

# 日中韓研究者会合 毛利報告

A Sectoral Analysis of the China–Japan–Korea  
Global Compact Joint Survey 2010

Katsuhiko Mori  
International Christian University

Introduction

The industrial economic sector is a key grouping that creates a link between individual companies and the business community at large. Sector-wide initiatives for corporate social responsibility (CSR) have been formed based on common concerns, including risks and competitiveness, specific to the respective industrial sectors. The existing sector-specific studies of the United Nations Global Compact (GC) also suggest that many of the CSR issues are often industry specific.<sup>1</sup> Thus, it will be useful to examine sectoral dimensions of the China–Japan–Korea GC Joint Survey to get a better understanding of CSR activities in East Asia. To what extent can the GC performance in the region be explained by the sector? What kinds of characteristics in what sectors can be found in the GC participants in the region?

The total number of respondent companies in the China–Japan–Korea Survey 2010 was 151 out of 336.<sup>2</sup> Some of these respondent companies are involved in one or more business sectors categorized by the UNGC Office, and thus the total number of responses by sector was 171. As shown in Table 1, industrial goods and services had the highest share in all three countries. The relatively high respondent sectors (three or more points above the China–Japan–Korea average) include automobiles & parts in China; chemicals and retail in Japan; and banking, personal & household goods, and retail in Korea. The Chinese manufacturing sector has the highest share, implying that the GC and CSR activities have become active today in “the factory of the world”.

Table 1: Sectoral Distribution of China–Japan–Korea Survey

Sector	Total	China	Japan	Korea
Automobiles & Parts	6 3.5%	5 6.7%	0 0.0%	1 2.6%
Bank	5 2.9%	1 1.3%	1 1.7%	3 7.9%
Basic Resources	8 4.7%	4 5.3%	3 5.2%	1 2.6%
Chemicals	10 5.8%	0 0.0%	8 13.8%	2 5.3%
Construction & Materials	6 3.5%	3 4.0%	1 1.7%	2 5.3%
Financial Services	6 3.5%	3 4.0%	2 3.4%	1 2.6%
Food & Beverage	6 3.5%	3 4.0%	3 5.2%	0 0.0%
Health Care	6 3.5%	1 1.3%	3 5.2%	2 5.3%
Industrial Goods & Services	50 29.2%	27 36.0%	18 31.0%	5 13.2%
Insurance	1 0.6%	0 0.0%	1 1.7%	0 0.0%
Media	2 1.2%	0 0.0%	1 1.7%	1 2.6%
Oil & Gas	6 3.5%	3 4.0%	3 5.2%	0 0.0%
Personal & Household Goods	3 1.8%	0 0.0%	0 0.0%	3 7.9%
Real Estate	3 1.8%	3 4.0%	0 0.0%	0 0.0%
Retail	8 4.7%	0 0.0%	5 8.6%	3 7.9%
Technology	5 2.9%	3 4.0%	2 3.4%	0 0.0%
Telecommunications	4 2.3%	3 4.0%	0 0.0%	1 2.6%
Travel & Leisure	2 1.2%	1 1.3%	0 0.0%	1 2.6%
Utilities	8 4.7%	5 6.7%	1 1.7%	2 5.3%
Others	26 15.2%	10 13.3%	6 10.3%	10 26.3%
Total	171 100.0%	75 100.0%	58 100.0%	38 100.0%

## GC Participation

The top two reasons why the companies joined the GC are commonly observed in all three countries: to understand CSR from a global perspective and to support the GC ideas and principles.

The third reason in Japan and Korea, and the fourth reason in China, is to base company policy, strategy, or code of conduct upon global principles. This objective may be understood as a potential of materiality or a newly emerging generation of CSR, which goes beyond compliance and social contributions. According to Figure 1, the main sector that chose this reason was industrial goods and services in all three countries (China 35%, Japan 46%, Korea 27%). In Japan, some companies in the chemicals and retail sectors chose this reason (10%, respectively). Utilities and others in China also chose this reason (9%, respectively). A couple of companies in personal & household goods in Korea also chose this reason. The manufacturing sector might be regarded as the front-runner in materiality in all three countries. If that is the case, some good practices might be drawn from the companies in these sectors. This tendency of global principles as a strategic base can spread through the sector's supply chains, if it can be effectively managed.

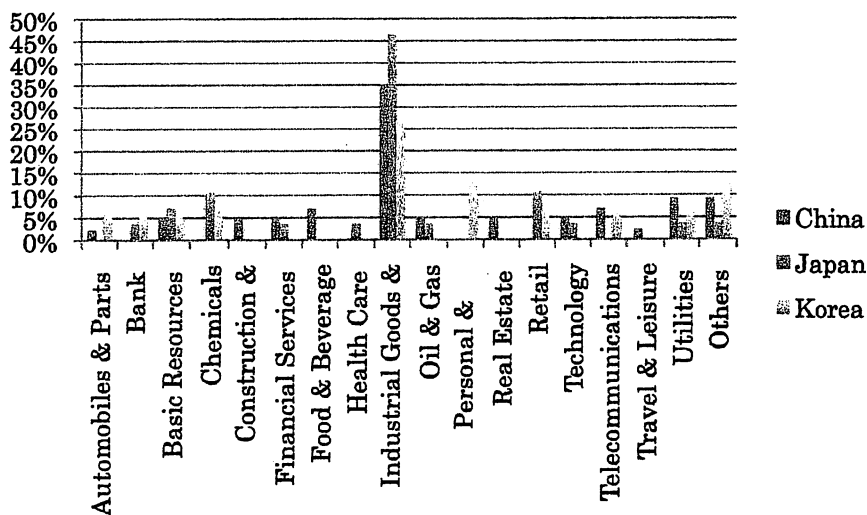


Figure 1: The GC as a Strategic Basis

## Four Areas of the GC Principles

A large number of companies have set specific goals or targets in implementing the four areas (human rights, labor, environment, and anti-corruption) of the GC principles, especially in China (95%) and Korea (66%), however less so in Japan (34%). Although many companies have equally weighted these environmental, social, and governance (ESG) issues, the environment is the most popular in all three countries (China 34%, Japan 42%, Korea 31%).

Figure 2 shows that many companies in the industrial goods and services sectors have stated they are most active in achieving environmental goals (China 43%, Japan 50%, Korea 20%). Chemicals is the second sector in Japan (15%). Basic

resources (forestry & paper, mining), financial services, food & beverages, and utilities follow in China. In Korea, banking, chemicals, and utilities (20%, respectively) follow. Industrial goods and services are also engaged most in the areas of human rights, labor, and anti-corruption in the three countries. Labor is the second most important goal or target behind the environment in the Chinese manufacturing sector.

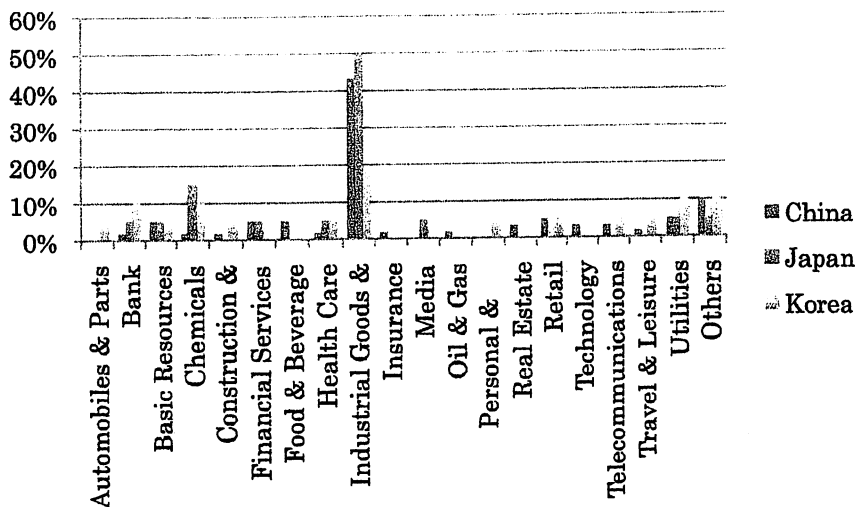


Figure 2: Environmental Goals and Targets by Sector

The emphasis on the environment is generally shared across countries and across sectors. Figure 3 shows a similar distribution among the four ESG goals and targets in the three manufacturing sectors combined (industrial goods & services, automobiles & parts, and chemicals) and the three financial sectors combined (banking, financial services, and insurance) in the three countries combined.

3 manufacturing sectors

3 financial sectors

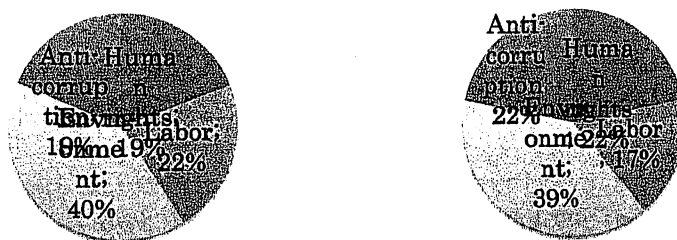


Figure 3: Sectoral Concerns by Issue

Economic Downturn

Despite the 2008 financial crisis, about 60% of the respondents in East Asia made no specific changes in implementing their CSR activities. Rather, about 50% of

the respondents in China and about 30% in Korea enhanced their CSR activities after the crisis, although the Japanese response was relatively low (13.5%). China's active enhancement of CSR activities in the economic downturn is much higher than the average global response, with 25% stating that the relevance of CSR increased after the crisis.<sup>3</sup>

As shown in Figure 4, the sectors that enhanced their CSR activities include industrial goods & services (26%), automobiles & parts (11%), utilities (11%), technology (9%), and others (11%) in China. Industrial goods & services (29%) in Japan and banking (18%) and others (27%) in Korea shared similar experiences. However, a small number of Japanese and Korean respondents in industrial goods & services and others reduced their CSR budgets because of the crisis.

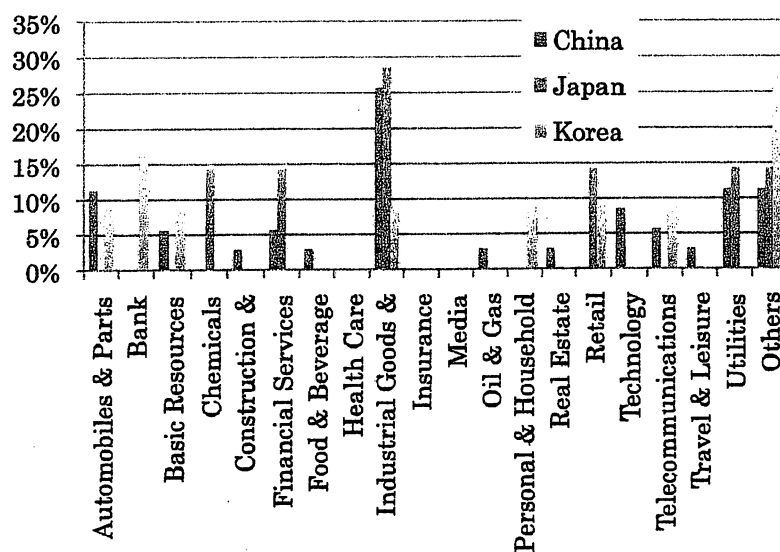


Figure 4: Enhanced CSR Activities after Crisis

### ISO 26000

About 70% of the respondent companies in various sectors are interested in ISO 26000 (24% highly interested, 45% interested) in the region. In particular, industrial goods & services expressed their higher interest (highly interested and interested combined) in ISO 26000. As shown in Figure 5, in China, industrial goods & services, automobiles, and basic resources are the main sectors the expressed a high or general interest. Chemicals in Japan and banking in Korea, however, expressed their concerns.

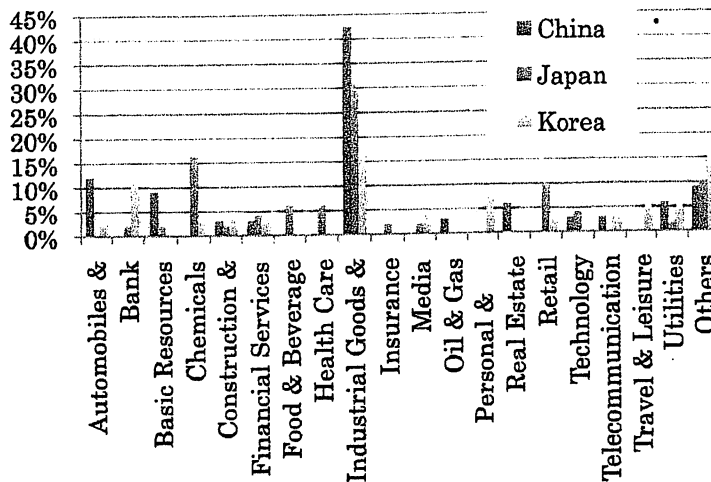
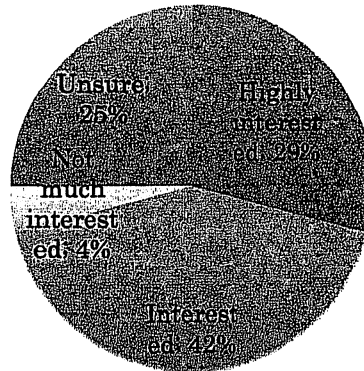


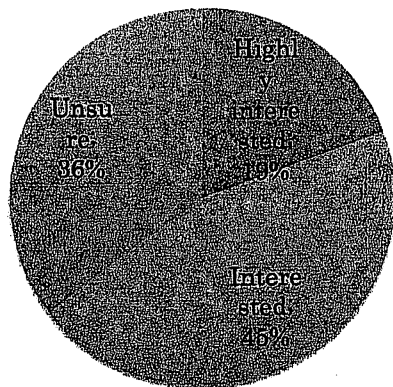
Figure 5: High Interest in ISO26000

It is understandable that the manufacturing sectors, especially in Japan and China, which experienced a boom in ISO 14001 certifications to do business in the global marketplace, are highly concerned with the newly emerging ISO standardization.<sup>4</sup> However, Figure 6 shows that about 25% of the industrial goods & services sectors in this region feel unsure, and 4% have not shown much interest in this issue. In particular, 36% of the Chinese responses in this sector indicated uncertainty, and 11% of the Japanese responses in this sector had little interest. How can these mixed feelings be explained? Many companies in the manufacturing sector in East Asia, especially electrics and chemicals in Japan, were certified ISO 14001 to do business internationally, and yet they had not fully exercised their influence in the standardization process in the European-dominated ISO. Partly because of this experience, some East Asian industrial sectors may not feel fully confident in the new generation of ISO. Unlike the standards for products and management, however, ISO 26000 is expected to provide “guidance” on social responsibility to all types of organizations. It has taken 10 years to develop a new generation of standards by involving many stakeholders across countries.<sup>5</sup> Perhaps because of this involvement, many expressed positive feelings regarding ISO 26000 and the potential expansion of the Chinese manufacturing sector.

China+Japan+Korea n=48



China n=25



Japan n=18

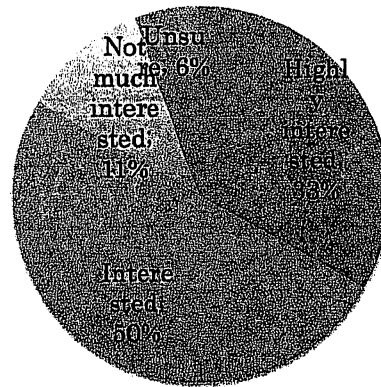


Figure 6: Mixed Feelings in the Industrial Sector

### Asian Values

The Asian values debate since the 1990s has had mixed implications for the globalization debate.<sup>6</sup> While neoliberals criticized the Asian tendency for collectivism over individualism, especially in the Asian financial crisis of 1997, consensus-based socioeconomic harmony as opposed to confrontation can still be regarded as an alternative to greedy capitalism, especially after the financial crisis of 2008.

About 70% of the respondent companies in East Asia stated that traditional East Asian values and experiences were either highly likely or most probably likely to help nurture the GC and CSR. Examples of such values include: the Chinese concepts of “credit,” “harmonious conception,” and “outlook on righteousness and benefit”; the Japanese concepts of “harmony,” “symbiosis,” and “three-way satisfaction among the buyer, the seller, and society at large”; and the Korean concepts of “community spirit,” “balance and harmony,” “sharing,” “benevolence,” “fair play,” and “mutual help.” In actuality, many of these values, if not all of these values, seem to be converging with CSR in western counterparts, although a couple of the respondent companies in Japan and Korea identified no connection between CSR and East Asian values.

In terms of sector distribution, Figure 7 shows that the support for Asian

values in the context of CSR promotion is popular in the Chinese sector of industrial goods & services to a great extent, and in the Japanese sectors of industrial goods & services and retail to a lesser extent. Such a concentration of sectoral support does not exist in Korea.

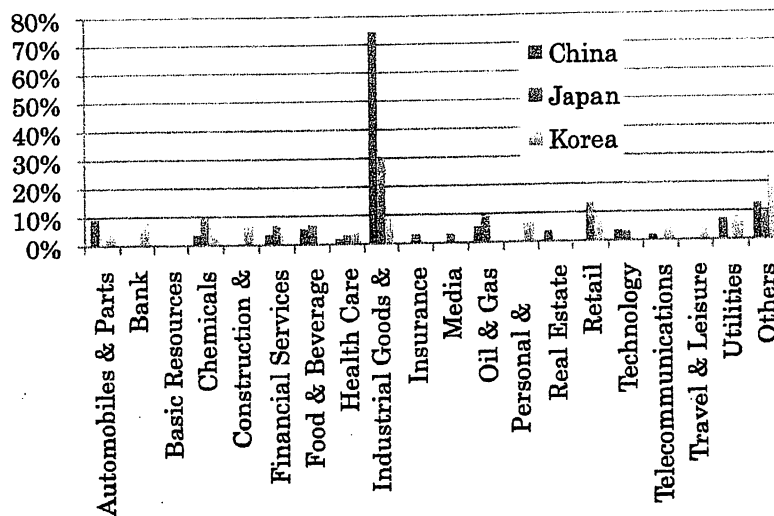


Figure 7: Asian Values

### Local Networks

The GC local networks have been formed to spread and adapt the GC principles into local actions. At the global level, the top two reasons why companies engage in a GC local network are networking with other companies and assisting with the implementation of the GC principles. A similar tendency can be seen in the responses from the Japanese companies. Many Japanese companies across sectors expect to develop connections with other parties and to learn how to implement the GC principles by joining the Japan Network. Figure 8 indicates that in particular industrial goods and services, chemical, and retail are the main sectors, which prefer to gain knowledge for implementing the GC principles. Workshops on case studies of best practices will meet such a demand.

Figure 8 shows that a notable feature of the Chinese member companies is that more than 50% of them seek opportunities for partnership projects through the GC Network China. Compared with the global trend (36%) for this opportunity, the Chinese result is striking. This expectation is shared widely across sectors, especially in industrial goods & services, utilities, and automobiles and parts. Although geographical distance and insufficient time because of daily business are recognized as obstacles to participating in local network activities, the facilitation of partnership projects through the local network provides Chinese companies with great benefits. Because similar concerns were expressed, to a lesser extent, by the Japanese and Korean respondent companies, collaboration within and across sectors for partnership projects in East Asia is an option to consider.

The most popular expectation for the local network from the Korean member companies, especially in industrial goods & services and personal & household goods,



is communications with various stakeholders. Networking and policy dialogue with nonbusiness stakeholders through the local network will function to meet this expectation.

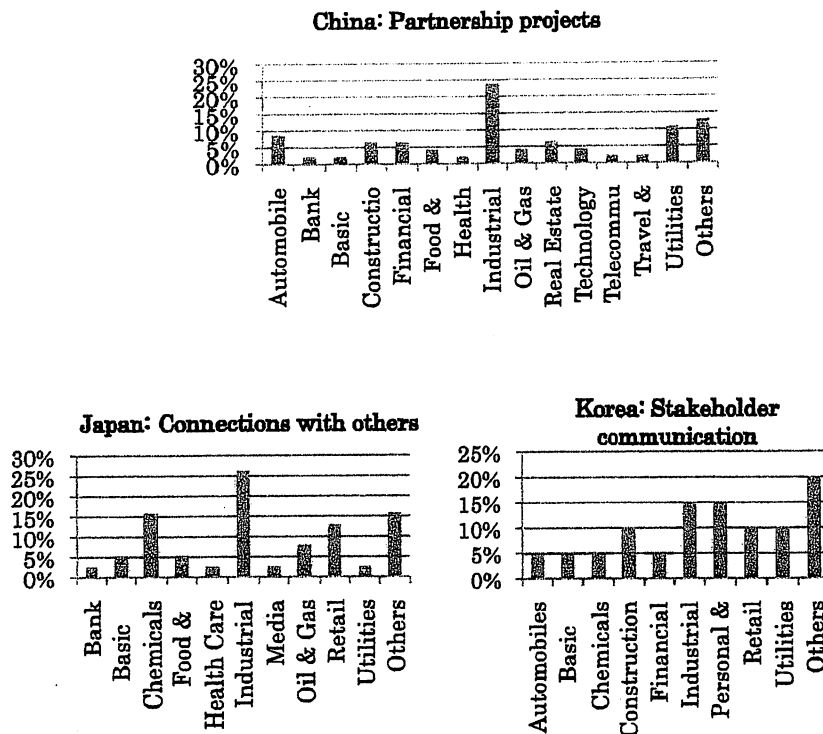


Figure 8: Expectations for Local Networks

**Conclusion**

About 30% of the respondent companies in the first China–Japan–Korea survey are concentrated in the industrial sector, and therefore the regional and country features place disproportionate weight on the companies’ opinions in this sector. Nevertheless, some salient features in sectoral analysis appear in the survey results. Among others, the industrial sector in the region joined the GC to base the principles as company’s CSR policy and strategy. This can be groundbreaking reasoning for materiality. Among the four GC principles, the environment is considered most important not only by the manufacturing sector but also by the financial and other sectors. Even during the economic downturn resulting from the global financial crisis, or rather because of a series of complex global crises (including the global financial crisis, climate change, energy, and food insecurity), many companies maintained or even increased their CSR activities.

The early phases of GC and CSR activities in East Asia were dominated by various efforts by individual companies, especially in incorporating global principles and standards into local contexts. This tendency can still be seen in various local actions and activities. However, some emerging concerns regarding local contributions to the global principles can also be seen in the debates on ISO 26000, Asian values, and local

networks. Diversity in East Asia can further facilitate the synergy in the GC and CSR issues within and beyond the region.

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<sup>1</sup> For instance, see Hens Runhaar and Helene Lafferty, "Governing Corporate Social Responsibility: An Assessment of the Contribution of the UN Global Compact to CSR Strategies in the Telecommunications Industry," *Journal of Business Ethics* (2009) 84: 479-495; and Oliver Ziegler, "Global Compact Membership in Europe and the US: A Case Study of the Automobile Industry," *Journal of Corporate Citizenship* (2007) 26: 53-68.

<sup>2</sup> *China-Japan-Korea Global Compact Joint Survey 2010* (Global Compact Network China, Global Compact Network Japan, and Global Compact Network Korea, 2010).

<sup>3</sup> *United Nations Global Compact Annual Review—Anniversary Edition* (United Nations Global Compact Office, 2010), p. 12.

<sup>4</sup> Nishitaka observes that there is a positive relationship between economic performance and early ISO 14001 adoption in the Japanese manufacturing sector. Kimitaka Nishitani, "An empirical study of the initial adoption of ISO 14001 in Japanese manufacturing firms," *Ecological Economics*, (2009). 68(3): 669-679.

<sup>5</sup> According to Castka and Balzarova, the method of information disclosure for ISO 26000, which will not require third-party certification, can be similar to the UNGC approach. Pavel Castka and Michaela A. Balzarova, "The impact of ISO 9000 and ISO 14000 on standardization of social responsibility," *International Journal of Production Economics*, (2008) 113(1): 74-87.

<sup>6</sup> See UNESCAP, *Creating Business and Social Value: The Asian Way to Integrate CSR into Business Strategies* (United Nations, 2009), Chapter II.