Singapore’s Temasek Holdings has launched a non-profit philanthropic organization, the Temasek Foundation, and established a 500 million dollar Temasek Trust.

The objective is to invest in Asia’s development, through education, healthcare, research and governance.

The funds and the foundation will also support disaster relief and recovery, and promote exchanges between Asia’s diverse communities.

Jack Yong spoke with Assistant Professor Eugene Tan from Singapore Management University to uncover why Temasek Holdings is embracing corporate philanthropy.

ET: Beyond the objective of doing good, I think what Temasek hopes to do, really, is to put a human face and one that is caring and responsible, and I think this is important for Temasek because as it continues to invest in the region, the sort of image that Temasek has to contend with, like the incident with ShinCorp and all, would arise. I think the initiative is part of the larger corporate strategy of helping Temasek Holdings grow in Asia. Ultimately because for Temasek to grow, it needs to be welcome, not just by the government, but also by the businesses and the communities that Temasek plans to invest in. One way of earning that welcome is to try to demonstrate commitment, so I think the set up certainly shows that Temasek Holdings increasingly appreciates that it must view its economic value creation within a larger context.

But Temasek Holdings has been contributing to scholarships, relief efforts, youth exchanges and research through other foundations, such as the Singapore Technologies Endowment Programme, the Singapore Millennium Foundation and so on. Why are they seeing a need to set up their own Trust and Foundation now?

ET: I think the earlier efforts were Singapore-centric. I think what Temasek Trust and Temasek Foundation is trying to do is to help bridge a gap by giving an external wing to Temasek’s community outreach efforts. Further, it also signals Temasek’s commitment to formalize, as well as institutionalize their efforts to do good. I think the trust represents a concerted effort in pursuing corporate philanthropy on a sustainable basis, rather than a pretty much ad hoc approach, but I think one of the key reasons for setting up this Trust and Foundation now is really that it gives a mandate for Temasek Foundation to operate in and across Asia, and I think that will help enhance Temasek Holding’s image.

So what you’re saying is that the reasons why Temasek is doing this is do enhance its image as a stakeholder in the countries that it’s investing in, the Foundation and the Trust allows Temasek, at the same time, to help out beyond Singapore’s shores, and also, keep these efforts ongoing. But why do you suppose they chose to participate in philanthropic efforts of such a large scale? Asia is huge...

ET: It’s precisely because Asia is huge, that for Temasek’s efforts to have any impact, it certainly has to have a trust fund and an outfit that can also match the sort of needs and demands that face investors in Asia and I think when you look at the global picture in which there is this changing context of business, as well as the growing expectations of corporate social responsibility and corporate citizenship, I think Temasek now needs to groom and enhance its image as a caring and responsible investor and stakeholder.

You mentioned that one of the possible reasons why Temasek is setting up this Trust and Foundation is to build up its image as a stakeholder in those countries that it invests in.

ET: Yes, the hope is that these efforts will generate goodwill and trust, and build for Temasek a bank of social and political capital. But having said that, I think one should be mindful that economic nationalism can rear its ugly head anytime, and this tends to occur either during economic bad times or when the country goes through social and political turmoil. But I think Temasek hopes, through its Foundation, that it can reduce the likelihood of bad reception, through its community outreach efforts, and I suppose the Temasek Foundation is a step in that direction.

Do you think the contributions or the philanthropic efforts made by Temasek Holdings will be seen as contributions from Singapore, rather than the corporation itself?

ET: I think no matter what, Temasek Foundation or Temasek Trust will be seen as the same entity as Temasek Holdings, and I think Temasek Holdings recognizes that, and so it has made no effort, in a way, to sort of have Temasek Foundation as a separate entity. The linkages between Temasek Trust, Temasek Foundation and Temasek Holdings are very clear. So I think in the end, Temasek Holdings is synonymous to Singapore, and I suppose it’s the efforts to try and really manage people’s expectations that this is not Singapore buying out another country’s strategic assets; that really is the bigger challenge.

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