**Asia-Pacific
Economic Cooperation**

Corporate Social Responsibility in
the APEC Region

Current Status and Implications

Chapter 3:
Symposium and Workshop Report

APEC Symposium on
"CSR for the Global Business"
What are Expected in Doing Business in Asia? -
Date:　January 19, 2005
Venue: Keidanren Kaikan

Tokyo, Japan

09:30 – 09:45	**Welcome Remarks**

Takato Ojimi　　　　Vice-President and Managing Director, Institute for International Studies and Training
Takashi Funaki　　　Deputy Director-General, Economic and Industrial Policy Bureau
　　　　　　　　　　　　Ministry of Economy, Trade and Industry (METI)

09:45 – 10:00	**Opening Address**

Morio Ikeda　　　　Chairman, Committee on Corporate Philanthropy, Nippon Keidanren
　　　　　　　　　　　　President & CEO, Shiseido Company, Ltd.

10:00 – 12:00	**Keynote Speeches**

"What Are Expected of the Global Enterprises?"
　Hiroshi Hirose　　　Chairman, Sub-Committee on Socially Responsible Management, Nippon Keidanren
　　　　　　　　　　　　　Managing Executive Officer, Sumitomo Chemical Company, Limited
"How to Approach CSR Strategically?"
　Jude Mannion　　　CEO, Robin Hood Foundation
"Why Communicate Corporate Responsibility Now?"
　Robert W. Pickard　President, Edelman North Asia

12:00 – 12:50	**Buffet Lunch**

13:00 – 14:30	**Panel Discussion Part I:** *Issues of Diversity and Effective CSR Communication*

Coordinator
　Nigel Haworth　　　Professor, The University of Auckland

Panels
　Charles A. Barrett　Senior Vice President, Program Strategy and Delivery, Conference Board of Canada
　Stephen Chi Teh Loke　President, Centre for Corporate Social Responsibility
　Masao Seki　　　　General Manager, CSR Office, SOMPO JAPAN INSURANCE INC.

14:30 – 14:45	**Coffee Break**

14:45 – 16:45	**Panel Discussion Part II:** *CSR Expected of Global Enterprises in Asia*

Coordinator
　Nigel Haworth　　　Professor, The University of Auckland

Panels
　Felipe B. Alfonso　Executive Director, Asian Institute of Management-RVR Center for Corporate Social Responsibility
　Takashi Hatchoji　Senior Vice President and Executive Officer, Hitachi Ltd.
　Supachai Tepatanapong　Director for International Relations, Thai Industrial Standards Institute (TISI), Ministry of
　　　　　　　　　　　　　Industry
　Eiichiro Adachi　　Senior Chief Fellow, The Japan Research Institute, Ltd.

16:45 – 17:00	**Summary and Closing**

I. SYMPOSIUM PROCEEDINGS

A. Welcome Remarks

Mr. Takato OJIMI

Vice President and Managing Director
Institute for International Studies and Training (IIST)

Mr. Ojimi, representing the organizer, welcomed the speakers and participants and introduced the background and objectives of this symposium .

First, he explained the objectives of Asia Pacific Economic Cooperation (APEC) under which the symposium was organized. APEC was established in 1989 to ensure sustainable development in the region, through trade and investment liberalization and through economic and technological corporation. This symposium was made possible by financial support of APEC and also through its network.

Mr. Ojimi then briefly introduced Institute for International Studies and Training (IIST), hosting this symposium. IIST was established in 1967 by law with the support of then Ministry of International Trade and Industry (currently, METI) and Keidanren, each contributing 50%. Graduates and short-term course participants from this Institute counting over 5,000 in total went out to be very active players in global business environment.

Since the inception of APEC, IIST has been representing Japan in APEC Human Resources Development Working Group, in its managerial resource development field. IIST has initiated and managed a number of projects, addressing new, emerging issues of APEC.

Mr. Ojimi cited recent IIST-initiated symposia held in Tokyo, on themes such as *Advent of high-risk society and risk management (2001), Innovative Entrepreneurship (2002), Next-generation/Women Entrepreneurs (2003), and Leadership Required to Revitalize the Japanese Economy (2004).*

"CSR for Global Business" was chosen as the theme for 2005, as this is an area where interest is growing. The discussion will place particular emphasis on CSR in doing business in Asia. The symposium is organized under the auspices of APEC, supported by Ministry of Economy, Trade and Industry (METI), Nippon Keidanren, the Tokyo Chamber of Commerce and Industry, and the Business Policy Forum, Japan.

Mr. Ojimi wished the audience to learn from the executives, lecturers and panellists, who are well versed in the area of CSR from around the APEC region.

Opening remarks

Takashi Funaki
Deputy Director-General, Economic and Industrial Policy Bureau
Ministry of Economy, Trade and Industry (METI)

Mr. Funaki welcomed the opportunity that the symposium would offer to enhance understanding the importance of effective application of Corporate Social Responsibility (CSR) in the APEC region, as the Ministry of Economy, Trade and Industry (METI) recognizes the importance of CSR.

The government is legally responsible for supporting corporate activities leading to the growth of the economy and society. While corporations have rights and obligations under the law, their activities would have a great impact on society so that CSR must be more than just compliance with the law.

Japanese corporations now have increasing opportunities to operate outside of Japan in the APEC region and it is very important for them to be aware of their responsibilities in the host economies. He urged that Japanese corporations should bring positive effects for the economies in the APEC region. METI is ready to support establishing an environment or acting as a catalyst in order to secure good effects to prosper.

In case there is a need for the governments of respective economies to coordinate, METI would be ready to discuss matters with its counterparts so that corporate activities could be facilitated. Mr. Funaki mentioned METI would do their utmost to improve the environment. At the same time, METI also realizes that the government actions should not interfere with corporate activity, if the former is not called-for. It is METI's hope that Japanese corporations' operations overseas should not only focus on the pursuit of profit, but rather benefit the host economy socially as well as culturally.

In addition, he mentioned that in ISO, there is an increasing interest in the area of CSR in the form of guidance is being considered. METI shall also participate actively in such discussions at the ISO.

Mr. Funaki ended his remarks by mentioning his hope again that corporations should engage in activities that would enhance the economy and culture of their host economy and the symposium would bring the significant contribution in enhancing understanding of CSR in the APEC region.

B. Opening Address

Mr. Morio Ikeda
Chairman
Committee on Corporate Philanthropy, Nippon Keidanren
President and CEO, Shiseido Company, Ltd.

Mr. Morio Ikeda presented the Opening Address of this symposium.   Here is the outline of the opening address by Mr. Ikeda.

1. Individual, Company and Society

- In opening this symposium, I would like to address the "need for CSR" and "the current status of CSR in Japan."

- Today, there is a greater need to think of one's existence not only as an individual but also as part of a wider corporate entity.

- For individuals, one's "public" persona is just as important as one's "private" persona. For companies, however, public aspects take a more important position. Therefore, CSR is increasingly taking a greater prominence.

- This means that a company cannot simply continue operating without gaining the trust of the wider society.

- Today, however, concepts of "public" and "public openness" are not fully understood in Japanese society. I believe this is precisely where "CSR" and "SR" wield great importance as a means of promoting a condition of trust and public openness.

2. Theory of Corporate Character: Commercial Spirit (Merchants Spirit)

- It is often said that CSR embodies the very character of the corporation. Taking that a step further, let us compare corporate activities to human beings. Sales or profits can be regarded on the same level as image or appearance, while corporate social responsibility represents the character or spirit.

- In other words, in order to maintain a company's sustainability, constant efforts should be made to improve it both "physically" and "spiritually," much in the same way as humans, in order to gain the trust of society.

- Such theories on corporate character have been established in Japan for more than 300 years. During the Edo Period, such notions were known as the "commercial (or merchants) spirit." The Ohmi merchants of the time philosophized that "the basics of commerce and business lie in what is 'best' not only for the sellers and the buyers but also what is 'best' for the society as a whole." This is based on the idea that "commerce and business must be a kind that is useful to customers or society."

- Personally, I believe the root of such ideas lies in the prized Confucian perspective of "trust" which derives from having a strong sense of ethics and sincerity, or in other words, a "spirit of mutual trust."

- I feel strongly that practicing this "spirit of mutual trust" or "the spirit of respecting the

existence of others," as indicated by the Edo Period's "merchants spirit," has relevance in Japan and throughout the world.

3. Global Principles and Local Activities

- Corporate social responsibility is in no manner a new concept. Activities based on this concept have been carried out across the world for centuries, with each representing the unique values and ideas of their respective culture and region.

- Today, however, in line with the globalization of markets and economies, the need has arisen to develop corporate activities in response to global perspectives meaning universal principles that extend beyond the individual ideas of particular regions must be adopted.

- This is particularly indispensable in areas regarding "labor standards," "human rights," "the environment" and "laws and ethics." The United Nations' is now focusing on precisely these concepts through its world business leaders initiative "The Global Compact."

- Each and every corporate activity must be implemented on the basis of a set of global principles that must be followed, if only at minimum. At the same time, corporate activities must also consider the perspective of local regions. Corporations should promote their activities while also seeking to co-exist and harmonize with the various cultures in economies and regions in which they are operating.

- Based on this, company activities should, through utilizing the entity's independence or uniqueness, involve creating new values. Additionally, contributing to the harmonious condition of stakeholders as well as the local community is "the objective of corporate activities" as well as "the essence of CSR management."

4. Exertion of Corporate Independence

- In this way, CSR is an issue that changes according to the unique situation of each and every company. In other words, it is an issue that must be addressed by each and every employee as well as each company under their own original blueprint. At the same time, this is an issue that should be seriously dealt with in the entire business world.

- Since the 1970s, Nippon Keidanren (Japan Business Federation) has been aggressively addressing issues regarding corporate social responsibility. In 1991, Keidanren established the Charter of Good Corporate Behavior for the purpose of promoting a total scrutiny of corporate activities.

- The charter was revised thereafter with a focus on compliance; and last year, Keidanren officially announced "the basic idea for promoting CSR," in which a charter and implementation manual was reviewed from a CSR perspective.

- The Revised Charter of Good Corporate Behavior can be used as a guideline. Keidanren's ideas are consistent throughout, as the guideline states: "CSR will not be practiced under the initiative of government or standardized by economic organizations, but instead, promoted by the private sector and entrusted to a company's autonomy."

- Common global principles are needed in areas such as human rights, the environment as well as laws and ethics. But, on the other hand, even if it was for the sake of CSR, if corporate activities were standardized, this would not lead to the creation of new values nor would it contribute to the local community.

- Nevertheless, the decision was made to "draw up a guidance document of CSR without third-party certification" as a consensus standard of ISO in June 2004. Given this factor, Keidanren is now actively engaged in efforts related to ISO with the idea of "seeking to develop a guidance document that will exploit the diversity and independence of companies."

- In line with the recent advancement of globalization of markets and economies, corporate activities must be the sort that "comply with global common principles." At the same time, in economies and regions in which we operate, "we should consider our actions from a local standpoint and promote businesses by respecting the many diverse cultures and individual characteristics."

- I look forward to entering discussions on the "ideal of CSR for the global business" from this viewpoint.

- I would like to conclude by urging this symposium to take meaningful first steps in developing such discussion.

- Thank you.

C. Keynote Speeches

Mr. Hiroshi Hirose
Chairman
Sub-Committee on Socially Responsible Management, Nippon Keidanren
Managing Executive Officer, Sumitomo Chemical Company, Limited

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What is required of global businesses seeking sustainable growth?

Mr. Hirose believes that companies should implement CSR diligently in all aspects of their global business on a daily basis. He stressed that since businesses differ from one another, however, diversity should be respected.   He discussed the outline of his presentation that consisted of: (1) the background of growing interest in CSR, (2) Japanese corporations' initiatives and their challenges concerning CSR, (3) Asian commonality in CSR approach.

 (1) The background of growing interest in CSR

For the past years, as businesses have involved in CSR, their efforts have been changing as society evolves. For instance, since the end of Cold War, the global market has become more competitive and the role of the government has diminished relatively.   Accordingly, the corporation has been expected to take more active role in building a better society.

Globalization of business activities has triggered off stakeholders to closely watch on corporate activities.   Stakeholders have begun to voice out the idea that businesses should actively address various social issues such as the environment, human rights, philanthropy, and diversity. It is essential and inevitable for businesses to actively get their concerns across to society and to sincerely listen to the stakeholders' views and recommendations.

CSR is seen as a way to mitigate the negative impact of globalization. Surely there has never existed such time in the human history that so many people have enjoyed and taken advantage of the benefits of economic prosperity. Corollary, however, mass production, mass consumption, and rapid growth have resulted in environmental problems at a global scale such as global warming. Furthermore, Mr. Hirose deemed that the problem of global redistribution of wealth and imbalanced global development are the main cause that a population of 1. 2 billion people in the world live in absolute poverty. Global businesses are expected to assume a bigger role in mitigating these global problems.

Global businesses could not realize sustainability if they do not regard CSR as a cornerstone of business operations. Mr. Hirose advised that CSR should be the centerpiece of a long-term management strategy. Business should tackle with CSR more positively.   By faithfully integrating CSR into their business operations, their brand and corporate names will improve.   Religious ethics, the roots of capitalism, should be the basis of corporate activities.

(2) Japanese corporations' initiatives and their challenges concerning CSR

Mr. Hirose emphasized the human-centeredness as the feature of Japanese management philosophy. Manufacturing high-quality products is the result of the corporate attitude to satisfy the customer. The Management and workers have joined forces in striving toward the shared goal of creating a more prosperous and better company.   Japanese corporations sought to nurture human resources and establish a good relationship with stakeholders based on direct dialogues.

Japanese corporations had the tough time to deal with pollution caused by the high economic growth. This experience made Japanese corporations involve themselves in environmental issues proactively. Mr. Hirose noted that it is important for Japanese companies to develop the advanced environmental technologies and share them with the peoples all over the world.

He cited Sumitomo Chemical Company's principle; Sumitomo Chemical should not only earn profits but plow these profits back to society. This example illustrates private public convergence. Coexisting with society and living in prosperity are essential elements for corporate endurance.

Another challenge of Japanese companies is the promotion of a cross-cultural perspective in management. In other words, getting out of the homogeneity of Japanese society and a "closed island society" concept is a new challenge. Mr. Hirose defined cross-cultural management as a means of embracing different attributes, agenda, ages, economies, and values and ideas. He encouraged Japanese companies to embrace these differences and to improve engagement with various stakeholders globally.

He further suggested that Japanese companies actively disclose their practices so that other global companies can follow suit. Disclosure, positive or negative, is one way of promoting CSR.

(3) Asian commonality in CSR approach.

Although the differences between Asian economies with regard to culture and practices are obvious, Mr. Hirose believes that the value system they share with each other is similar. The spirit of harmony can be the force to promote CSR in Asia.

A common understanding of social responsibility and its practice should be achieved globally. Coming up with an international document with the emphasis on helping clarify the Social Responsibility (SR) concept under the framework of ISO is recommended. Mr. Hirose announced Keidanren's commitment to promote CSR efforts of member corporations in Japan and overseas. He mentioned that Keidanren's various committees including the Committee on Labor Affairs and the Council for Better Corporate Citizenship (CBCC) and the Keizai Koho Center work together for promoting CSR.

Mr Hirose also mentioned specific efforts of companies that help protect the natural environment, promote poverty eradication, and alleviate starvation. He then asked the companies to ensure that such efforts are not fragmented. Companies, he said, should be united: their wisdom should be combined wisdom, there ought to be a "harmony of spirit" and a common understanding of the CSR concept for CSR activities leads to a better society. In conclusion, he stressed the importance of coordinated efforts and a commitment to CSR. Corporations and stakeholders should find solutions for sustainable development and coexistence.

Open Forum (1)

Asked about the negative aspect of economic development and societal approaches/actions that can be made in the future, Mr. Hirose responded as follows:

Poverty is not necessarily a result of economic development. The issue of poverty could not be resolved by one economy alone. This problem has been taken up by the United Nation under the Millennium Development Goal. A lot of NGOs are encouraged to take part in the solution process.

Mr. Hirose mentioned a number of good societal examples:

- Coca-Cola's anti-AIDS program, which promotes AIDS education and treatment opportunities.

- Shell's water-saving program.

- Ajinomoto's nutrition program, which is an example of a Japanese business' s CSR efforts in some parts of Asia and Peru.

Finally, he advised that companies should use their strength in implementing CSR programs.

Ms. Jude Mannion
CEO
Robin Hood Foundation

How to Approach CSR Strategically?

Initially, Ms. Mannion presented slides of advertisements showing the state of corporate marketing strategy in business. She posed such questions as "Who is the keeper of values?" and dared the corporations to either stand for something or stand for nothing. She further asked the following questions: Why is there a need to be strategic? What does getting ahead of the competition do to your brand? How to integrate CSR into the business strategy? What happens if companies do not apply CSR?

Communicating right values leads to trust

When Ms. Mannion showed the American forecast for 2005, she highlighted that 69 percent or 8.39 billion of corporations' spending goes to sports. "Does such spending communicate values?" she asked.

In June 2000, a survey of 100 members of the European/Asian elite and of 500 members of the US elite showed that NGOs are approximately 60 percent trustworthy, while only eight percent of corporations are trusted. Such statistics are to be expected because corporations do not advertise what they do in line with CSR. Ms. Mannion advised that CSR should be part of the mainstream priority of the corporate business agenda. One of business' intent should be to set higher ethical standards and help build a better society, a goal that can be achieved by fostering better understanding among NGO partners.

An AC Nielsen study showed that if the customers trusted business, higher sales would result. In particular, the study revealed the following:
- Ninety-four percent of consumers think that it is good for companies to support charities
- Sixty-two percent have actually bought a product or service because of its association with a charity
- The consumer who cares has high discretionary spending, travels, entertains, and will switch brands to support another that displays social conscience

Therefore, CSR is good for business because companies can make a difference, enhance a business' reputation, attract employees through a more engaged workplace, and gain competitive advantage.

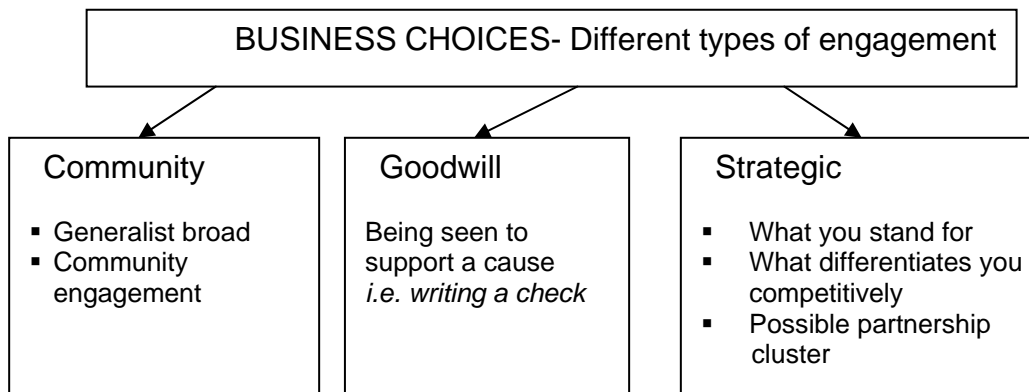### CSR provides competitive ownership of a social landscape

Ms. Mannion recognized that a company's competition could copy everything: product, price, promotion, distribution. And worse, it can pirate a company's people. But the competition cannot possibly copy what the company stands for socially. Companies could differentiate themselves through their social landscape by owning the issue, the solution and telling the story. To illustrate, Ms. Mannion gave examples of companies that have totally differentiated themselves by having social agendas integrated into their business.
- A newspaper company that informs people, and thus opinions are formed. Through this business stand, people are taught to read and write.
- A lingerie company that provides women's need. Preventing breast cancer victims by promoting early intervention is the lingerie company's social agenda.

- A mobile phone company that engages everyone in a conversation. With this business objective, the blind are now able to hear their text messages.

CSR as a strategy for business – a strategic brand plan

Through CSR, companies resonate their reason for existence and gain competitive advantage. Ms. Mannion presented the different levels of engagement of companies in CSR (see figure below). She advised that companies should shift their CSR efforts from its generalist and goodwill thrusts to becoming a strategic part of the business because such a strategy manages company funds better. Being strategic is being sustainable.

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│        BUSINESS CHOICES- Different types of engagement   │
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        │                    │                      │
        ▼                    ▼                      ▼
┌──────────────────┐  ┌──────────────────┐  ┌──────────────────────┐
│ Community        │  │ Goodwill         │  │ Strategic            │
│                  │  │                  │  │                      │
│ ▪ Generalist broad│  │ Being seen to    │  │ ▪ What you stand for  │
│ ▪ Community       │  │ support a cause  │  │ ▪ What differentiates │
│   engagement     │  │ i.e. writing a check│ │   you competitively  │
│                  │  │                  │  │ ▪ Possible partnership│
│                  │  │                  │  │   cluster            │
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CSR allows companies to find social partners and other collaborators in a sector or within possible partnership clusters. Partnerships build trust, and allow the generation of savings through the integration of business operations. One good example is the sharing of warehousing distribution facilities of two cereal companies despite being competitors. CSR thus changes the way businesses do business.

Ms. Mannion also mentioned that everyone fervently desires to make a positive difference. Through CSR, it becomes possible for a company's staff to do good while at work, in effect making work more interesting. She further proposed that Global companies should have a global strategy that directs what the business stands for. Global companies have the ability to create a better world.

According to Ms. Mannion, their research studies indicate that CSR is in a silo in most companies. She advised global companies to extend their CSR activities beyond their home to their overseas operations. She stressed the importances of CSR efforts' being visible to consumers. She believed that, in so doing the consumer begins to stand for something as well. She cited the yellow rubber bracelets initially manufactured by Nike for the Lance Armstrong foundation as an example.

At the end of the presentation, Ms. Mannion made three main global observations:
- the emergence of social agendas
- the biggest risks for business' being this: for brands to be seen as unlovable,
- the absence of social agendas' translating to unsound business.

She thus challenged companies to shift their thinking from social responsibility to social opportunity.

Open Forum (2)

Funding of NGOs. Dr. Charles Barett agreed that the main message of the presentation is the importance of making strategic choices. He then refered to the business choices diagram (figure previously shown) and asked the implications to the NGO sector of the suggestion for businesses to move into a strategic brand plan. He mentioned oganizations (e.g., United Appeal) that rely on anonymous giving.

Ms. Mannion clarified that the Robin Hood Foundation also works with NGOs. It focuses on the argument that CSR is good for business.   The foundation is encouraging new business partnership with the non-profit sector and helping the giver, as well.

Examples in Japan. To the request for examples in Japan, Ms.   Mannion confessed that she did not know the Japanese market well enough. However,   she explained Robin Hood Foundation's strategic approach and connected this with some Japanese companies.   Take Fuji Xerox's probable company thrust: to see pictures clearly through sharpness of definition. In the social sector,   this thrust could imply giving sight to cataract victims, globally. Another company is Shiseido, which may stand for improving the self-esteem of women. Shiseido could work with agencies that teach young women to develop self-esteem.

Ms. Mannion then requested the participants of the symposium to formalize ways of sharing stories and case practices.

Mr. Robert W. Pickard
President
Edelman, North Asia

Why Communicate Corporate Responsibility Now?

The rise of the CSR phenomenon is evident worldwide. An increase has been noted in the efforts of corporations to make their CSR activities known. The main thesis of Mr. Pickard's presentation is that companies are promoting what they are doing right (or are being socially responsible) in order to be seen and trusted to do what is right (in an era of reduced public trust for corporations).

Evolving expectations for corporations

In the 1990s, before CSR was introduced, companies very selectively chose what they communicated to the public. This process was known as "greenwashing," a euphamism for corporate propaganda. But people generally assumed the worst whenever the whole story was not told – thus undermining corporate trust. By 2000, the trend towards transparency and stakeholder dialogue became widespread. A new kind of communication was required that focused on the company's most important impacts, provided quantitative data, told the whole story, and discussed the company's vision and goals for improvement. An open and transparent corporate attitude came to be driven by new online communication technology, the rise in shareholder and consumer activism, and the NGOs' growing influence.

Expectations pertaining to corporate performance evolved (see figure below). Today people want to know more or beyond whether a company pays taxes and follows the law, for example. Some of the new questions that have emerged are:

- How do you treat the people who work for you?
- How do you look out for your consumers?
- Do you have a positive impact on communities?
- What are you doing about the environmental footprint?
- Are you telling the whole story?
- Are you living your values?

Out of the world's top 100 economies, 51 are transnational corporations (TNCs) while 49 are countries. For example, General Motors Corporation is larger than the GDP of Singapore and Ireland combined.

Global companies have become the targets of expectations, criticisms and aspirations because of their massive global power. Businesses are now viewed as beneficiaries of globalization as their practices have a huge impact on people and the planet, and their customers develop an emotional connection with their products/brand.

Other CSR-related activities observed:
- Different monitoring organizations are now doing incredibly detailed CSR reporting on TNCs
- CSR benchmarking on the rise
- CSR reports are analyzed like never before
- Media reports covers CSR topics in rising quantity worldwide, especially in Japan these days
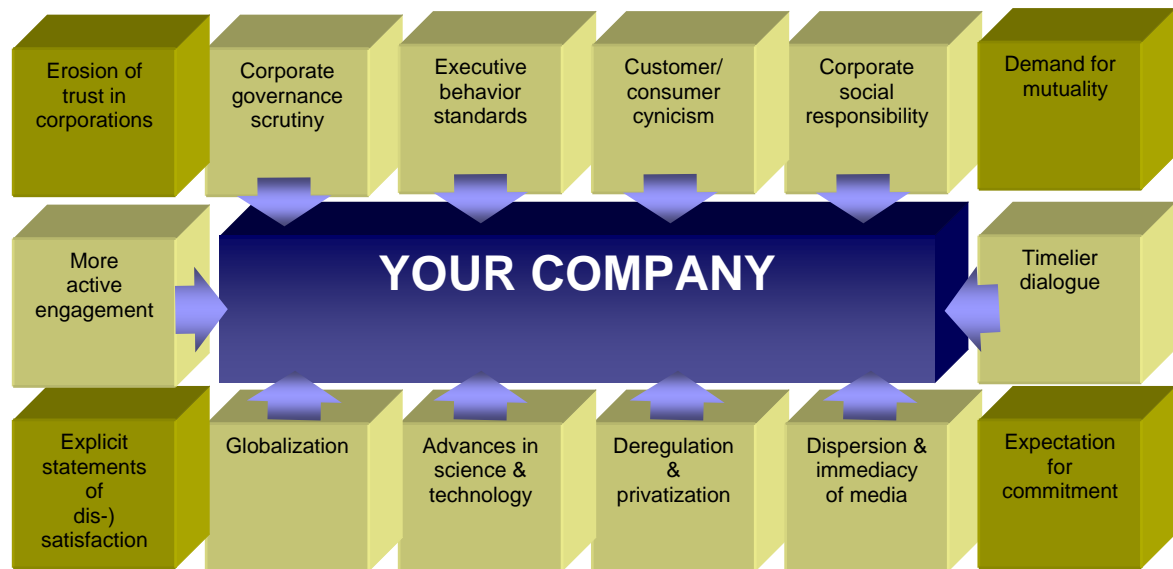
Communication dynamics are changing

A shift is being experienced from the old 'pyramid model' (or the top-down approach to a mass audience), to today's more horizonal or peer-to-peer 'sphere of cross-influence' among consumers, employees, experts, investors, regulators, NGOs, trades, and media. Mr. Pickard emphasized the importance of the credibility of multiple sources of information. People agree that they are more likely to believe something if they see, read, or hear about it from many different sources, rather than from a single source. In Japan, 83 percent of the population believes in information received from multiple sources. Newspapers are rated as the most credible information source, followed by family and friends (even though they are not necessarily experts).

The Annual CSR report as an important new communication vehicle

CSR Reports have become more comphrehensive. Mr. Pickard quoted an excerpt from Saltbaxter and Content (2004) thus:

Stakeholders are pleased to hear good news stories–as long as they know that they can find the whole truth in the CSR report. Journalists and others need fresh examples to illustrate articles, speeches and research reports. There's a market for this information.

Mr. Pickard warned companies that it is far better to take the lead in communicating negative information about the company than to do nothing and have another organization describe the negative side of the story in a far more hostile manner. He said that whomever speaks first in a crisis situation is often more trusted as the definer of what constitutes reality. He also pointed out that in Japan, 80 percent of opinion leaders stated that they believe information from articles or news stories rather than from advertisements. On the other hand, while media perceives CSR as important, they remain skeptical and cynical about CSR initiatives. Many media practitioners believe that companies undertake CSR activities as part of their PR efforts.

Who does the public trust?

The Edelman Annual Trust Barometer (2005)   reported the following:

- Business and NGOs are the most trusted in Japan, not government nor media.
- NGOs are more trusted in the US and Europe, but the same is not true in Asia.
- US companies are the least trusted in Europe but are the most trusted in China; Japanese companies are the least trusted in China.

Good quality products and services, ethical management and attentiveness to customers are the corporate attributes that serve as strong drivers of trust. On the other hand, in Japan, positive media coverage and openness to changing the way of doing business, and using local employees as spokespeople are key. Local employees (or their friends and relatives) are credible because they do not have any vested interest in the business outcome.

CSR activities in Asia Pacific

Studies show that the importance of CSR activities in Asia is increasing.   According to the Wirthlin Worldwide Report, CSR was perceived as much more important in 2004 than in 2003. Sixty-five percent of the respondents rated CSR as being important (an increase in such sentiment by more than 30% since last year). The trends in Asia-Pacific show the definition of responsible corporations to be as follows: offering top-quality products/services and standing behind products/services when something goes wrong. It is interesting that people are defining CSR this way rather than being more concerned about the social aspect of the corporation which have been traditionally associated with convention definitions of CSR.

Mr. Pickard highlighted and summarized the keys to CSR communication success as follows:

- Remember that expectations of responsible behavior start with factors driven by a corporation's core competencies
- Start communication by focusing on building relationships (and the objective of these relationships)
- Listen to what stakeholders are saying; conduct research on their attitudes
- Interact with multiple stakeholders and go outside traditional constituencies (engage and enlist multiple partners and perspectives)
- Communicate "inside, out" engage and activate employees to build credibility, and coordinate with independent, trusted third-parties
- Work on relationships with stakeholders every day and communicate continuously
- Reach out across multiple communication channels to assure reinforcement and impact
- Prepare for greater transparency by sharing information proactively
- Distinguish between an interest group's rhetoric and its true objectives to find common ground
- Don't be forced into a 'yes/no' public confrontation (do not provoke or be provoked)
- Peer to peer–belief in the 'average person' means that the company needs to identify and activate catalysts — those who are passionate enthusiasts — and communicate with them in an interactive two-way dialogue
- Do not try to 'purchase' dialogue through paid media: spending should move away from a heavy dependence on paid coverage towards coverage earned through media relations
- Paradox of trasparency: disclose what you know, and do not know, before your enemies do because in the end, the truth will always come out
- Do not rely on industry-wide action (nor hide behind it)
- Trust is built by accurately communicating a possible CSR reality, not by "greenwashing" a terrible truth

Open Forum (3)

Handling risk in advertising CSR. A question was asked if there is a risk in excessively communicating CSR activities. Many US companies are taking a cautious attitude in advertising CSR. How can the risk be handled?

The key, according to Mr. Pickard, is to resist the temptation to exaggerate, hype, or claim that one's company is superior to others. Simple communication of the facts is recommended. He mentioned the corporate blogs on the Internet as an example. Companies should post all types of comments submitted. If there are contrary views or critiques, the companies could always counter post.

Mr. Pickard related that a Korean company asked him before whether it could promote its environmental program as its CSR program. The company could disclose such a project according to Mr. Pickard, but should avoid bragging. Mr. Pickard suggested that in disclosing information, one should be more than reporting more than that done in the CSR report.

Socially responsible Media. The question was posed on the media having increasing influence on the stakeholders. Media also has its own scandals. How can we ensure that media and journalists are held socially responsible?

Mr. Pickard advised that such organizations should not be promoted nor their shows watched. Interviews should not be given to these types of journalists. Rather, relationships should be established with a core of responsible journalists. News coverage is a "collision" of both good and bad things. When a company is in a crisis, or something goes wrong, media reports everything. The company merely needs to be quick to respond to and to present its side of the story.

D. Panel Discussion I: Issues of Diversity and Effective CSR Communication

All three presentations covered a wide range of issues pertaining to the importance of CSR and the new realities that the economies face. One of the main questions of businesses was how to manage in a global environment, a task that required confronting the issue of diversity. One answer advanced was through Corporate Social Responsibility (CSR).   As indicated by the studies and experiences of the speakers, CSR can help manage diversity in an increasingly global environment. Placing CSR at the heart of the process and taking on a performance orientation contribute to the achievement of organizational effectiveness.

Networking and communication are key components in facing future CSR challenges. There is a need to understand why and how businesses network with each other, and what the appropriate mechanisms are to this end. Interactions on these issues deepen the appreciation of all players (i.e. businesses, stakeholders, governments) of CSR.

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First Presentation: Managing Risks, Leverage Opportunities
Charles A. Barrett
Senior Vice President
Program Strategy and Delivery
Conference Board of Canada

Dr. Charles A. Barrett's presentation consisted of two parts: a brief introduction on CSR in Canada and a talk on diversity. He first identified some highlights of Canada's CSR report card entitled, "Managing Risks, Leverage Opportunities."   He stressed the following:

- *CSR will continue to be a key business issue.*   Companies will not be able to operate without giving consideration to their operational impact on society.

- *CSR is being formally integrated into business conduct.* Although CSR applies to all companies, industries subject to an intensely political or regulated environment, such as mining, energy, forestry and banking, are those that have responded the most strongly to stakeholder demand for CSR practices.

- *CSR is both a risk and an opportunity.* The companies that understand the scope of their societal footprint stand to reap the benefits of CSR. CSR requires firms to take steps that proactively manage their reputation and performance by integrating stakeholder values and interests with decision-making.

- *Reporting is key.*   Public disclosures tend to focus on process, not outcomes. A number of companies fail to report a number of important activities. Moreover, public reporting does not completely reflect what is happening in companies due to the failure to disclose the negative things along with the positive ones out of a sense of caution. It is important to remember that stakeholders want to know what a company is doing and what the impacts of its undertakings are.

- *There is opportunity for more corporations to understand the benefits of systematically managing human rights issues.*

- *A number of environmental issues lead to the practice of CSR.* These new pressures, indicated below, redefine the relationship between Canada's largest corporations and society in general:

  (1) the demands of corporate accountability and the pressures imposed by domestic/international standards of responsible conduct,
  (2) the desire of the public to be engaged and much more involved in policies, strategies and decision making,
  (3) the scrutiny of corporate Canada's performance as societal
  (4) The understanding that building markets, stakeholder confidence and trust hinges on transparency and information disclosure
  (5) Interest of the financial community in CSR and its relationship to value creation
  (6) Emergence of multi-stakeholder coalitions to tackle major societal challenges
  (7) Interest in how CSR is managed throughout the value chain

Dr. Barrett ended the first part of the presentation with an explanation on the research methodology used for the report. He noted that the report tackled the five components of CSR, namely, governance, management of human resources, corporate community investments, environmental stewardship, and human rights.   For each component, an indicator was determined.
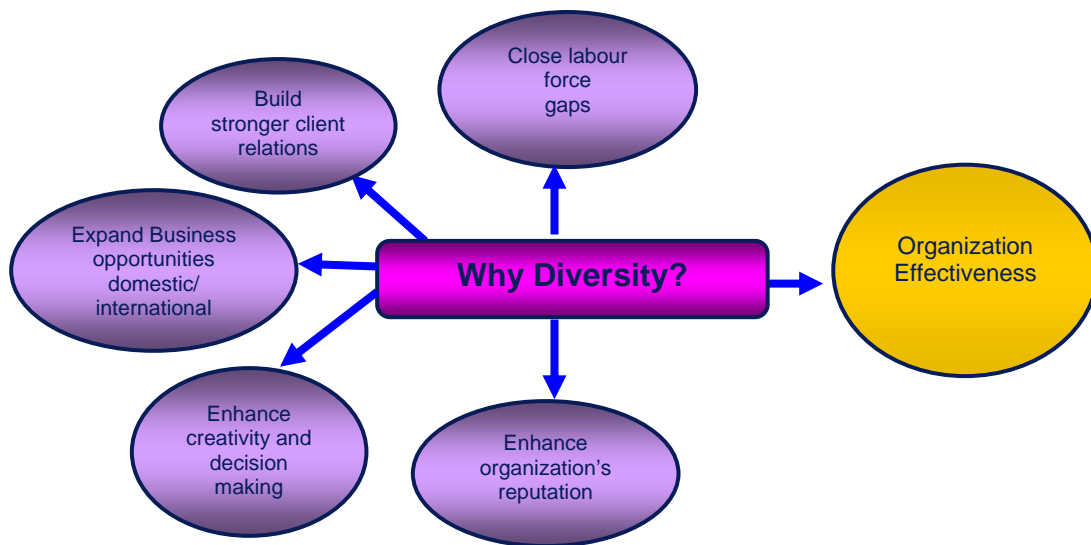

Diversity

The link of CSR and diversity is in the management of human resources. Dr. Barrett noted that Canada experiences three business risks and opportunities, namely, the attraction and retention of talent where talent is scarce, a changing labor market which is driven by demographics, and diversity.

Canada's population, like that of many OECD countries, is aging. Its fertility rates fall below the population replacement rate.   This reality led the population of Canada to change in terms of origins such that it can now be described as reflecting a "kaleidoscope of colors." To illustrate, the visible minority population grew five times faster than the indigenous Canadian population itself. In 2003, for instance, 73 percent of all newcomers to Canada belonged to the visible minority, of which over 80 percent are immigrants, mostly from Asia. The visible minority now constitutes 13 percent of the Canadian labor market, a figure forecasted to grow to 18 percent by 2016.

Given these changes, it is essential that all the talents and skills of the communities (i.e., the older workers and the youth, women, persons with disabilities, etc) are fully maximized. The challenge is to live up to the immigrants' expectations of a better life in Canada.

Managing diversity is an important component of human resource management and CSR. It is through managing diversity that companies could close the labor gaps, build stronger relations with clients, develop business opportunities, enable and enhance the decision-making process (see the following figure).

Reasons for Managing Diversity

Managing diversity helps recruitment and retention. Studies indicate that people are attracted to organizations that are demonstrably supportive and respectful of diversity.

Dr. Barrett ended his presentation by sharing the main lesson learned by the Conference Board of Canada. Awareness through an education process is not enough. Managers should be required to report the targets, implying a more proactive approach where managers are made accountable. The other lessons/results learned based on the researches made were as follows:

- The importance of top leadership commitment
- The importance of aligning the human resource plan with the business plan
- The need to develop internal accountability frameworks
- The need to develop supplier standards
- The need to ensure the existence of executive champions
- The need to set zero tolerance for discrimination and harassment
- The need to invest and invest more

Leadership support and accountability are key. Raising the concept of diversity as a fundamental part, as the "DNA" of the organization is an integral part of this strategic change process.

SECOND PRESENTATION: CSR AND MANAGING DIVERSITY: HOW CAN THE ASIA PACIFIC CSR GROUP MAKE A DIFFERENCE?

Stephen Chi Teh Loke
President
Center for Corporate Social Responsibility

Mr. Loke sees the importance of having the "spirit" to have a commonality of CSR approach. CSR is seen as a way of improving the world and ensuring sustainability. In the issue of diversity, networking is deemed critical.

Mr. Loke's presentation commenced with an explanation on the types of diversity: workplace, customer, suppliers and investors.   For each type, there are common issues such as culture, political systems, state of development, and economic infrastructure.   Understanding how these relate to the supply chain issues is critical. The key question is how to manage businesses in a global environment.

CSR Policies

Similar to Canada, the aging population of Singapore creates an issue of diversity.   Talents have to be recruited from abroad.   One way of managing diversity issues is through the formulation of CSR policies. Good CSR policies are based on the foundation of values, ethics, aspirations. These policies could be applied to various domains like basic human rights, workers' rights, and environmental rights issues. There is a direct link between good CSR policies and reputation enhancement or brand value (see figure below).
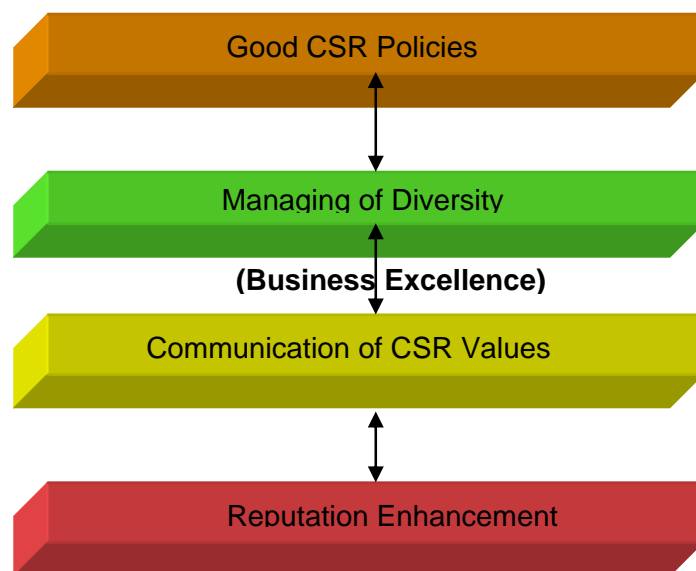
The Direct Linkage of CSR and Reputation

CSR policies could be globally integrated through networking

Although full integration of CSR practices is not possible, integration could be managed. Networking, whether formal or otherwise, builds the bridge to CSR. Such has been the approach used in Singapore.

Supply chain management (SCM) is a big global issue. Through SCM, participants respond to market needs by leveraging new technology and driving automation in management processes. SCM ensures high satisfaction levels among business units, operating companies and external customers by defining, measuring and communicating value effectively to internal and external stakeholders. Mr. Loke identified the three main goals of SCM as follows:

- Apply market leverage
- Improve most social conditions
- Develop innovative policies that create efficiencies for producers and customers to be able to achieve sustainable improvements in the workplace of global supply chains in line with CSR.

Mr. Loke outlined a number of examples where the integration of CSR policies are implemented. Communication is an important part of the whole process of facing challenges in global business.

Future of CSR

Each economy has taken ownership of an aspect of development. Given such synergy, one end goal of the CSR approach is to determine the commonalities that could be applied in the economies respective areas. Knowing the commonalities and the practices of other parties, the economies/ companies could focus on solving the diversity issues, particularly the distinct need for their respective economy. The future challenge is how to retain diversity (the uniqueness of each culture) and still move forward.

THIRD PRESENTATION: ISSUES OF DIVERSITY AND EFFECTIVE CSR COMMUNICATION

Mr. Masao Seki
General Manager
CSR Office
Sompo Japan Insurance Inc.

Mr. Seki discussed two major points: Social Responsibility Investment (SRI) and the ISO SR Standardization

SRI

Mr. Seki noted that SRI in Asia is expanding. Last year, Sompo Japan Insurance   launched a new SRI fund. The first, launched in 1999, was the eco-fund "Beech Forest", which invest in stocks that are evaluated highly on both "soundness of environmental management" and "investment profit growth potential". To date, Japan has a total of 18 SRI funds with assets under management reaching approximately 140 billion Yen. Aside from the traditional SRI funds, there are existing funds that take into account the social aspects of companies. The assets under management are increasing and a number of different types of funds are being established, thereby giving investors more alternatives.

Mr. Seki further mentioned about so called "questionnaire fatigue", the heavy load of SRI surveys sent from the western research institutions. The intentions of some of their questions may not accord with various societies' values. He cited two examples which may result from the varying values: (1) the efforts to increase the number of women holding managerial positions, and (2) the average number of years of employment per employee. He suggested that questionnaires be refined to have a capacity to reflect diverse values and business ethics.

Communication is and will always be indispensable in order for SRI to promote CSR. SRI research companies should express and communicate their opinions, while simultaneously learning more about the companies being evaluated. Interactions in these areas will deepen mutual understanding.

ISO Standardization on Social Responsibility

Mr. Seki informed the participants that on March 2005, the International Organization for Standardization (ISO) will hold the first conference on SR Standardization in Brazil. In preparation, a Japanese committee was formed in Japan to make contributions on drafting the document, which aims to be completed around 2008.

He emphasized that "performance orientation" and "building relationships with stakeholders" are two important aspects in SR standardization. He did acknowledge, though, that SR standards should accommodate the capacity for varying approaches in different region.   Case studies and handbooks on the best practices will help showing how SR can be implemented.   Mr. Seki also recognized that stakeholder involvement is effective in implementing SR.

His presentation ended with a reminder that ISO SR should be implemented on a voluntary basis. The continued engagement of stakeholders will undoubtedly heighten the corporate value while at the same time contribute to the development of better society. Mr. Seki also acknowledged the important role of the Nippon Keidanren (the Japan Business Federation) in promoting SR because of its strong influence on the business sector.

Open Forum (4)

Diversity Issues. Mr. Ricky Fukada, corporate advisor of Omron Corporation, acknowledged the existence of diversity issues in Canada and Singapore. He asked the panel to comment on the diversity issues in other parts of the world.

Dr. Barrett said that there are lessons on uniqueness. The differences between local and global problems should be recognized. How to deal across a variety of cultures should be learned, along with managing discrimination, particularly systemic discrimination.

Mr. Loke admitted that recognizing the differences in values across cultures is a big challenge. One approach, which is supposedly Singapore's approach, is to work on the commonalities, the joint interests. An example of a commonality is CSR: everybody wants the world to be a better place. Furthermore, Mr. Seki mentioned that foreign labor is one of the issues pertaining to diversity in Japan. He questioned government's role in solving social issues.

A Call for Sharing. Ms. Jude Mannion of the Robinhood Foundation noted how all the participants in the symposium shared the same purpose: to effect change in business behavior. Which organization, he asked, can be resourced and share the cases/learning?

The panel noted some initiatives and funding opportunities in these areas. According to Dr. Barrett, he believed in the power of networks.

Further, a work plan focused on a common ground should be developed, notwithstanding obstacles that are to be expected. Mr. Seki proposed that ISO case studies and the procedures ISO follows in creating standards could be vital sources of information on best practices.

Prof. Haworth, on the other hand, observed that the discussions suggest the relative newness of CSR. For this reason, a great deal of learning can be expected, and the undertaking of more initiatives is recommended. He suggested that different types of discussions should be encouraged to fully understand the complete implications of CSR. He posed the following question to the participants: "At what point does stakeholder influence cease and management responsibility take over?"

Issues from Developing Economies. Prof. Felipe Alfonso, Executive Director of the RVR Center for Corporate Responsibility, noted that we should also look at overpopulated economies, from whose perspective one of the blocks is the liberalization of the movement of people. "There is liberalization of almost everything, except the people," he stressed.

Prof. Haworth then quoted Bagwati of Columbia who suggested that OECD economies should extend massive subsidy to supplying economies, proportionate to the inelasticity of the movement of people. On the other hand, Dr. Barrett said that public policies are not rational at all times. He believed that transparency would lead to the formulation of more balanced and better decision-making polices.

The CSR Process. Mr. Dante Pesce, Executive Director of Vincular Corporate Social Responsibility, raised several questions. How could the process of CSR appropriation be speeded up? How should SMEs and the not-so-large companies be engaged? How can they scale up? Mr. Pesce however noted that while there is significant CSR awareness, CSR was but "little in place especially in SMEs." What then is the role of companies from developed economies in engaging their suppliers in the developing economies with regard to CSR? How can local standards and leadership be raised?

Mr. Seki said that the approach to promote CSR differs across economies. The approach is determined by the degree of development and maturity level of societies. For example in China, CSR implementation in SMEs is an important issue. On the other hand, in the United Kingdom,

handbooks effectively promoted CSR. A number of CSR-related issues have been noted in Asia. Companies in developed economies could play a major role in promoting CSR by being involved in issues that have regional effects, e.g., global warming.

Mr. Loke noted that all societies/economies could have almost the same issues in CSR work. He suggested that big companies should take the lead. Tools like supply chain and SRI are drivers of CSR. Stakeholders should participate, while the government which is also a stakeholder, should facilitate the CSR process. In addition, Dr. Barrett emphasized that large trans-national companies (TNCs) are drivers of CSR through the supply chain. However, there are also limits of transparencies -- the dissemination of management know how.

The Role of Government. Prof. Haworth questioned where does the limit of government's role lie? He agreed that while CSR is voluntary, government should help bridge the gap between promoting and implementing CSR. Just as government requires the people to act, so should the limits to government actions be determined.

All the panel members agreed that government has a role to play and should take part in the CSR process. According to Dr Barrett, given the difficulty in attaining CSR goals, government should assume a role by providing a framework. Government setting the targets for awareness alone does not ensure efficiency. Political leadership is required.

CSR in Small Medium Enterprises (SMEs). Ms. Chrysanti Hasibuan-Sedyono of the PPM Institute of Management asked where the responsibility of promoting and implementing CSR lies. She related that in Indonesia, awareness is low in general, and all the more so among SMEs. Those aware have low incentives to pursue CSR. She wondered how SMEs motivation toward adoption of CSR could be increased and how to encourage SMEs to do away with the thinking that CSR is for big companies. She asked: How can we deal with the SMEs' attitude toward CSR? How can we speed up the process of building awareness? Are there any best practices?

For Mr. Loke, the stategy in promoting CSR is an experimental issue. Building CSR awareness is a challenge for NGOs that they can initially address by identifying an SME leader that will promote CSR among other SMEs. In addition, Dr. Barrett suggested targeting the companies connected to the big or global supply chain. On the other hand, Mr. Seki recommended that the corporate behavior CSR guidebook be provided as reference to the SMEs.

Mr. Dante Pesce then recounted his experience when the inter-American bank approved their organizations' CSR grants. The main lessons learned in the process were as follows: (1)SMEs have few incentives for pursuing CSR, and (2)CSR is perceived to be costly.

However, linking SMEs to the supply chain such that they become the supplier of choice could serve as an incentive. Mr. Pesce raised some questions that need to be addressed: What is the market's knowledge on the current CSR strategy? Does the existing local infrastructure support the CSR strategy?

CSR Promotions and Approaches. Mr. Hiroshi Hirose, Chairman of Sub-committee on Social Responsible Management in Nippon Keidanren suggested the use of organizations/associations in promoting CSR. He related, for example, how Keidanren initiated CSR discussions. The Tokyo Chamber of Commerce and Industry (TCCI), which has dealings with the three million SMEs in Japan, also tackled the issue of CSR.

Mr. Fujino explained that TCCI recently established a CSR committee so that CSR activities will soon be started following the first scheduled committee meeting. Japanese SMEs are into the supply chain and cannot ignore CSR.

E. Panel Discussion II: CSR Expected of Global Enterprises in Asia

The second part of the panel discussion focused on CSR experiences of Asian businesses.   Prof. Nigel Haworth remained as the chair for this session, while there are four presentors.   The presentations showed that CSR activities, although voluntary, are growing. Integrating CSR in the business is inevitable. A number of challenges of Asian companies were also identified.

In the open forum, the discussions mainly talked about the risks of corporations in practicing CSR in Asia, the roles of NGOs, and examples of well received CSR practices.

FIRST PRESENTATION:

Prof. Felipe Alfonso
Executive Director
AIM Center for Corporate Responsibility

Mr. Alfonso spoke on the context of CSR in Asia, the response of business, and the drivers of CSR.

The Context of CSR

In an Asian context Mr. Alfonso said that businesses face the following questions with regard to corporate social responsibility: Does CSR have a role in business? What is business' role in addressing social issues?

He then explained that indeed, business has a role in CSR, an idea that deviates from the traditional thinking whereby social needs were government concerns. He itemized the economic and social problems experienced by developing regions in Asia, namely, the high incidence of poverty, skewed income distribution, imperfect markets, and few safety nets due to the absence of social security systems.

The Business Response

Depending on the stage of development of an economy, corporations within conduct CSR activities in varied ways (see table below).

Framing the Corporate Response

Corporate Response	Examples
Resource transfer	Corporate giving and philanthropy (short-term based)
Community relations	Direct involvement in community-based initiatives(relationship/in partnership with NGOs)
Business/Industry practices	CSR through codes of conduct and value chain management
Opportunity: Market solutions to public needs/problems	CSR integrated with the business strategy (for sustainability purposes)

Convergence due to Globalization

Globalization has brought about changes in business practices. The roles of government, business, and civil society are no longer in silos. Rather, a convergence of interests has evolved alongside the convergence of technology. With the presence of new technology, ideas are exchanged and relationships formed at a faster rate. In addition, local and global issues are similarly converging.

Drivers of Corporate Social Responsibility

Corporate behavior is generally spurred by two types of drivers: external (laws and regulations, market forces, societal demands) and internal (individual managerial behavior, operating efficiencies, and business opportunities/strategies). When regulation is the principal driver, the level of CSR effort is compliance. However, when individual behavior is the principal driver, then management is driven by personal integrity or enlightened self-interest. According to Mr. Alfonso, market forces and societal demands constituted the major drivers in the last 15 years. Consequently, CSR had been integrated in most businesses.

Experiences of the RVR Center for Corporate Responsibility Awards

The Asian Institute of Management's Center for Corporate Responsibility and Governance has thus far organized three annual regional conferences where it awarded exemplary practices manifesting responsible behavior in education, poverty reduction, environmental excellence, and in the workplace. In the last two years, nominations for education and poverty almost doubled, indicating business' growing concern over social issues.

Prof. Alfonso concluded his presentation by answering why businesses need CSR with a quote from Mr. Peter Ducker, "you will not address social issues unless you convert them into business opportunities…only then you can begin to deal with these issues over a long period of time."

SECOND PRESENTATION:

Mr. Takashi Hatchoji
Senior Vice President and Executive Officer
Hitachi, Ltd.

Mr. Hatchoji described the CSR experiences of Hitachi, Ltd. in Asia. He stressed that businesses cannot ignore CSR activities. The growth of Hitachi's business in the region is necessarily accompanied by the transfer of more technologies and more business interactions' taking place. The company worked with NGOs in the pursuit of CSR activities.

Mr. Hatchoji emphasized that in the implementation of CSR activities, it is important for management to manifest its vision. At Hitachi, a CSR management framework was established that had improved internal control instruments, among them regular monitoring to ensure that the CSR mindset would be nurtured.

Hitachi hoped to inspire, promote and provide a CSR benchmark mechanism through an award system, particularly the "Inspiration of the Year Award." This award was meant to be given to an organization or a company with an outstanding achievement in CSR.

He ended his presentation by reminding everyone of the following three points:

- Continuity is important in all CSR efforts.
- Companies should be mindful of the requirements in the locality where they operate. Local requirements should match the CSR initiatives of the headquarters.
- CSR activities should not be fragmented. Group-wide efforts are essential.

THIRD PRESENTATION:

Supachai Tepatanapong
Director for International Relations
Thai Industrial Standards Institute (TISI), Ministry of Industry

What Sort of "Social Responsibility" is expected when doing business in Thailand?

Mr. Tepatanapong shared Thailand's experience in implementing standard for CSR. He also posed the following questions: Should there be an international standard for social responsibility? Should the standards differ across economies/regions? Should they be determined by the level of economic development, the historical and social backgrounds? Should the standards be regulated or voluntary? Is there need for a third-party certification or self-certification? Or is certification required at all?

In Thailand, there exists a Thai Labor Standard for corporate responsibility (TLS 8001-2003). To support its implementation, the Thai cabinet issued a resolution in December 2001. The five-year implementation plan was projected to cost 301.8 million Thai Bahts. This labor standard is expected to create a positive image of the economy and to reduce trade barriers. It is likewise projected to facilitate greater opportunities in global trade.

The TLS 8001 Certification was implemented on a voluntary basis to encourage compliance among entrepreneurs. Over 200 firms had obtained basic level certification.

Upon the implementation of the TLS, businesses and other organizations in Thailand have become increasingly involved in CSR practices. This development, however, does not guarantee increased public disclosure with regard to the economic, social and environmental aspects and impacts of corporate behavior.

Mr. Tepatanapong emphasized the need to promote the idea that the value of implementing CSR is greater than its implementation cost. He sees networking and the sharing of experiences as an effective way for promoting the idea.

FORTH PRESENTATION:

Mr. Eiichiro Adachi
Senior Researcher
The Japan Research Institute, Limited

The CSR concept is popularly perceived to be based on values held by western countries. Consequently, certain sectors have perceived the need to develop Asian-based criteria for evaluating CSR activities. Mr. Adachi begged to disagree. He considers it more important that the concept of CSR be first understood.

He identified three main reasons why CSR was initiated.
1. The dark side of globalization. CSR prompted citizens to voice out their sentiments and urged companies to initiate action to address social issues.
2. The insufficiency of government efforts. Formerly, Asia, including Japan, relied on government to act on social issues.
3. The widening economic gap.

The concept of CSR

By identifying social problems, CSR warns against the excessive materialism in the world and helps develop a model for sustainable development. Mr. Adachi advised the participants to allow freedom of association and to abolish all forced labor. According to him, the human rights issue is a global issue. He further highlighted the ten items listed in the global compact proposed by the United Nations Secretary General.

CSR Management in Japanese Companies: How much CSR is practiced in the overseas offices of Japanese firms?

A survey of over 37 Japanese electronic manufacturers was conducted to determine if they and their overseas offices conducted corporate social responsibility. The survey showed the following:
- 19 percent of the surveyed companies have codes of conduct in all their overseas offices,
- 13 percent stipulate CSR requirements in their contracts with suppliers
- CSR requirements practiced: 30 percent environmental, 20 percent legal, 8 percent occupational safety/health, 5 percent labor, and 5 percent human rights.
- 8 percent had organized labor unions

Challenges for the Japanese Companies

In Japan, CSR is viewed as a venue for regaining the confidence of the public and of strengthening the Japanese way of corporate management. Mr. Adachi posed the following questions to Japanese companies:
- Are Japanese companies respectable employers of Asians?
- Do they allow freedom of associations?
- Is child labor practiced in overseas offices?
- Do Japanese companies monitor their suppliers?
- Are the Japanese companies worthy of the respect of Asians?

Open Forum (5)

Risks of Corporations. A request was made to the panel to highlight the risks of operating in Asia. How should these be dealt with?

According to Mr. Adachi, Japanese companies are mistakenly thought not to allow local employees to participate in management. Possibly, the risk in this respect has to do with being compared to US or European companies, and to be misunderstood in the process.

Mr. Alfonso considers it important to remember that each environment has its own norms. More often than not, when moving to a different environment, the natural tendency is to still work using the same assumption/norms as those of the originating environment. Falling into this trap could create problems.

Mr. Hatchoji finds operating in Asia tough. In the 1980s, for instance, friction between economies and imbalances in economies were major risks. Nation building was deemed most important. Presently, risk is related to managerial decisions and judgment. Managers of Japanese companies that operate overseas work harder because they have to make decisions amidst changing environments/situations. Managers therefore need to think globally while simultaneously making local decisions. This requirement makes it more difficult for businesses to operate today.

Mr. Supachai added that in dealing with risk, one has to consider sector-by-sector activities. Problem analysis is therefore required.

Roles of NGOs. From the presentations, a participant deduced that corporations and NGOs could collaborate in CSR efforts. He asked about the specific role of NGOs. He believed that case studies could help understand/clarify their roles.

Mr. Supachai, meanwhile, maintained that everyone has a role and responsibility. Like other stakeholders, namely government and the business sector, NGOs have a role to play in the development of CSR.

Mr. Alfonso identified two types of NGOs:

- the corporate NGOs which are the foundations set up by companies. They deal with social issues of interest to the companies.
- the independent NGOs whose motivations are different.

He explained that collaborations between NGOs are being formed because independent NGOs now see corporations as their source of funding in the pursuit of their objectives. The era of international multilateral agencies' funding NGOs is gone. It is therefore critical for corporations, which plan to collaborate with NGOs in their CSR efforts to carefully plan the partnership process. The objectives of both parties (NGO's and corporations) must be compatible or at least complementary.

Mr. Adachi agreed with Mr. Alfonso with regard to the existence of two types of NGOs. He felt wary of some NGOs, and commented the importance of collaboration with "mature" NGOs.

Mr. Hatchoji added that NGOs are not only active in CSR but are also engaged in business. As such, they also have business ideas and think of business opportunities. He shared that Hitachi has enjoyed its collaborative experiences with its partner NGOs.

Possible CSR Areas. A participant from the Asian Productivity Organization (APO) introduced his organization to the panelists. He described the APO as an organization that conducts training and workshops on productivity improvement in different Asian countries. According to him, 10 years ago, the APO included green productivity among its thrusts as environmental issues were believed to have a huge impact in the region. Thereafter, he asked the panelist for suggestions on which areas to focus in line with CSR.

Mr. Hatchoji acknowledged the importance of implementing green productivity. At Hitachi, green procurement was implemented in 1997 and made a requirement in all of its 1,000 subsidiaries.

Mr. Adachi commended the efforts of APO. He then shared his sentiments with regard to the low cost of labor in Asia. Japan, he said, had 100-yen shops which were admittedly important, but inevitably gave rise to questions pertaining to the working conditions in places that produced these products. He challenged the participants to take part in improving working conditions in Asia.

Prudence in Identifying Commonalities. A participant recognized the importance of promoting CSR. He agreed with Mr. Loke's thesis that the value criteria of society should be established. He also concurred with Mr. Adachi that the human rights issue was a commonality worldwide. He however pointed out that local and religious diversities set limits to CSR. Societies in different region have different views. Prudence was thus essential in identifying commonalities.

Examples of well received CSR practices. Inquiries were made for well received CSR practices. According to Mr. Supachai, per his experience, the concept of CSR is well accepted. The more important issue is to determine the next step or an acceptable CSR strategy. As for Mr. Alfonso, for as long as the CSR activity provides for the social needs of the majority, it is acceptable. He cited two specific examples. For instance, a banker from Manila provided credit to people who could not get credit from normal banks. The banker was successful. He was not even affected by default rates or of the recently experienced financial meltdown. Another example, when water distribution in the Philippines was privatized, Manila Water sought to make water accessible to all. This move lessened the number of illegal water connections and increased company revenue.

II. APEC WORKSHOP ON CSR FOR GLOBAL BUSINESS

"What are Expected in Doing Business in Asia? "
Date: 9:30 - 14:00 January 20, 2005
Venue: Tokyo Kaikan Kasumigaseki, Tokyo, Japan
Number of participants: 14 experts and 8 observers

Following the symposium, an experts' workshop was organized to deepen the discussions and identify human resource development needs.

A. Introduction

Mr. Ojimi gave a brief introduction of the workshop. He explained its agenda, mechanics and purpose, and presented the attendees. According to him current issues for executive training would be discussed for the development of a program called "capacity building for global executives" to be funded by APEC.

In addition, Mr. Ojimi noted that the workshop would serve as a venue for building networks and for determining how relationships and collaboration could be sustained. Most of those present at the workshop belonged to different organizations that could promote collaboration among economies.

After Mr. Ojimi thanked everyone for joining the workshop, Mr. Felipe Alfonso chaired the discussion. He asked the attendees to identify the evolving common CSR issues, challenges and priorities of economies.

B. Presentations

Mr. Ricky Fukada
Steering Committee Chairman
Council for Better Corporate Citizenship

> *CSR is not a "one-size-fits-all issue," to corporations on the verge of developing their CSR strategy.*

Prior to his presentation, Mr. Fukada explained his involvement in the Council for Better Corporate Citizenship (CBCC). He then introduced the core values of Keidanren as the Charter of Corporate Behavior.   He noted that the more recent issues seen were sustainability, human rights, supply chain management, stakeholder dialogue, labor, environment, and globalization.

Activities of CBCC

According to Mr. Fukada, the activities of the CBCC consisted mostly of research on issues involving Japanese-affiliated corporations and how they participate in the activities of the local societies where they are present. Other research issues tackled were community relations and networks. CBCC organized around 15 CSR seminars in 2004.

The CBCC is actively engaged in dialogues with organizations from the public and private sectors across the US and Europe. China was also visited and made part of the dialogue network. The main goal of such dialogue was to keep abreast of CSR developments in the region and discuss possible CSR standards.

Mr. Fukada summarized the perspectives of CBCC on CSR as follows:
- Corporations and economies have no defined global "navigational chart" on CSR. The concept of CSR is evolving. It is not simply an issue of standardizing or not. Organizations must find their own approach.
- CSR is a positive initiative of the corporate sector as it suggests autonomy (or voluntary) and flexibility of implementation. It must minimize risks and maximize benefits.
- The integration of CSR in the mainframe of business will enhance corporate competitiveness and the companies' intangible assets.
- Corporations must ensure transparency and accountability.
- Addressing the diversity issue as a corporate strategy is important and critical. Respect for regional and cultural differences is required, and indicates respect for human dignity and human rights.
- Stakeholder analysis and engagement are important.
- There has been a positive response and a growing interest in Social Responsibility Investment (SRI).

Mr. Fukada emphasized that as CSR is not a one-size-fits-all issue, corporations are challenged to develop their individual strategies and optimize the CSR concept. He believes that the APEC symposium on "CSR for Global Business" was a big and valuable step to attaining the goal of sustained APEC economies.

Ms. Chrysanti Hasibuan
Senior Faculty
PPM Institute of Management

Countries have different needs. As far as Indonesia is concerned, the main issues currently are the low awareness and poor perception of CSR and finding ways of promoting good corporate citizenship to corporations.

CSR in Indonesia

Ms. Hasibuan first gave a brief introduction of Indonesia and its economy. She stressed that CSR status in Indonesia is different from those in developed economies like Japan since the CSR awareness was still pretty low. Furthermore, in Indonesia most corporations still consider shareholders more important than stakeholders; and regard CSR as cost rather than investment.

However, since 2003, Ms. Hasibuan had observed more and more CSR initiatives. These initiatives were not necessarily driven by the consumers' desire for ethical and socially responsible trade in the global market, but many companies had seen CSR as their means of promoting goodwill and projecting a positive image. It is worth nothing that most of the initiatives are philanthropic in nature. Very few corporations addressed CSR using a multidimensional/integrated approach.

She attributed the low level of CSR practice in Indonesia to the following:
- Lack of information, methods, tools for CSR practices in Indonesia
- Lack of mechanisms for sharing knowledge/experience on CSR practices among corporations
- Need for better communication between corporations and their stakeholders, particularly with the community in the surrounding areas.

Given these factors, she then raised the following issues with regard to Indonesia:
- How should awareness of the critical role of the CSR concept in doing business globally be increased?
- How should good corporate citizenship among corporations, regardless of size, be promoted?

She proposed a three-point strategy:
- Develop a CSR learning forum. Given the high level of distrust between NGOs and corporations, round-table discussions or a dialogue involving Government as well, is encouraged
- Disseminate relevant information effectively
- Establish networks among APEC member economies to allow them to share best practices

Ms. Hasibuan then introduced "Indonesia Business Link (IBL)," an organization founded by a number of business leaders as a reaction to the economic crisis. It has formed a coalition of national and international companies in Indonesia which have a commitment to sound and ethical business practice. IBL main thrust is to promote good corporate citizenship. The organization supports learning through round-table discussions and forums with corporations, NGOs and Government, and creates awareness of CSR through publications. IBL also acts as a neutral facilitator among corporations and with NGOs to help build partnerships.

Ms. Kimie Iwata
Director, Corporate Officer, General Manager of the CSR Department
Shiseido Company, Ltd.

> *The strategic shift of CSR activities could be made in line with the strengths of the organization.*

Using the Shiseido experience Ms. Kimie Iwata discussed the challenges faced by Japanese companies with regard to CSR.

Over the years since the foundation of the company, the concept of CSR in Shiseido has been evolving. The most recent concept was presented in 1997 with the company's declaration of corporate behavior--the Shiseido Way. It served as a guideline in Shiseido's practice of CSR. The declaration came with the Shiseido Code which employees referred to.

Shiseido's CSR structure had three main components: the Corporate Ethics Committee, the CSR Committee, and the Code leaders. The Corporate Ethics Committee was set up to develop specific actions in enhancing the compliance of the regulations and the Shiseido Code to protect the company from scandals, and to prevent their occurrence.

Meanwhile, the CSR committee was composed of four subcommittees, handling the four main CSR areas: human rights enlightenment, support for female employees, the environment, and philanthropy. Finally, the Code leaders, who were stationed in different business operations of the company, initiated and promoted CSR actions under the directions of the two committees.

The CSR report documents all the CSR activities of the company. One typical example is the beauty seminar that has been conducted at welfare institutions for the past 50 years, with Shiseido employees

providing free make-up demonstrations during their regular visit. The participants appreciated these activities which allowed them to rediscover the beauty of living. Such was particularly true of the elderly, many of whom no longer saw meaning in being alive. Shiseido employees, on the other hand, were touched by the reactions of the participants.

For Shiseido, the three main challenges the company needs to face are as follows:
- the strategic shift of CSR activities to the areas which could strengthen corporate value
- strengthening both internal and external communication
- sustaining CSR activities through the Plan-Do-Check-Act (PDCA) cycle

Before ending the presentation, Ms. Iwata emphasized the importance of extending the company's CSR efforts to its affiliate companies, suppliers, and even customers.

Mr. Toshihisa Nagasaka
Professor, Faculty of International Development
Takushoku University

Transformation of the relationship between corporations and NGOs – stronger cooperation between NGOs and businesses allows to finish the project ahead of time, generate savings, and do away with other corrupt practices (i.e. Shell Corporation's experience).

Mr. Nagasaka discussed CSR from the NGOs' point of view. Generally, NGOs have two strategies in fighting for a cause: an aggressive strategy (e.g., demonstrations) and dialogues.

In 1992, the world summit passed with a resolution to the effect that government and NGOs are partners. Mr. Nagasaka observed that NGOs have finally realized that by cooperating with government and corporations, they will be able to come up with more substantive results.

A number of international treaties were born out of the cooperation between government and NGOs, namely, the anti-personal landmine convention, international criminal codes/rules, and the code for protocol on climate change. Per Mr. Nagasaka, there were several developments with respect to cooperative relations between corporations in the 1990s.

Mr. Hironobu Nishigai
Manager, CSR Office
Matsushita Electric Industrial Co. Ltd

How can CSR be implemented in a global enterprise? The diversity at the economy level should be handled.

Over the years, Matsushita Electric Industrial Corporation Limited (MEI) has been implementing CSR activities in its companies worldwide. The concept of CSR is not new to MEI. Mr. Konosuke Matsushita, founder of MEI, was a philosopher and businessman who initiated activities that contributed to society ever since the early years of his company's existence. Mr. Nishigai confessed that these efforts were not easy given the size of MEI (an organization constituted by 340,000

employees globally) and the diversity of customs and cultures across economies. MEI's management thus realized the need to set up a uniform code, applicable throughout its operations worldwide.

Mr. Nishigai listed the eight *major* CSR *components* for MEI:

- environment
- fair business activities
- labor/human rights/safety
- information security,
- corporate citizen activities
- quality administration
- customer satisfaction
- usability

MEI uses the Plan-Do-Check-Act (PDCA) approach to implement CSR elements as the approach ensures the sustainability of implementation. Furthermore, continuous communication and dialogues are initiated with the different internal and external stakeholders.

The basic thinking at MEI is that CSR is crucial to the survival of a company. Being a global excellent company means implementing CSR globally. Just as efforts to reap economic benefits and profits are exerted, so should efforts to address the needs of the global environment or to resolve various global issues not be ignored.

Mr. Dante Pesce
Founder and Executive Director
Vincular (consultancy and research Center specialized in CSR)

> *The challenge to global corporations is to make a commitment and identify*
> *the local situation.*

CSR Challenges for Global Corporations in Latin America

Focusing on the analysis of challenges confronting global corporations in the context of Latin America, Mr. Pesce's presentation described the experiences of the institution and related these activities to the ISO process.

Vincular (linkage), established in 2001 at the Pontifical Catholic University of Valparaiso-Chile, provides services in consulting, capacity building and applied research in CSR. With partners in 13 Latin American countries, the United States, Africa, Asia and Europe, it has become actively involved in the ISO-SR 26000 process.

The governance structure board of Vincular is composed of seven corporate leaders and five business associations (mostly export oriented). The goal is to be aligned with its stakeholders and clients, and with the business communities.

Common CSR issues in Latin America
- Labor practices are good despite the general perception that the labor practices are bad
- Compliance with the law, when compliance is actually voluntary, and the capacity to enforce the law is limited and infrastructure is weak.

- Corruption and transparency, where public and private sector partnerships exist, but are corrupt. Corrupt government officials are prevalent.
- Commitment to community/economic development, where the commitment is mostly focused on generating local capacities, contracting local business, hiring local employees, and investing in the local education system.
- Constructive collaboration on public policies/with governments. There is increasing consensus that corporations should not replace government. Corporations should be the partners of government in developing solutions.
- Environment management and protection
- Transfer of know-how and supply chain development (local business capacity building). Local capacity building, which helps sustainability, is low, however.
- Lack of visible leadership that could "walk the talk". This is a problem for there are few companies that could lead. There is a need for large companies to show the path.

Local challenges to institutions:
- To work with a number of companies (or associations) those are influential. One good example of CSR promotion is the Chilean agricultural system. In just five years, 2,000 out of 7,000 member companies have been certified under the Chilean Good Agricultural Practices (GAP), indicating an improvement in environmental, health and safety practices.
- The promotion of health and safety practices in the workplace, an initiative started 50 years ago by the business community. Labor unions and business are equally represented in the board of the institution practicing such safety methods.
- Developing CSR industry strategies in cooperation with government and industry. This activity is sponsored by the Intra-American Development Bank.

CSR Drivers in Latin America
Among the drivers of CSR in Latin America, foreign investment was identified as one of the more valuable ones. A company with better company practices will tend to be more competitive, which is why the Chilean government has chosen to be active in CSR.

General findings on CSR in Latin America
- Global corporations are perceived to be implementing CSR activities, but lacks understanding of local issues and expectations.
- Big local companies seem to be better aligned with expectations but are lacking in strategy.
- CSR practices transferred to the supply chain of small and medium businesses have been minimal.
- Lack of leadership and pro-activity in business associations
- Lack of government involvement/partnership in CSR development. Emphasis is on the "stick" strategy rather on than the "carrot" strategy or the strategy of granting more incentives.

Mr. Pesce emphasized that global companies in Chile have no capacity to connect with local issues. Companies with the best CSR reputation in their home lands have the worst CSR reputations in Chile. This fact is blamed on the inability of these corporations to adopt company practices to the local setting.

Mr. Pesce ended his talk by identifying the challenges and CSR goals in Latin America:
- Better aligned commitment/behavior between headquarters and local practices
- Better connection in the local culture, issues and the stakeholders' expectations
- Beyond philanthropy, more creativity and cost-effective ways, in the supply chain, research and development, leadership, partnerships, the business environment
- Better communication, improved reputation, and not just an improved image

Mr. Masao Seki
General Manager, CSR office
Sompo Japan Insurance Inc.

> *In practicing CSR, the emphasis is on the internal constituencies of corporations, and their link to customer stakeholder engagement.*

Social expectation towards business to respond social needs is increasing. At the last IUCN (The World Conservation Union) conference, to which many prominent global leaders of environmental issues gathered, the role of corporations in sustainable development was much discussed agenda. Businesses should not only avoid the destruction of environment but to take proactive measures for its conservation aiming at the sustainable development of the society at stake. With such logic, society has high expectations with regard to corporate activities.

Sompo Japan, a property and casualty insurance company, considers the following to be important aspects of their CSR initiative:

- In order to respond to the society's call for CSR, it is indispensable to create the virtuous cycle of CS (customer satisfaction) and ES (employee satisfaction). The employees, carrying out their work with pride in their company, offer customers a feeling of security through their high quality service. Sompo Japan places emphasis on human resources development in implementing CSR activities. The virtuous cycle will increase support from the society and enhance the corporate value.
- Sompo Japan continuously engages with stakeholders to better define our CSR policy and activities. Mr. Seki believes that stakeholder engagement process through dialogues is an essential factor for pursuing CSR. The company's sustainability report plays an important role, not only as a tool for disclosure but also as a communication medium with our multi-stakeholders. To make the best use of this medium's potential as discussion material, we have been holding "Stakeholders' meetings" since 2001.

Lastly, Mr. Seki raised a challenge that organizations are facing in developing a common/shared CSR standard. While the importance of pursuing CSR should be a commonly shared objective for any business, Mr Seki express concern over the uniformed requirements and approaches of CSR since the CSR roadmaps of corporations in different economies are different.

Mr. Tuan Thanh Trinh
Senior Expert
Standardization Department
Directorate for Standards and Quality (STAMEQ), Vietnam

> *For a developing and export oriented economy, one major concern is whether CSR standards are indeed standards or barriers. When are they standards? When are they barriers?*

Because of globalization, corporations need to implement CSR and ensure sustainable development. Mr. Trinh defined CSR as a set of management practices that ensure a company's minimizing the negative impacts of its operations on society while maximizing its positive impacts. One example of a CSR element is environmental protection.

He also considered the possibility of CSR standards' becoming trade barriers for developing economies. For example, Viet Nam, a developing economy, has a legal system that, in principle, protects its people. However, the system's standards may be different so that Viet Nam may need to redevelop its legal system to meet the "global" CSR standards.

Mr. Trinh related that one of Viet Nam's goals is to increase exports, particularly to the EU region, Japan and others. Given such a goal, View Nam acknowledges the importance of abiding by CSR requirements. Viet Nam is open to the idea of developing an ISO standard on CSR and intends to set up a CSR task force with the Directorate for Standards and Quality.

C. Workshop Discussions

Identification of the CSR Issues

A multitude of issues identified during the symposium and from the workshop presentations challenged the panel to reflect and discuss modes of intervention. Given the limited resources available, establishing priorities was necessary.

Some Lessons from the Presentations

The discussion started with Dr. Barrett sharing some of the conclusions that came out of the symposium and the workshop presentations, namely:

- the importance of boundary issues,
- CSR's involving not only the corporations but also the government and the NGOs. NGO's are also have accountability with regard to CSR. But what should the activities/responsibilities of the different stakeholders be?
- The observed transformation in the relationship of NGOs and corporations
- The implementation of CSR in poor economies that do not have adequate rule of law
- The general perception of CSR in Canada: that it is a "panacea." This perception is not recommended as it puts a burden on CSR.

CSR Issues and Challenges

The participants discussed the CSR issues and challenges. Among the themes already identified, the diversity issue was again discussed. Two more themes were mentioned.

Prof. Haworth recognized the difficulty in finding the right CSR approach. A number of factors have to be considered, a major one being the fact that CSR is not an issue normally tackled in all 21 economies. A normal issue for APEC is dealing with a situation where despite the disparity in standards, every economy is committed to these standards. What capacity needs to be developed in each economy? Across economies the principle may be the same but the approach decidedly differs. With CSR, there are no similar nor obvious linkages across economies.

1. Diversity of economies

Diversity is an important issue that can be dealt with through sharing. Differences in CSR practices exist in developed economies vis-a-vis developing ones. What help can be provided?

Mr. Fukada recognized how difficult it is for the headquarters of corporations to determine the needs and expectations of its subsidiaries' communities abroad. He emphasized the importance of setting a mutual goal or path.

Another major issue is the difference in level of awareness across economies, a difference created by the level of maturity of the company in terms of CSR practices. What types of intervention are needed?

2. What are the expectations of global trading partners in developing economies in terms of CSR?

This issue was raised in Mr. Trinh's presentation.

Mr. Nishigai said that the primary role of government is to implement laws. CSR goes beyond compliance. It should not become a non-tariff barrier. Through CSR, the perception stakeholders have of companies improves.

3. How can the implementation of CSR be promoted if indeed CSR is beyond law compliance?

The CSR risk is beyond the law. Continuous dialogues between public, and private sector are therefore suggested.

Capacity Building

Together with these challenges, a number of questions need to be answered: How should issues be consolidated? What should be undertaken to be able to move forward? What is the commonalities? How could capacity building be enhanced?

- Sharing, continuous exchanges and open collaboration are important. In Japan, there is a growing interest in developing mutual understanding. For example, what should the code of conduct be in the area of supply chain management? The local needs of subsidiaries where they operate should be determined.
- Networking is a cost-effective way of looking for partners and bridging the gap or addressing diversity. A list of CSR institutions or a network-sharing process should be readily available to corporations. Dialogues are important "spirit" to improve.
- Another suggestion is to use the commonality approach in addressing diversity.
- Media is considered both an important agent and a stakeholder in raising management capacity. A regional media strategy should be considered.
- The development of case studies per economy is suggested for evaluating the diversity issues and determining priority areas. Corporations seek information to know the risks that exist. There is a need to collect more information on the risks. What expectations do regions have of global corporations? Development of the CSR Model with universal applications

Is a CSR model with a universal application possible?

Dr. Barrett viewed TQM, as practiced in Japan, as an organizing framework. However, Prof. Haworth sees CSR as a concept not owned by management but as a challenge to management. CSR is a fundamental questioning of the business paradigm, it questions what are in place (e.g., profit as the goal of business). Thus, diplomacy is important. By asking business to follow CSR, the basic priority of managers—to make profits—is challenged.

Ms. Mannion reported that for the last eighteen to twenty-four months, global businesses have been challenging themselves. CSR is in the agenda of global businesses.

- Does CSR have a limit?
Through networking and the commonality approach, the limitations of CSR can be determined.

- What is the role of APEC?
APEC, being non-binding, is in a good position to go through this process of discussions and capacity building. Economies should not be compelled to agree on an issue such as CSR.

- ISO CSR Standards

The concept of ISO standards is good but confusing. How should these standards be promoted in the different economies? How could all 148 members be made to agree to them? How could understanding of these standards be increased?

CSR is a "deep" issue because it cuts across standards being introduced. Prof. Alfonso raised the idea that developed economies have the upper hand in applying standards for they already have developed standards (i.e., similar to the idea of corporate governance). If local companies could not comply with the CSR standards, could they still qualify for the investment? In the case of Viet Nam, how can developing economies go through the level of development with the standards being required?

On the other hand, Mr. Pesce reported that the ISO SR process provides opportunities for developing economies to converge with the standards set mainly by the developed ones. Thus, developing economies are enthusiastic about participating in the discussions because they will have a say in the standards. In addition, Mr. Pesce asked if APEC could consider liaising the ISO process.

Mr. Supachai also requested for an information-sharing session before the ISO-WTO on CSR conference so as to be more prepared.

Conclusion

The discussions generally showed that developing a CSR model is not easy. Economies could capitalize on their strengths in dealing with the issues. However, the participants found it difficult to identify the issues and prioritize them given the varied perspectives of the workshop attendees. Mr. Alfonso hypothesized that issues may evolve once the process / strategy has been identified. Priorities could still change, however.

Action Agenda

Mr. Ojimi started the second part of the discussion by explaining the reporting logistics.
- The outcome summary of the symposium and workshop will be prepared and submitted to HRD working group, speakers, and affiliate organizations such as Keidanren and METI.
- The discussions on the future agenda will be passed on to the APEC Business Advisory Council's(ABAC) capacity building working group, which will meet on March 2005 at Mexico.
- APEC experts are asked to continue this exercise of identifying CSR themes and key agendas from March to June 2005
- The timelines and schedule of APEC's future meetings were discussed.

After, a list of key CSR themes (see list below) was distributed to the participants.

Key Themes derived from the Symposium and Workshop

1. Social Framework for CSR
   - Roles of government: government action to formulate legislation around principles and implementation
   - CSR and ISO System
   - Global Standards, local conditions and expectations
   - Role of representative business institutions in developing CSR
   - Development level and CSR (potential barriers to trade and investment)
   - Social recognition of importance of CSR

2. Stakeholder Engagement and partnership around CSR
   - Government-private sector relations (corruptions)
   - Business and civil society (NGOs)
   - Effective media activity in the context of CSR
   - Information on local conditions, major concerns and potential risks

3. CSR and the Supply Chain
   - Global supply chain
   - CSR and SMEs

4. Organizational Effectiveness and Performance
   - Establishment of CSR at the core of business strategy
   - Alignment of head office and local operations of the multinationals
   - CSR and diversity

5. CSR and Sustainability

Economy-Based CSR Report

Mr. Ojimi proposed that the participants of the APEC economies present be given a case study assignment. He gave the entrepreneurship casebook as a sample exercise.

Compared to the casebook, the assignment on CSR would be a baseline structured assessment of the current state of CSR per economy. The structured questions showing the expected limits of the report will be available after the ABAC meeting scheduled for February 2005. The reports, which should not exceed 25 pages, should be indicative of the general trends and illustrative of the CSR processes. They should show the magnitude of future work.

Prof. Haworth explained that each economy will likely have a different report. For example, Japan's report might discuss the established tradition of CSR, the scope of the 1600 cases, institutional CSR practices and leaderships, the networks in place, relationships between government, NGOs, and business. It may also include one or two illustrative case studies that could show the depth of the CSR process. Vietnam's report, on the other hand, may discuss aspirations and pressures on CSR, and less of actual practice and cases.

Mr. Ojimi asked for other suggestions from the participants on the best course of action, guidelines and principles. The participants then shared the following questions, comments and suggestions:

- Is there a yardstick for evaluating CSR? At the corporate level alone, it is difficult to compare the level of CSR company practices, let alone at the economy level. Presenting the CSR activities is the most that can be done.

- Parts of the report may contain the following: (1) the basis of CSR principles/ guidelines. This may be drawn from the summary report of the symposium and the workshop; (2) perspectives of the multinational companies (MNCs)/developed economies; (3) priority CSR areas/issues of developing economies, e.g., supply chain; (4)action programs or processes; and (5) general insights or views regarding the future. Institutions similar to the CBCC in their respective economies could help generate the report.

- IIST could have a steering committee to discuss its future plans.

- Questions and the themes for assessment should be formulated and then their feasibility in each of the economies evaluated.

At the end of the discussion, the eight economies present agreed to make a synthesis report for their respective economies. The themes for the report would be as follows:

- Economy-based assessment of the state of CSR
- Relationship between global CSR and local circumstances
- Common CSR features across economies
- Areas of substantial dissimilarity
- Examples of best practice
- Examples of information or capacity gaps and opportunities for further capacity building activities
- Opportunities for further joint work with the business community so as to extend CSR capacity
- The potentials of a long-term CSR work plan for APEC

Future Meetings

Another meeting is needed to report back and discuss the assessments, and to ensure that the materials for an effective synthesis document are in place. Based on the material and synthesis documents, some of APEC's relevant recommendations on CSR will be prepared and circulated within APEC. Subsequently, a small steering committee group might be organized to develop the synthesis document, which is the final project output.

Future networking activities were also identified as follows: information sharing, definition of terms pertaining to CSR, identification of mutual goals, partnerships with local groups in an effort to bridge the gaps, organization of dialogues or face to face meetings.