable and/or improve CSR for sustainable human settlements. This study focuses on the voluntary and private sector partnership which not only aims to bring physical improvements on basic urban services, infrastructure and shelter, but also build the capacity of the poor communities. Thus, the objectives of this research are:

1. To examine the dynamics, success and hindrances of partnership between the corporations and VOs in human settlement development; and
2. To find out the ways that can improve the partnership and promote a successful CSR human settlement development project.

1.2.2 Research Significances

The economy of the Southeast Asian region is gaining significance in the world. For instance, Indonesia, Thailand, Malaysia, the Philippines, Vietnam and Singapore, which account for about 95 per cent of the region's economy, attracted nearly US$50 billion in

foreign direct investment in 2008 (versus China's US$92 billion) despite the world's economic crisis (*The Malaysian Insider*, 2009). Foreign investments and the development of TNCs in most Southeast Asian developing countries are increasing. Therefore, it is foreseen that more demand on CSR from the TNCs operating in the region is going to appear. Voluntary and private partnership, as a tool for delivering, facilitating, enabling and/or improving the CSR, is thus gaining importance.

This research provides references to the voluntary and private sectors, as well as the public sector bodies and international development agencies, for the promotion of sustainable human settlements through partnerships through CSR. The experiences from various cases investigated and the opinions shared by stakeholders should help different actors understand the approaches and benefits of CSR and partnership, and search for the best ways to utilize the capacities of corporations and VOs, maximize the effectiveness of their involvements, bring multi beneficial ideas, maintain their partnering relations and find out the ingredients to achieve further successes in the future.

This is a new research. There is no previous research on the same topic and scope available. Although recently there are some research articles talking about voluntary and private sector partnership on development issues, as similar to this research's topic. However, most of them are only limited to the experiences in the developing countries of East Africa (e.g. Kenya), West Africa (e.g. Nigeria), South Africa and South Asia (e.g. India and Bangladesh). Limited numbers of relevant research articles about Southeast Asian developing countries can be found. Even though there are articles talking about the partnerships in Southeast Asia, yet, most are not specific at promoting sustainable human settlement. Only themes about social welfare and environmental

protection (e.g. HIV/AIDS prevention, natural habits protection) are more common in Southeast Asia. These explain why very limited number of relevant research articles is available. Partnership is a new useful approach to promote sustainable development, including sustainable human settlements. Through investigating the relevant partnership cases in selected Southeast Asian developing countries, this research provides a significant new reference for the implementation of the concerned partnership for CSR in promoting sustainable human settlements, in Southeast Asia as well as other developing areas in the world.

Traditionally, the public sector has played a dominant role in development. So, the promotion of voluntary and private sector partnership for human settlement development can give a significant change to the development arena, both practically and theoretically, since it leads to a shift and sharing of the load and responsibility of development from the public sector to the other sectors. Besides, it has been common that many VOs are watchdogs to corporations and many corporations may thus see VOs as enemies. Yet, the idea of partnership significantly changes this "tradition". Instead of acting against each other, corporations and VOs can now be working partners collaborating with each other, having better understanding and trust with each other through CSR.

1.3 STRUCTURE OF THE THESIS

This thesis comprises seven chapters. Understanding the problems background on human settlements and how partnership can contribute is discussed in Chapter 1. Chapter 2 overviews the general problems of human settlements in Southeast Asian developing countries. It provides brief ideas on various relevant issues, including first of all, urban growth, land and resources; second, issues of slums and informal settlements, together with the idea of slum upgrading and the current relevant global initiatives; third, residential stability and social inclusion; fourth, basic urban services and infrastructure; and lastly, shelter quality, human health and security.

Chapter 3 is the literature review which firstly focuses on the conceptual framework of the thesis - sustainable development (SD). It includes the discussion on the historical background, concepts and definitions of SD, and relating the key social, environmental and economic dimensions in SD to human settlement development. The concept of sustainable human settlements is then introduced. In the context of promoting sustainable human settlements in developing countries, the existing key global action plans, the roles of voluntary sector and also that of the private sector through corporate social responsibility (CSR), are then looked into. The discussion on capacity building for community and VOs through CSR is included. This chapter lastly links CSR for sustainable human settlement development with voluntary and private sector partnership, and addresses the concept, importance and potential advantages of the partnership for the CSR.

Chapter 4 is the research methodology, which explains in detail the research scopes; research hypotheses and questions in relation to the problem statement and research

objectives; followed by the sources of data, research tools, sampling and justifications, process and problems of data collections, and finally the methods of data analyses.

The findings and analyses of this research are presented in Chapter 5 and 6. Chapter 5 focuses on the findings and analyses on the current partnership activities for CSR. It firstly presents the current partnership activities by listing the general profiles of the cases found in the research; and followed by the general interpretations on the involved corporations and VOs, project locations, themes, periods, durations and continuity. Some of the partnership cases are then selected for in-depth investigation, looking into their activity details and analyzing the capacities, contributions and approaches of the involved corporations, achievements in promoting sustainable human settlements, reasons for their CSR, capacities and roles of the partnered VOs in the partnerships, motivations of the partnerships and factors that favor the setting-up and running of the partnerships, case by case.

Chapter 6 focuses on the findings and analyses on the development of the CSR and partnership. It starts from the overall drivers and barriers of partnerships for corporations and VOs. It then differentiates the levels of CSR according to the drivers of CSR for corporations, and the types of partnering relationships according to the roles of partners in relation to their capacities. In response to the current drivers and barriers, a series of strategies are generated for the promotion of CSR for human settlement development and the promotion of the voluntary and private sector partnership to different key actors. This chapter then defines the effectiveness of the partnership activities, and suggests the key general roles of the voluntary and private sectors and the specific potential contributions of particular business sectors. It ends with the suggested ways to achieve successful partnering relations.

Chapter 7 concludes this research with the highlights of findings and analyses in response to the research questions of this study (as to be discussed in the chapter of research methodology). It addresses the ways forward, with regards to the development of the voluntary and private sector partnership for promoting sustainable human settlements in Southeast Asia.

CHAPTER 2 – PROBLEMS BACKGROUND OF HUMAN
SETTLEMENTS IN SOUTHEAST ASIAN DEVELOPING COUNTRIES

The key focus of this research is the promotion of voluntary and private sector partnership for the delivery of CSR, and look for the ways to well utilize the capacities of business sectors in their involvements. As promoting sustainable human settlements in Southeast Asian developing countries is the theme for the partnership, understanding this issue will help analyze the needs and evaluate the effectiveness of any assistance towards the purpose. This chapter aims to overview the general problem background of human settlements in Southeast Asian developing countries.

2.1 URBAN GROWTH, LAND AND RESOURCES

In the developing countries, especially in Asia, the growth of cities is occurring at a much faster rate than ever before. Rapid industrialization and consequent urbanization since the 1960s have transformed Southeast Asia from a predominantly agrarian society to a region increasingly dominated by urban economies. Rural-to-urban transformation has been maintaining the economic momentum in the region (UN, 1995; Zhu and Sim, 2002). Data from the United Nations Department of Economic and Social Affairs (2007) showed that, the percentage of the total population living in urban areas in the world's developing countries has risen from around 30 per cent in 1985 to 43.8 per cent in 2007 (UN, 2007). Now, about 38 per cent of the population in Asia is urban. By 2020, it is estimated that 57 per cent of the six billion population of the world will be living in urban areas, and more than half the population of developing countries will be urban. This will increase to more than 50 per cent by 2015, and there will be a doubling of urban population before 2025. The rapid growth in urban population is both due to

natural population growth and the influx of migrants from rural to urban areas (ADB, 2004b). Todaro and Smith (2003) perceived that, such heavy rural-urban migration is leading to unprecedented rates of urban population growth, sometimes at twice the rate of national growth. The rates of rural-urban migration continue to surpass the absorption capacity of urban social services, and can lead to the lack of urban land and resources. In many of the poorest regions, it is clear that increasing population density has brought severe and accelerating degradation of the very resources that these growing populations depends on for survival. These will give rise to some other serious problems, such as unhygienic environment, general chaos, and even potential regional human conflicts in fighting for land and resources.

2.2 SLUMS AND INFORMAL SETTLEMENTS

Associated with urban growth and poverty, slums have appeared since 1820s. The term "slum" has been used to identify the poorest quality housing of the most unsanitary conditions and lots social problems. It is a refuge for marginal activities including crime, vice and drug abuse; a likely source for many epidemics that ravaged urban areas; and a place apart from all that was decent and wholesome (UN-HABITAT, 2003). It also generally describes a wide range of low-income settlements and/or poor human living conditions that are quickly becoming the most visible manifestation of urban poverty in developing world cities (UN-HABITAT/WUF, 2002). Slums exist because of various drivers, including rapid rural-to-urban migration, increasing urban poverty, inequality and insecure tenure (UN-HABIAT, 2003).

"Informal Settlements" are houses often appearing on the edges of the built-up areas of big cities, which provide accommodation for those that cannot afford, and are not entitled, to live in the housing provided in the planned settlements. In each country, there is a name for them - bidonville, katchi abadi, bustee, favella, barrio, kampong, reflecting either their rural character or material status. Often, the land on which these dwellings are built does not belong to the residents. Yet it would be inaccurate to call the residents squatters as many of them have titles or rights or are paying rent for the land or the structure. Informal settlements come about because the price and the rate and scale of provision of formal settlement cannot match the demand for housing. To a large extent, this may be a failure of the formal sector (Mumtaz, 2002).

2.2.1 Issues of Slums and Informal Settlements

Among the total population of 530 millions in Southeast Asia, urban population contributes 38.3 per cent of it, and the estimated average urban slum population is about 28 per cent of the total urban population (i.e. 56,781 thousands), while the estimated average in the developed regions like Europe is 6 per cent (UN-HABITAT, 2001a). In Southeast Asian developing countries, slum to urban population in 2001 has reached 72 per cent in Cambodia, 66 per cent in Laos, 47 per cent in Vietnam, 44 per cent in the Philippines, 26 per cent in Myanmar and 23 per cent in Indonesia; and all are of positive annual slum population growth rate, ranging from 1 to 6 per cent (UN-HABITAT, 2001b).

In the developing world, governments usually attempt to directly provide finished housing units to meet the vast demand generated by rapidly growing populations, but few are able to meet the needs of the poor users, in terms of price, design, location and also the quality of construction. As a result, the poor have to find their own forms of shelter in city tenements, slums and informal settlements in more peripheral locations. Informal settlements, having grown over time and now representing up to 60 per cent of the urban population in the developing world. It is estimated that the rapid increase in population implies that about 39,000 new dwelling units will be required in developing countries during the next two decades, to cater for population growth alone. One of the results of these trends has been a rapid growth of slums and informal settlements, where more than half of the population in many cities and towns of developing countries are currently living and working (DPU, 2002).

The extent, proportion and character of slums and informal settlements vary not merely with income level but also with the socio-political or legislative environment. However, the formation of slums is an integral part of the process of growth and development of a