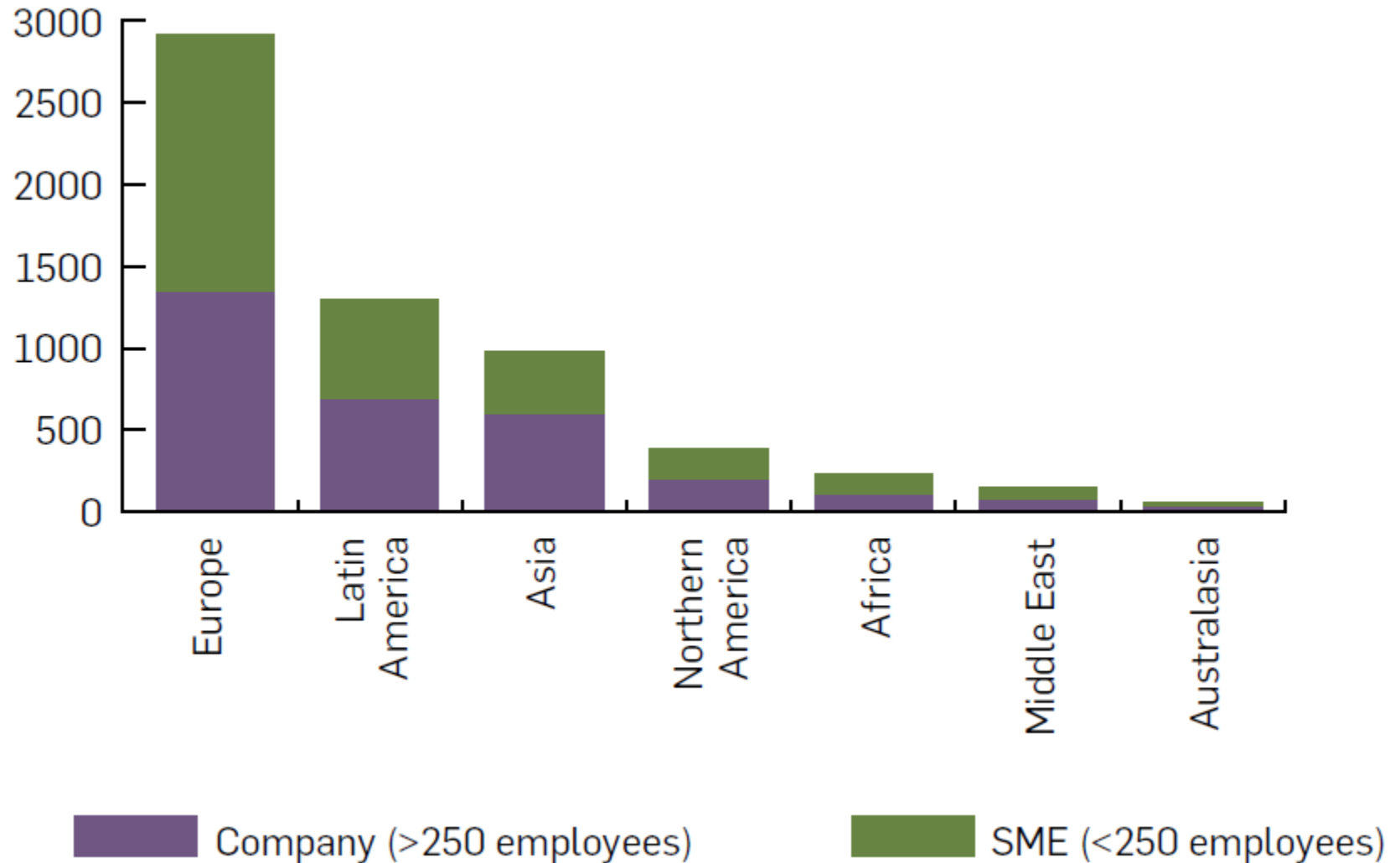


**Before and After the Participation in the
UN Global Compact:
An Analysis of China-Japan-Korea
Global Compact Joint Survey Data**

Satoshi Miura
Nagoya University

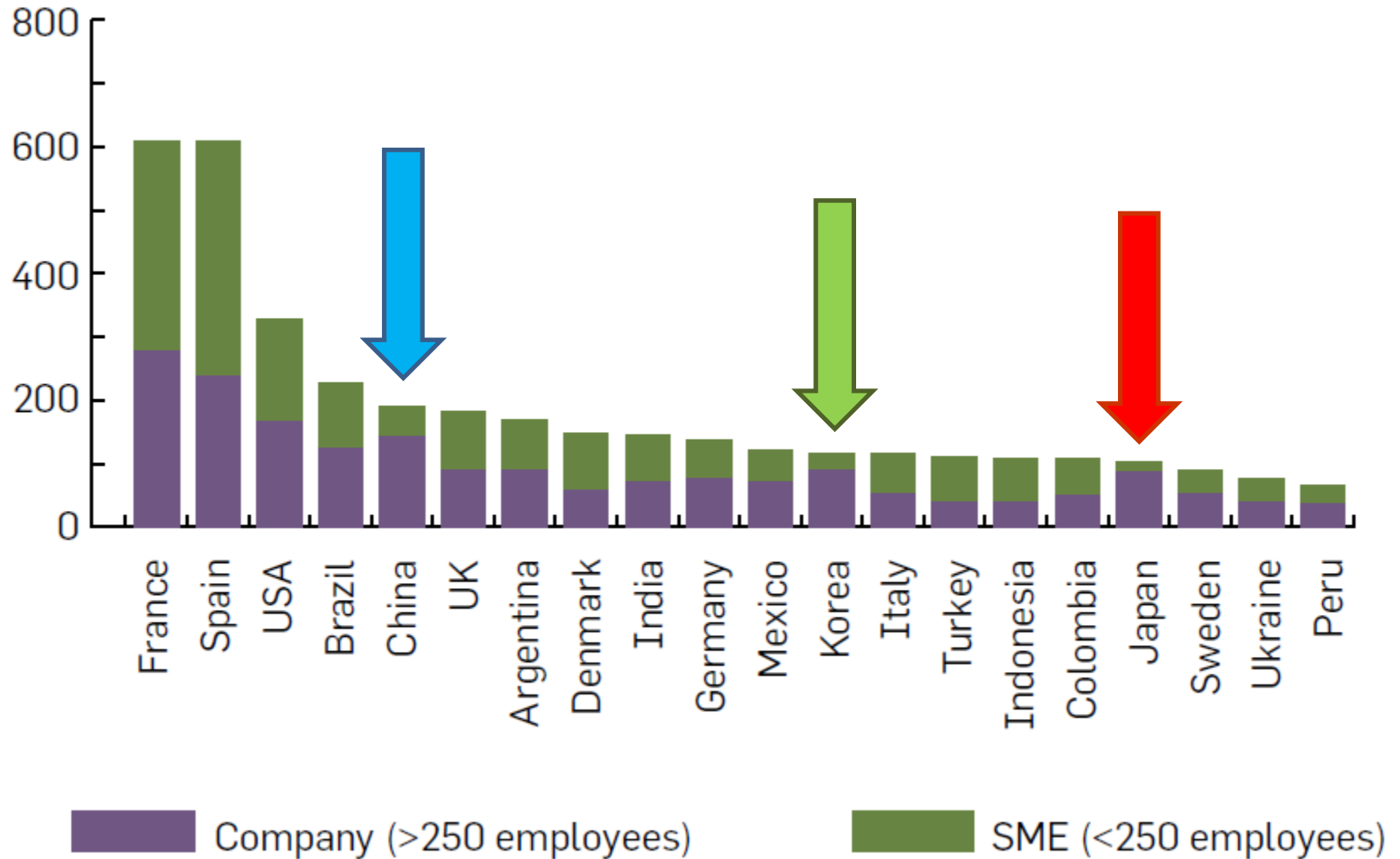
2011年1月30日
法政大学GC研究センター冬季合宿

Business participants by region and size



United Nations Global Compact Annual Review – Anniversary Edition, June 2010

Business participants - top 20 countries



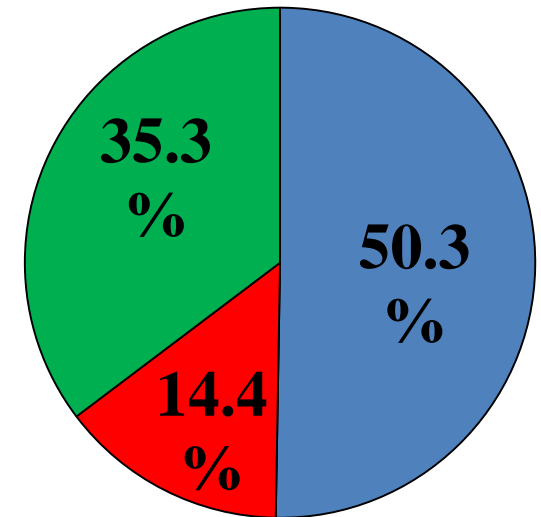
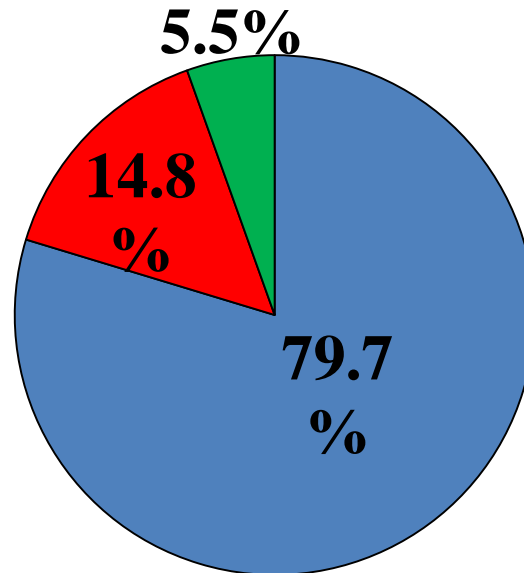
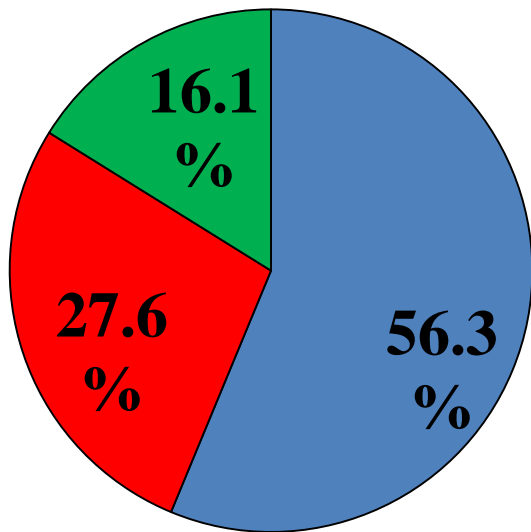
United Nations Global Compact Annual Review – Anniversary Edition, June 2010

Composition of GC participants

China: 192
(business: 161)

Japan: 128
(business: 121)

Korea: 187
(business: 121)



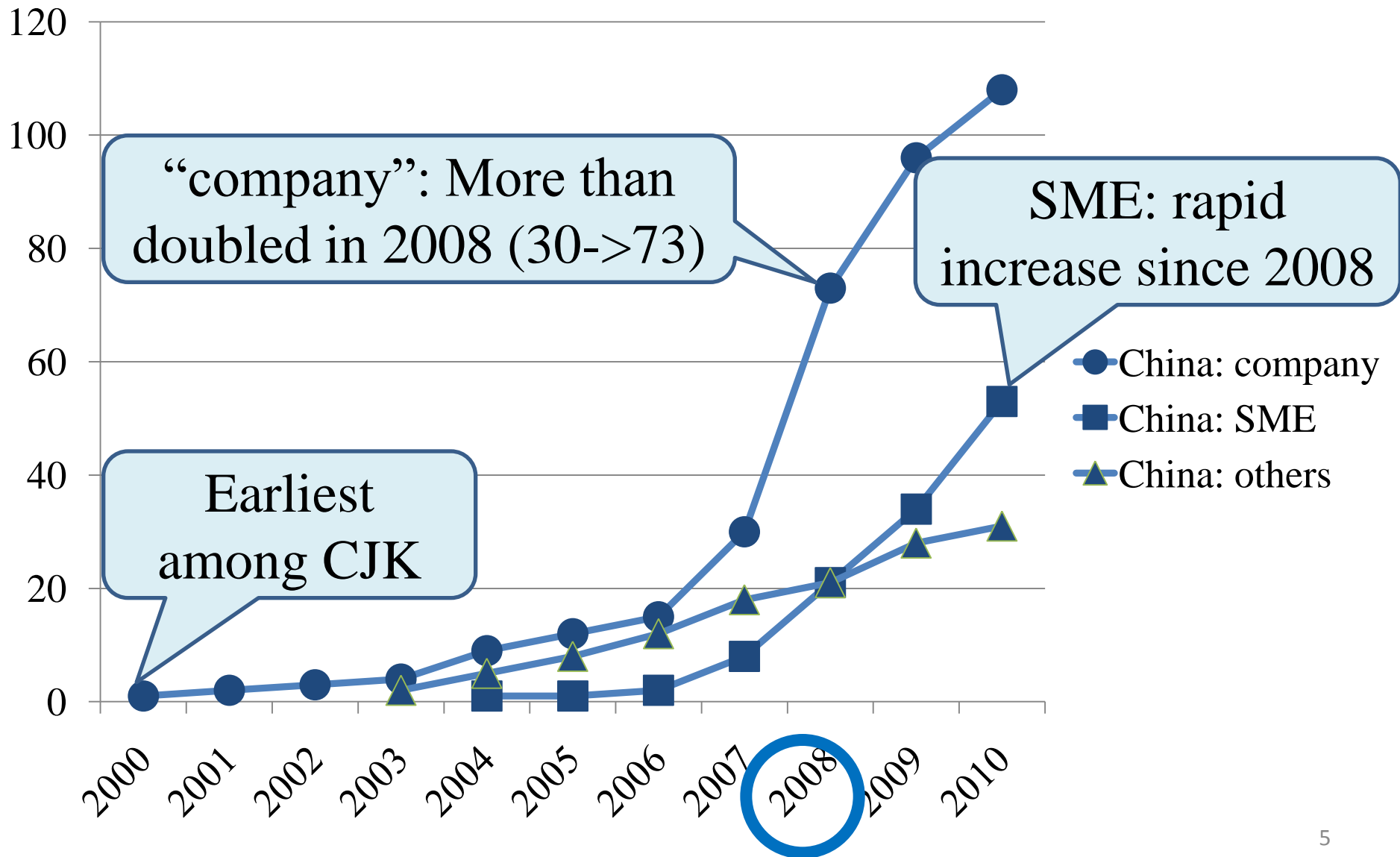
■ company

■ SME

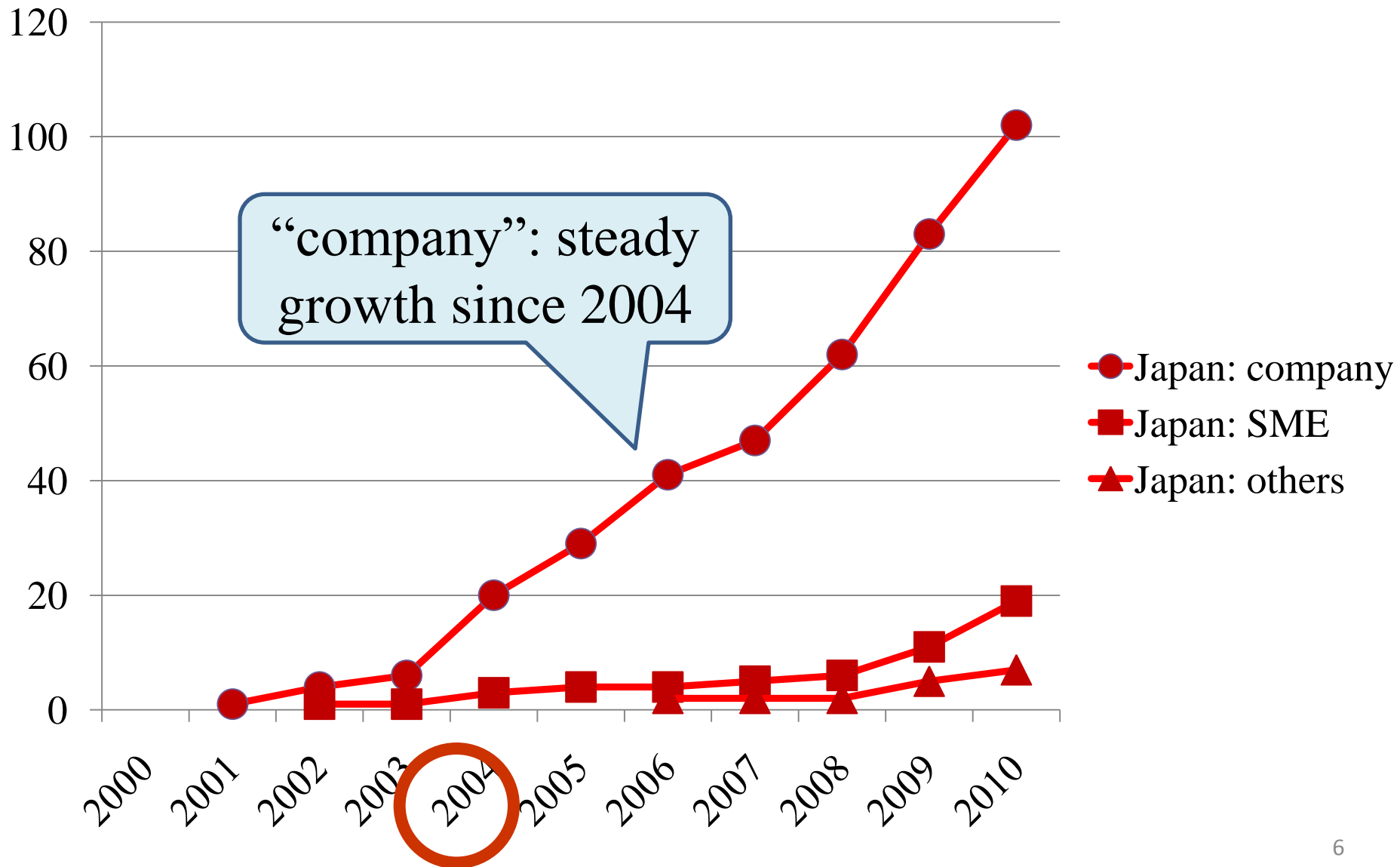
■ others

Company > 250 employees
SME < 250 employees

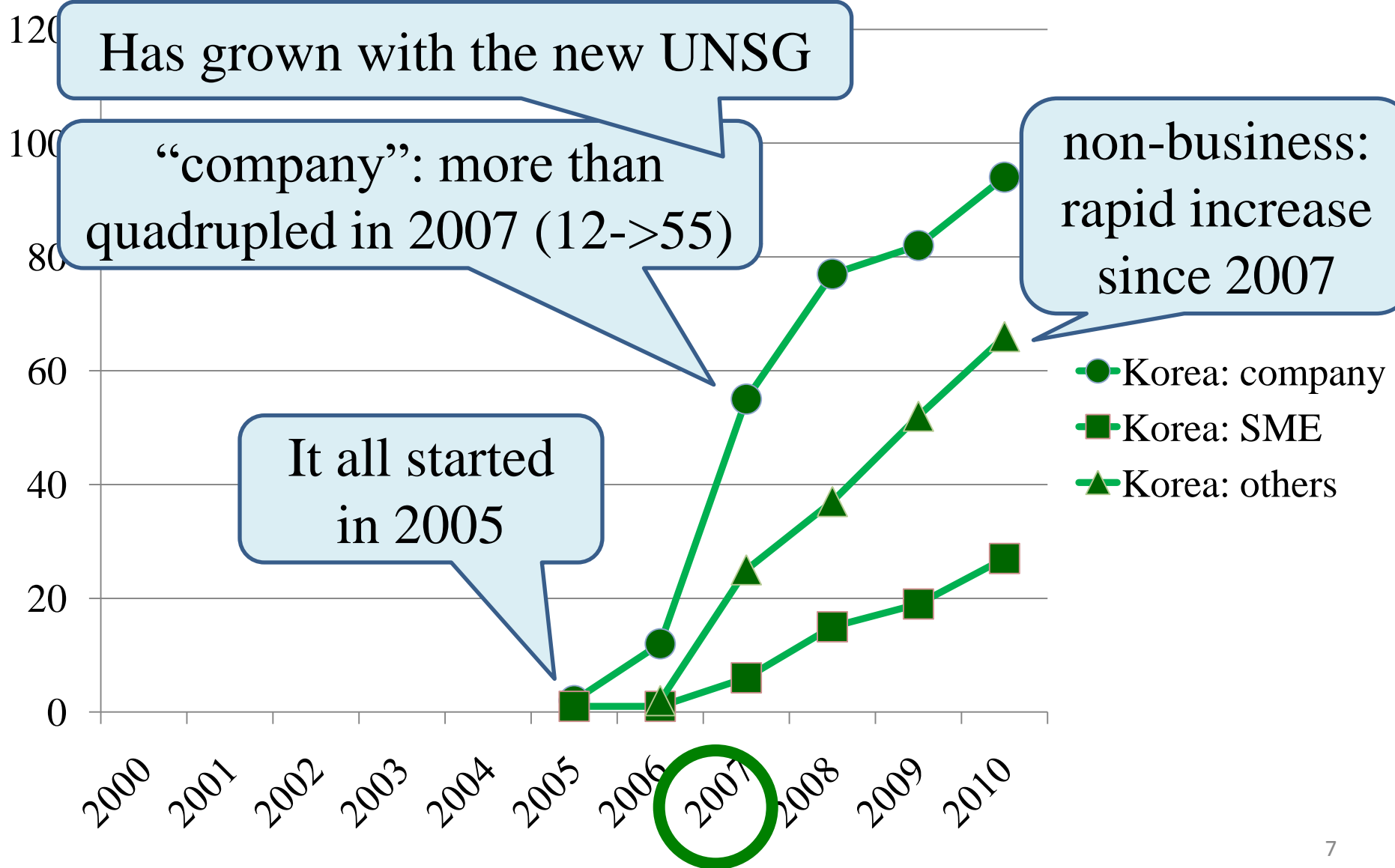
Participation trends in **China**



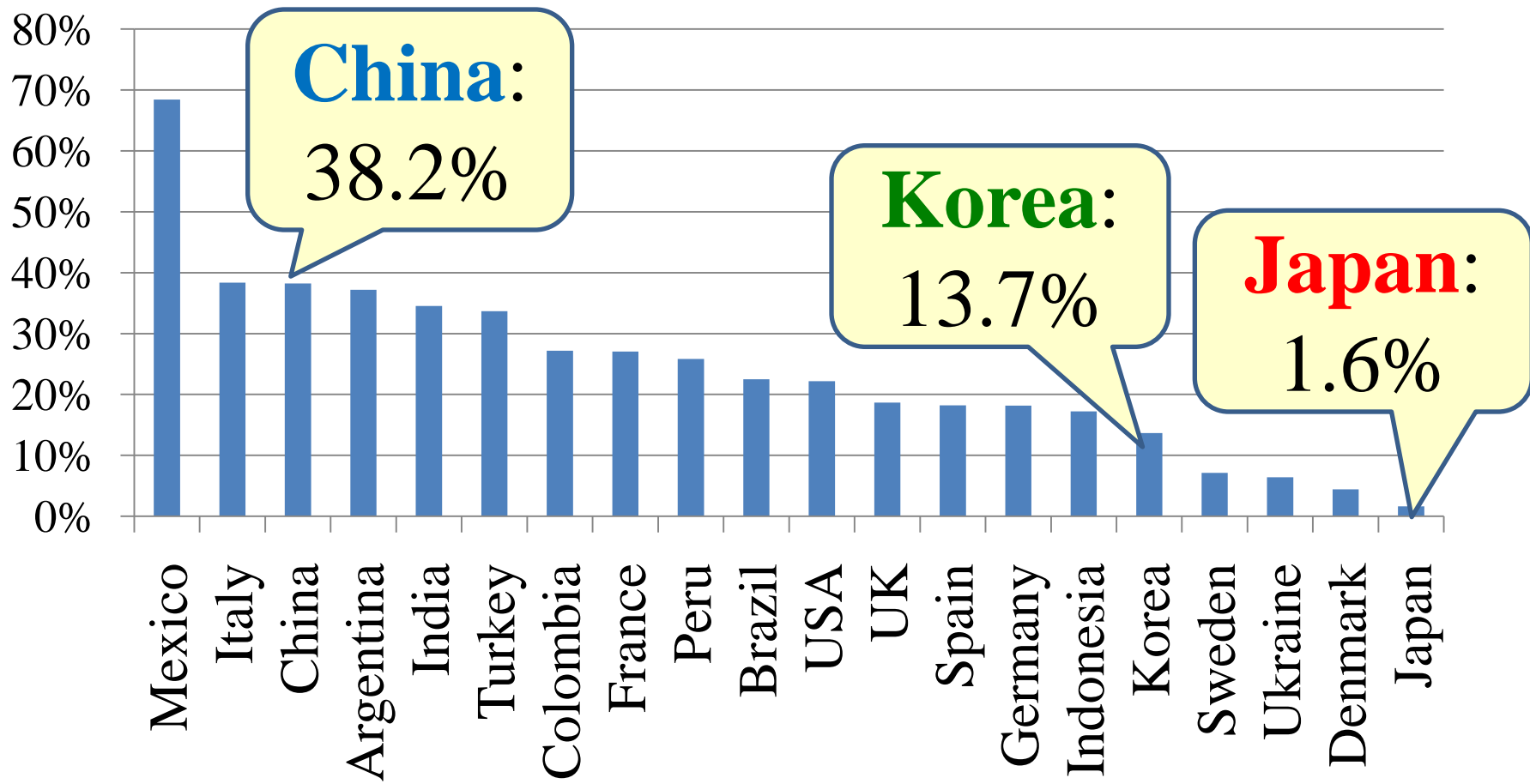
Participation trends in **Japan**



Participation trends in **Korea**

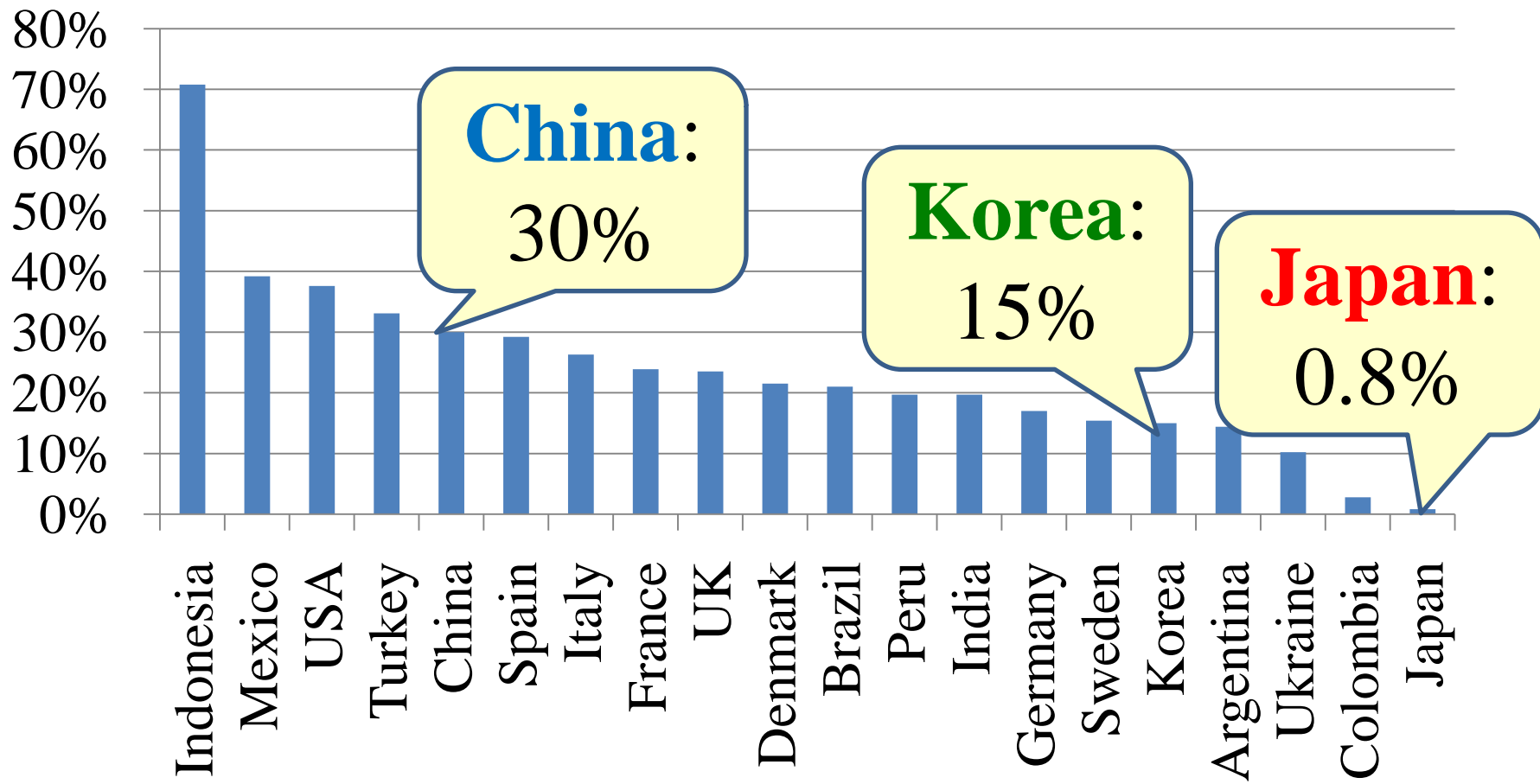


Expulsion rate (delisted from GC) among top 20 countries



中央値: 22.33%

Non-communicating (not submitting annual report for less than a year) rate among top 20



中央値: 21.25%

CJK共同調査の分析

- Questionnaire:

- responses:

- Total: 151 / 347 (43.5%)

- **China**: 59 / 143 (41.3%)

- **Japan**: 53 / 99 (53.5%)

- **Korea**: 39 / 94 (41.5%)

- Caveat: bias toward more positive/active participants

Impacts

GC membership

1 ↓

CSR activities

2 ↓

Perceived outcomes

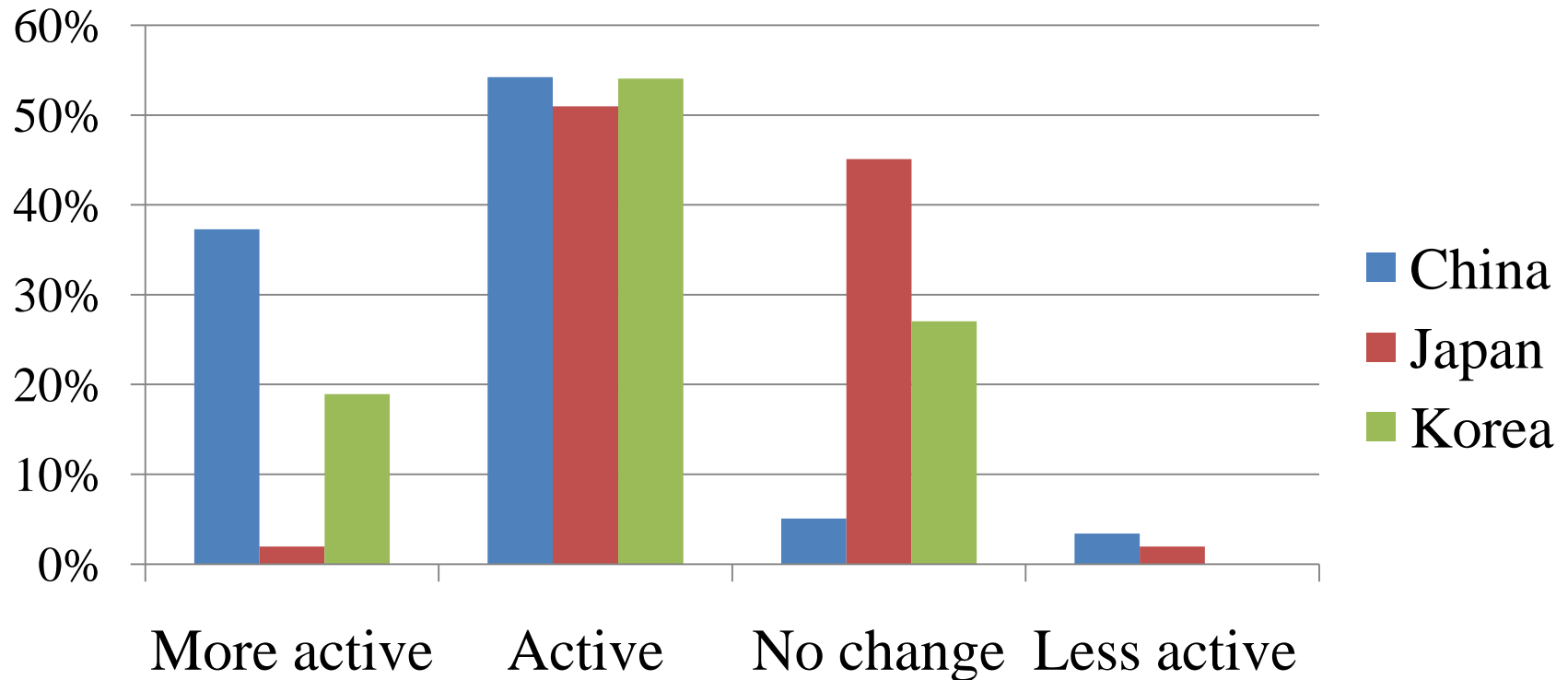
The likelihood of impacts in 1 & 2:

China > **Korea** > **Japan**

GC membership



CSR activities

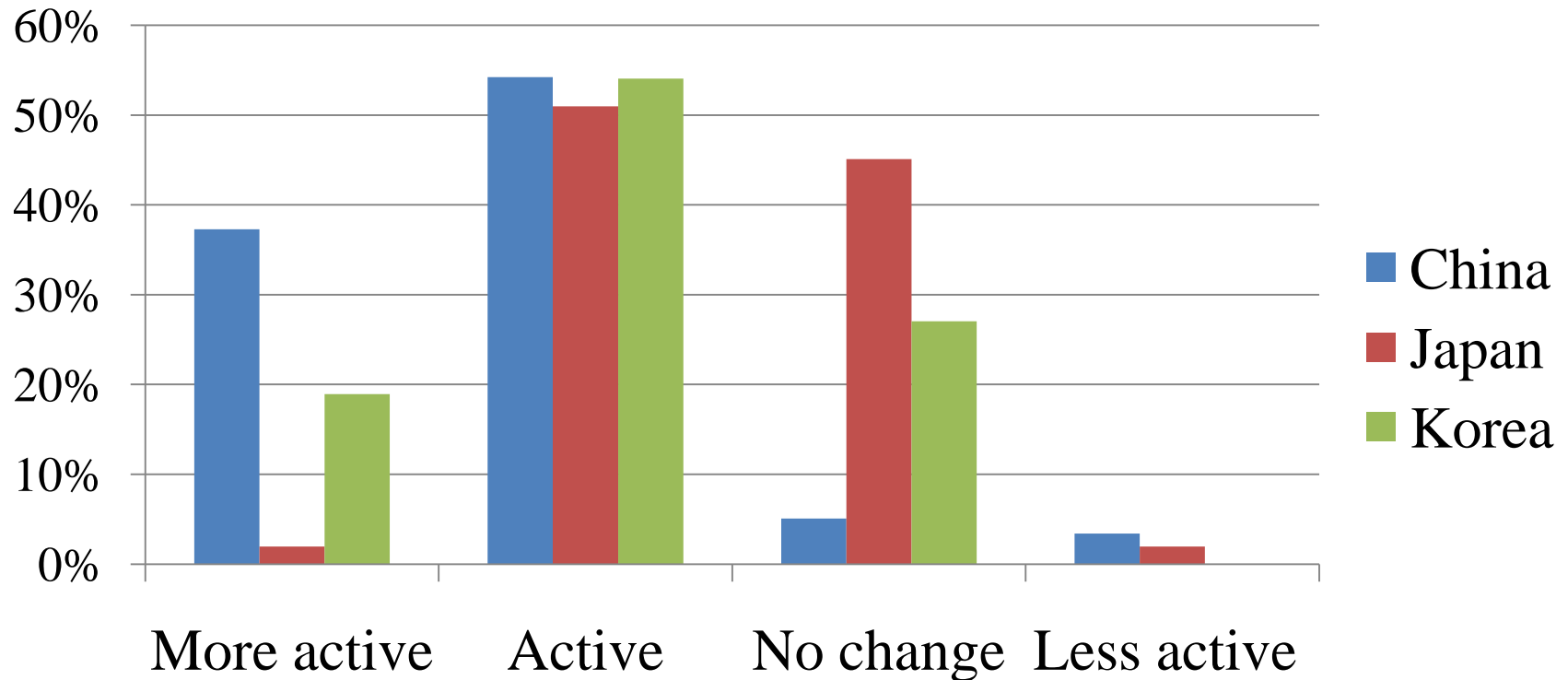


Q: To what extent did your CSR activities changed after participating in the UNGC?

GC membership



CSR activities



GC's impact rate

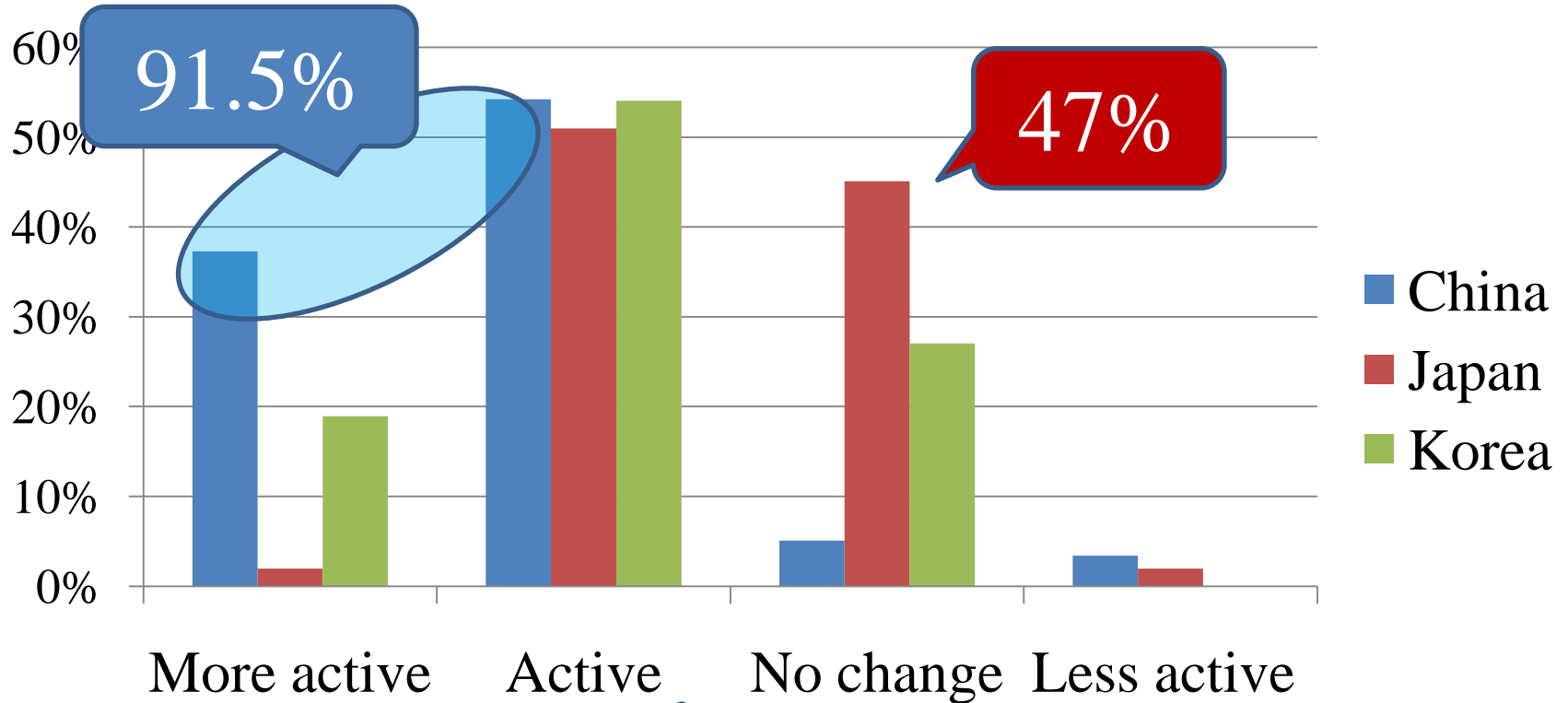
More active: 2; Active: 1; No change: 0; Less active: - 1

China: 1.25 > Korea: 0.92 > Japan: 0.53

GC membership



CSR activities



Why?

Explanation



- A hypothesis: **the difference in experience**
 - The longer a company practices CSR, the less room for change there is after it joins the GC
 - **Experience** is the length of practicing CSR before joining the GC
 - as measured by the length of time lag between the year of setting up either CSR policy or department and the year of joining the GC
 - Some companies do not change their behavior even *after* joining the GC because of their change *before* joining the GC, and not necessarily because of their lack of will.

The length of experience

	Average (year)	
China	0.4	=4 months & 24 days
Japan	1.75	= 1 year & 9 months
Korea	0.56	=6 months & 22 days

- ✓ Year of GC participation – Year of the establishment of either CSR policy or CSR department

Explanation

	CSR got active after joining GC	Experience (year)
China	91.5% 	0.4 =4 months & 24days
Korea	73%	0.56 =6 months & 22days
Japan	53%	1.75 = 1 year & 9 months 

- The likelihood of the GC's impact is *inversely* correlated with a participant's experience

活発化率

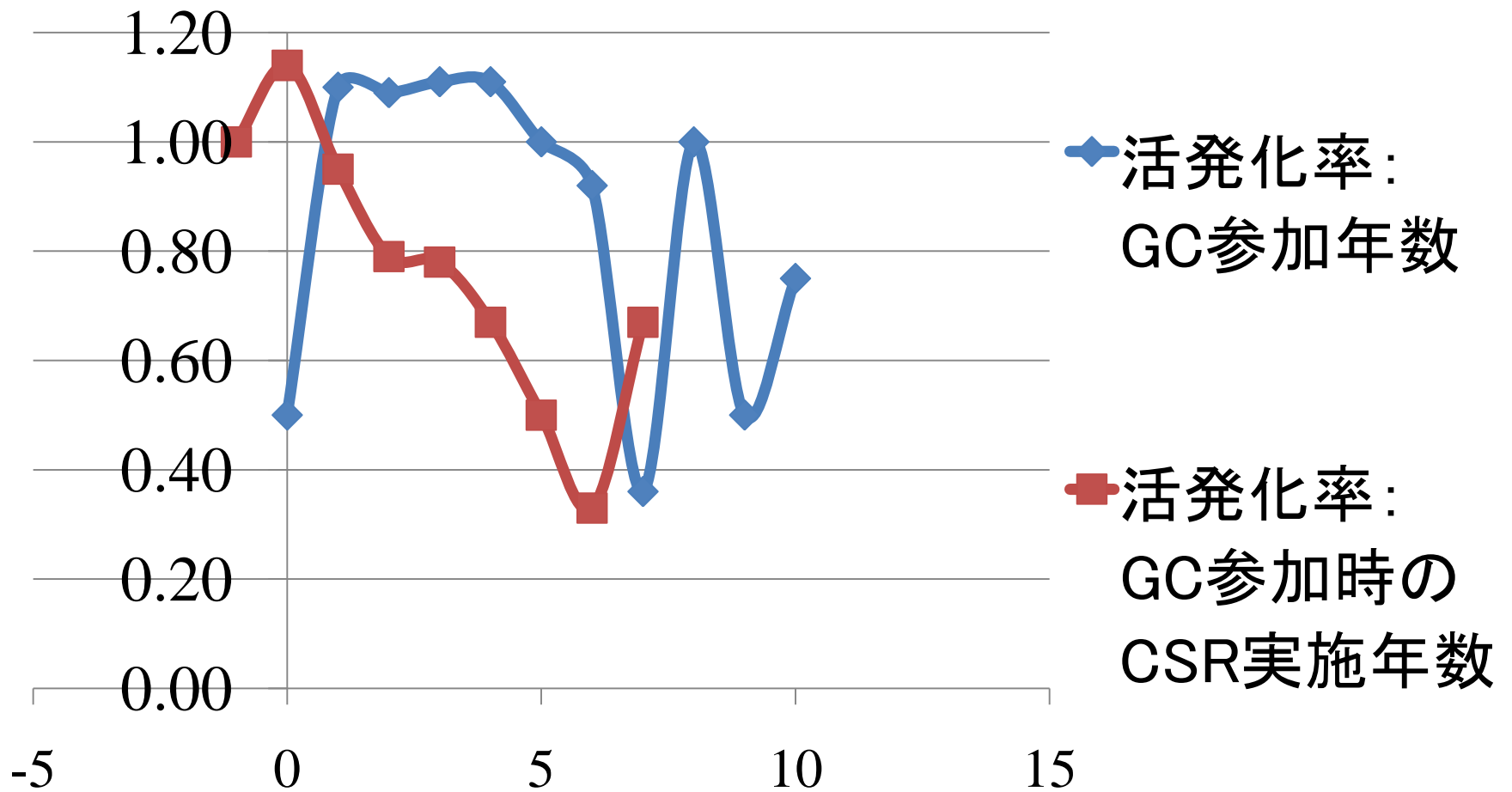
- GC参加後にCSR活動がどの程度活発化したか
- 日中韓の枠組みを取り払って測定
 - メリット: 日中韓の間の様々な違い(経済発展度、LNの活発さ、“company”/SMEs構成率など)を排除し、下記の変数の影響を測定可能
- 二つの経験年数に関して測定
 - ① 調査実施時(2010年)までの経験年数(=GC参加年数)
 - 母数(有効回答数): 116社

活発化率

- 二つの経験年数に関して測定
 - ② GC参加時の経験年数(=GC参加年－CSR政策 or 部署の創設年)
 - 母数:112社(有効回答数116から、「外れ値」として経験年数10年の企業1社、同-2年1社、同-5年2社を除外)
- 算出方法
 - 母数:各年の該当企業数
 - (“More active”回答企業数の割合×2) + “active”回答企業数の割合－“less active”回答企業数の割合

	活発化率	
年数	GC参加年数	GC参加時のCSR 実施年数
10	0.75 (4)	
9	0.50 (2)	
8	1.00 (3)	
7	0.36 (11)	0.67 (3)
6	0.92 (24)	0.33 (3)
5	1.00 (10)	0.50 (6)
4	1.11 (9)	0.67 (6)
3	1.11 (19)	0.78 (9)
2	1.09 (22)	0.79 (14)
1	1.10 (10)	0.95 (20)
0	0.50 (2)	1.14 (35)
-1		1.00 (16)

分布図



回帰分析結果(暫定)

- GC参加年数と活発化率の相関関係
 - 相関係数(重決定 $R^2:0.11$)
 - 有意性なし(有意 $F:0.319$)
- GC参加時のCSR実施年数と活発化率の相関関係
 - 相関係数(重決定 $R^2:0.746$)
 - ** 有意水準0.01で有意(有意 $F:0.0027$)
- 含意
 - 「GC参加時にCSRの経験が少ないほど、GC参加後にCSR活動が活発化」の可能性

Explanation

- Long experience = **Endogeneity**
 - Only companies that have practiced CSR will join the GC.
 - In Japan, many (though not all) companies decide to join the GC only after they are sure that they have conformed with GC principles

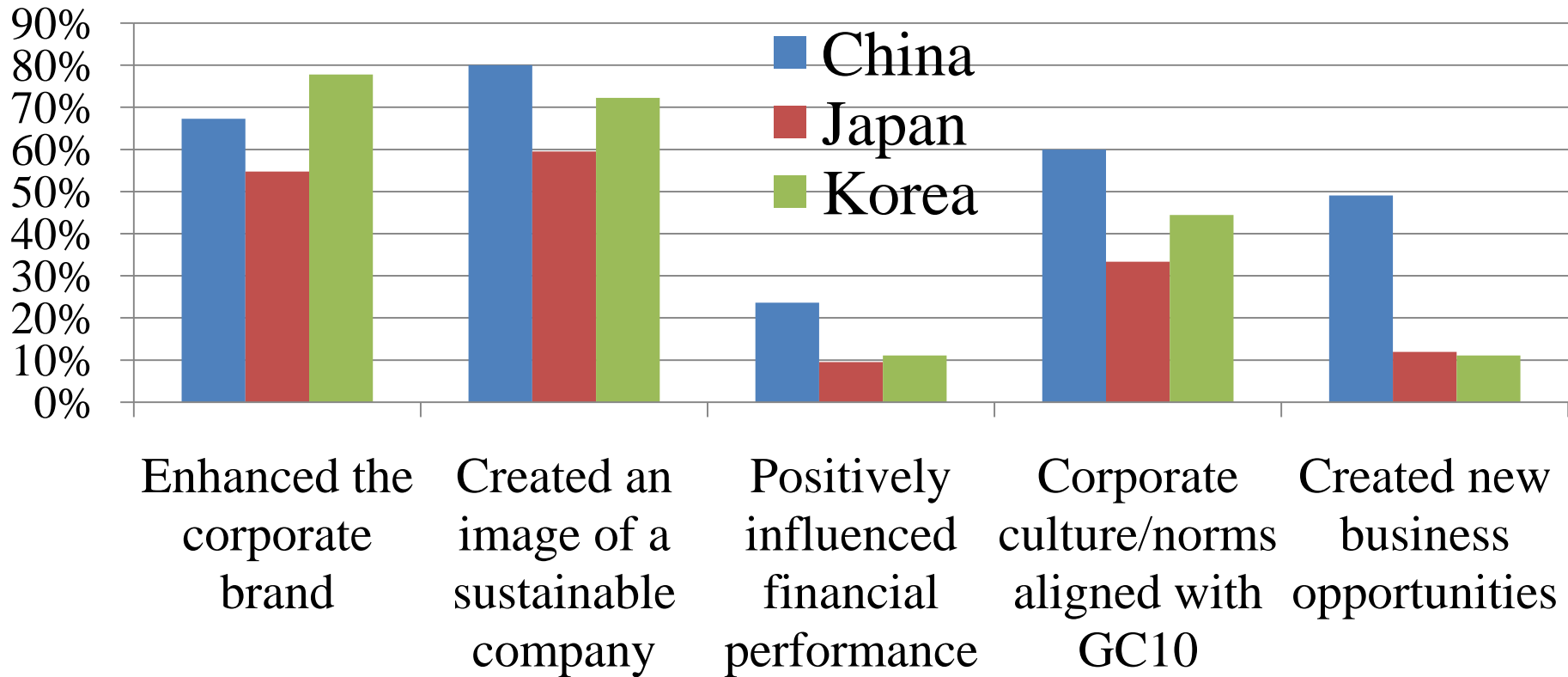
Explanation

- Long experience = **Endogeneity**
 - Partial evidence: our interviews with Japanese GC participants in 2004
 - “Many would decide to commit to the GC principles only when they were fully ready to do so”
 - “Though Mr. Annan says ‘companies need to change their corporate culture,’ we don’t need to do so because our culture has already matched the GC principles.”
 - “The [GC] principles themselves are quite natural for us. Human rights, labor, and the environment constitute our corporate culture, and are nothing new. We proudly recognize that we have practiced for quite a long time what is now called CSR.”

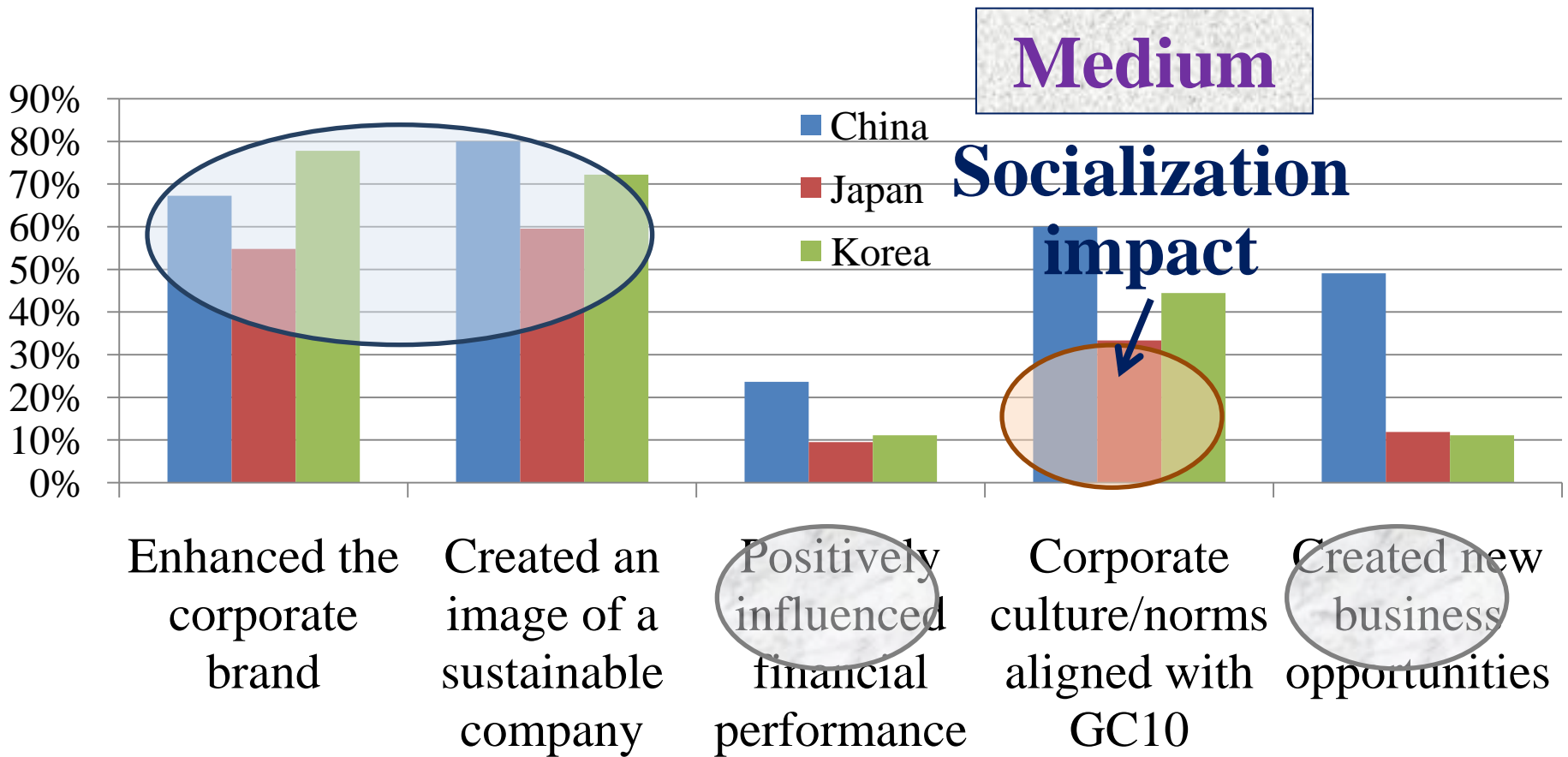
CSR activities



Perceived outcomes



Q: What changes were brought about to your company after implementing CSR?



Reputational impacts

Most likely

Material impacts

Least likely

Impacts of CSR implementation

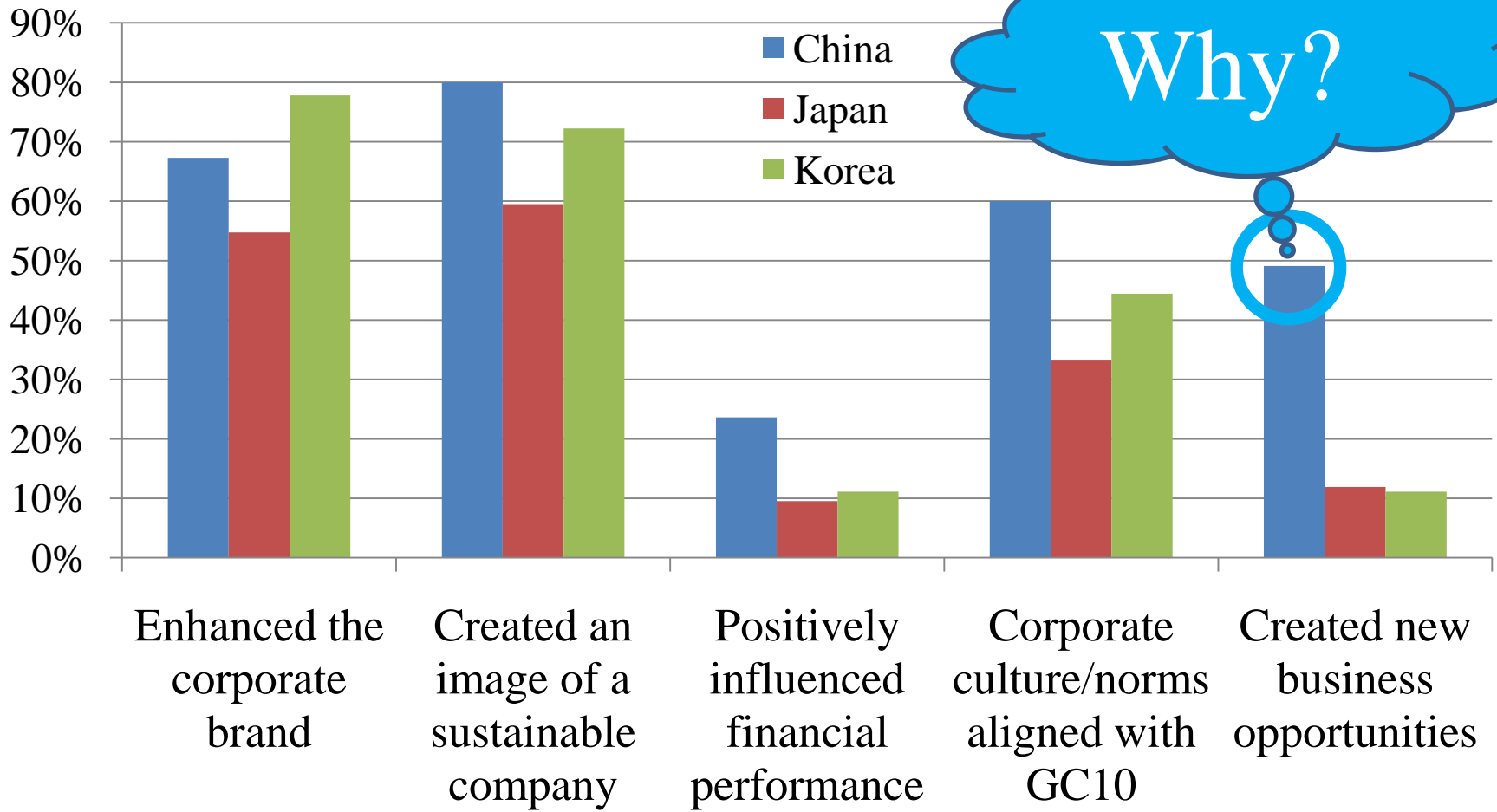
	China	Japan	Korea
Reputational (corporate brand)	2 67.3%	3 54.8%	1 77.8%
Reputational (corporate image)	1 80%	3 59.5%	2 72.2%
Socialization	1 60%	3 33.3%	2 44.4%
Material (financial)	1 23.6%	3 9.5%	2 11.1%
Material (business chance)	1 49.1%	2 11.9%	3 11.1%

China > Korea > Japan

CSR activities



Perceived outcome



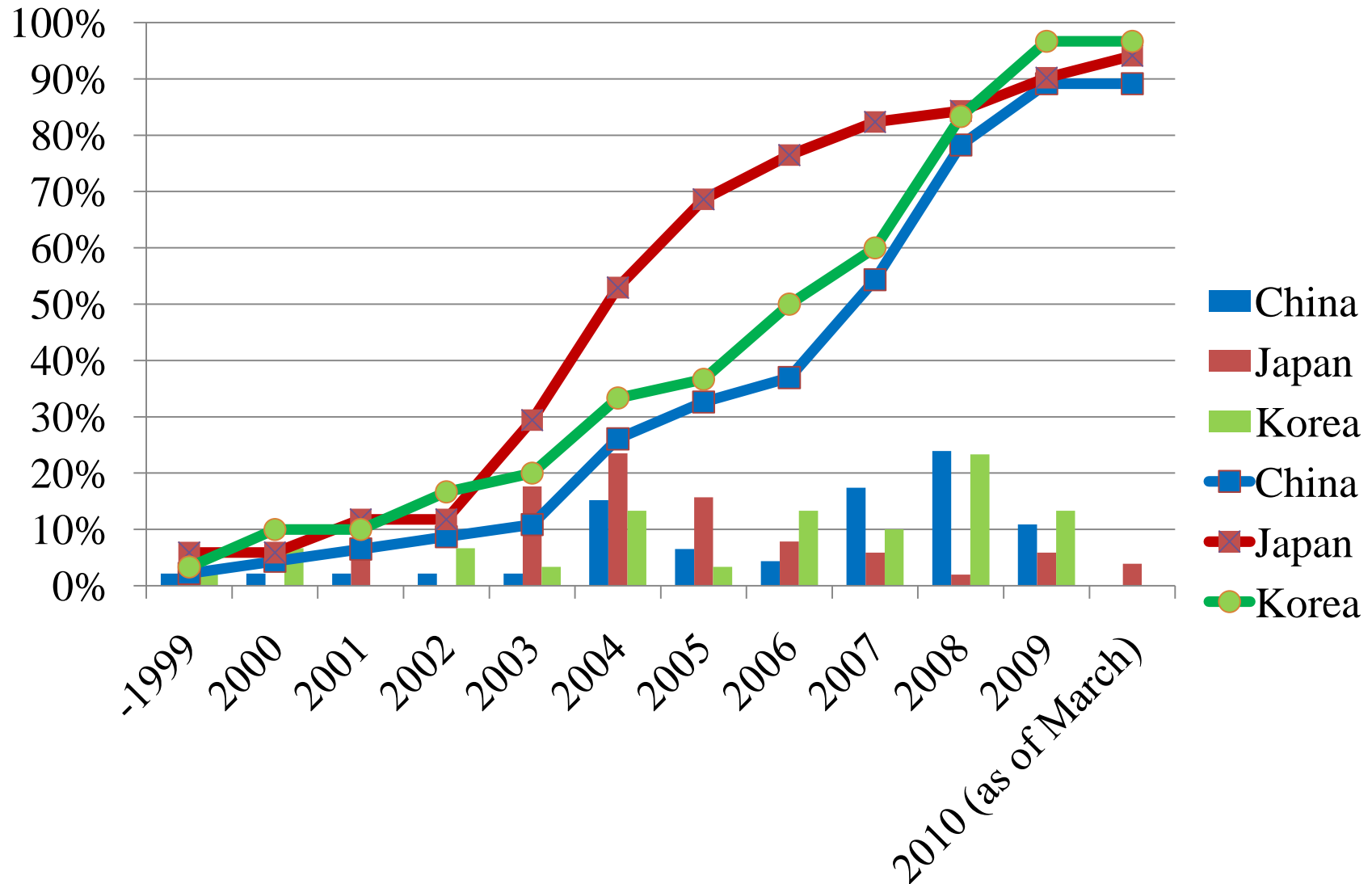
Explanation

- Two hypotheses

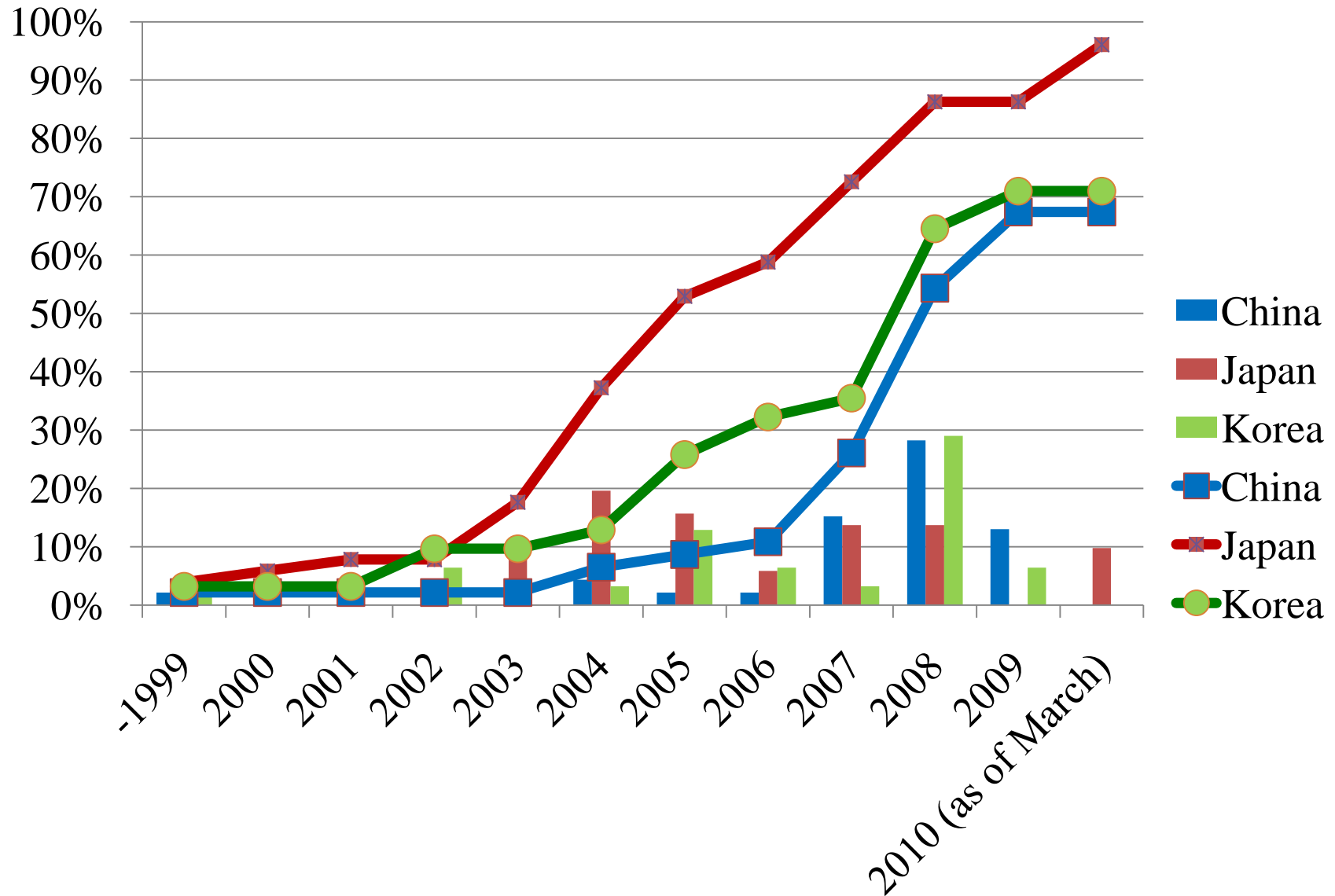
1. The diffusion of CSR

- The possibility that a company implementing CSR gains new business opportunities decreases as CSR practices diffuse in a country.
 - Is China the latest adopter, Japan earliest, and Korea in between?
 - Are the early adopters in each country more likely to gain the opportunities?

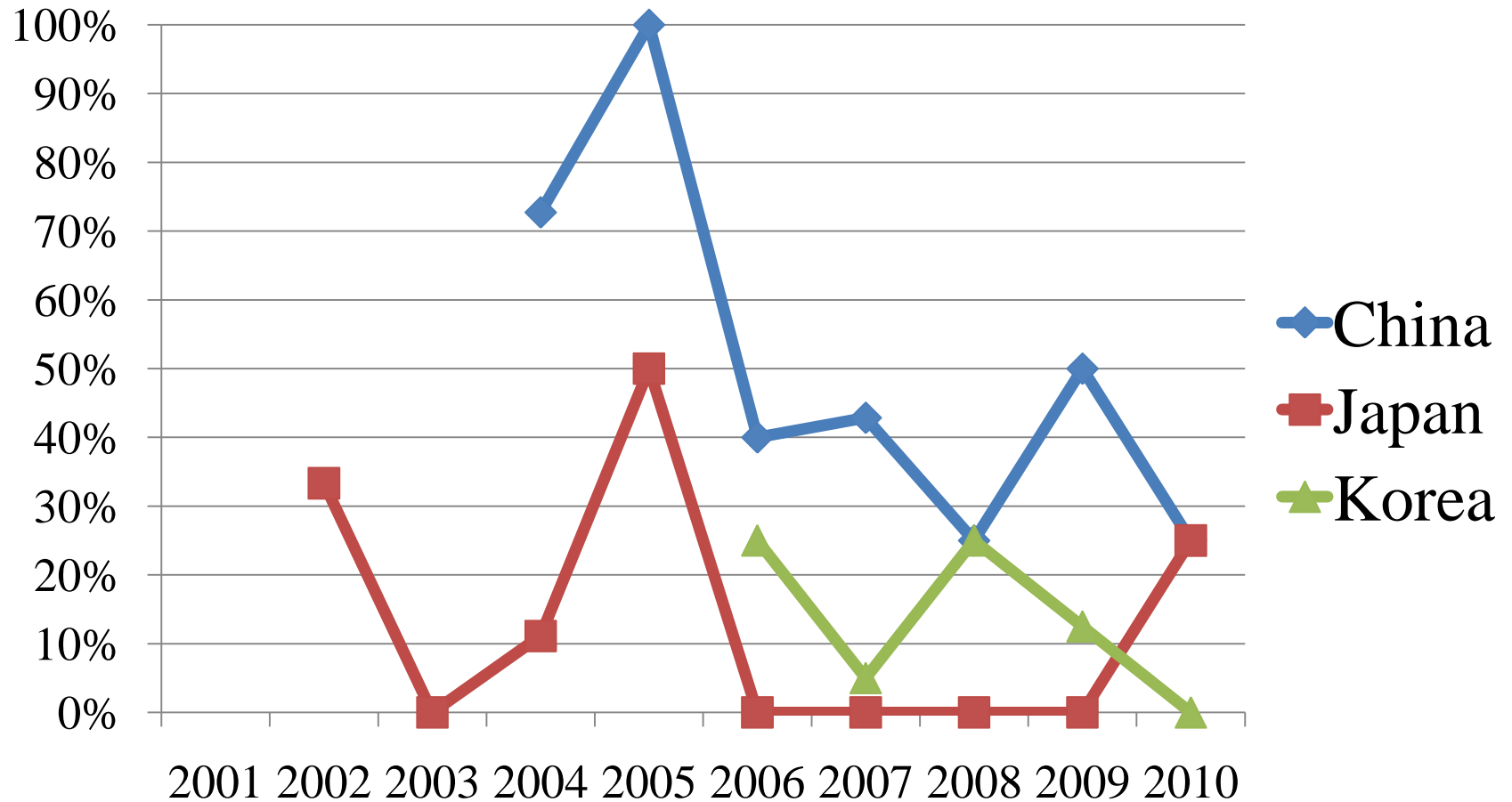
The year of CSR policy establishment



The year of CSR department establishment



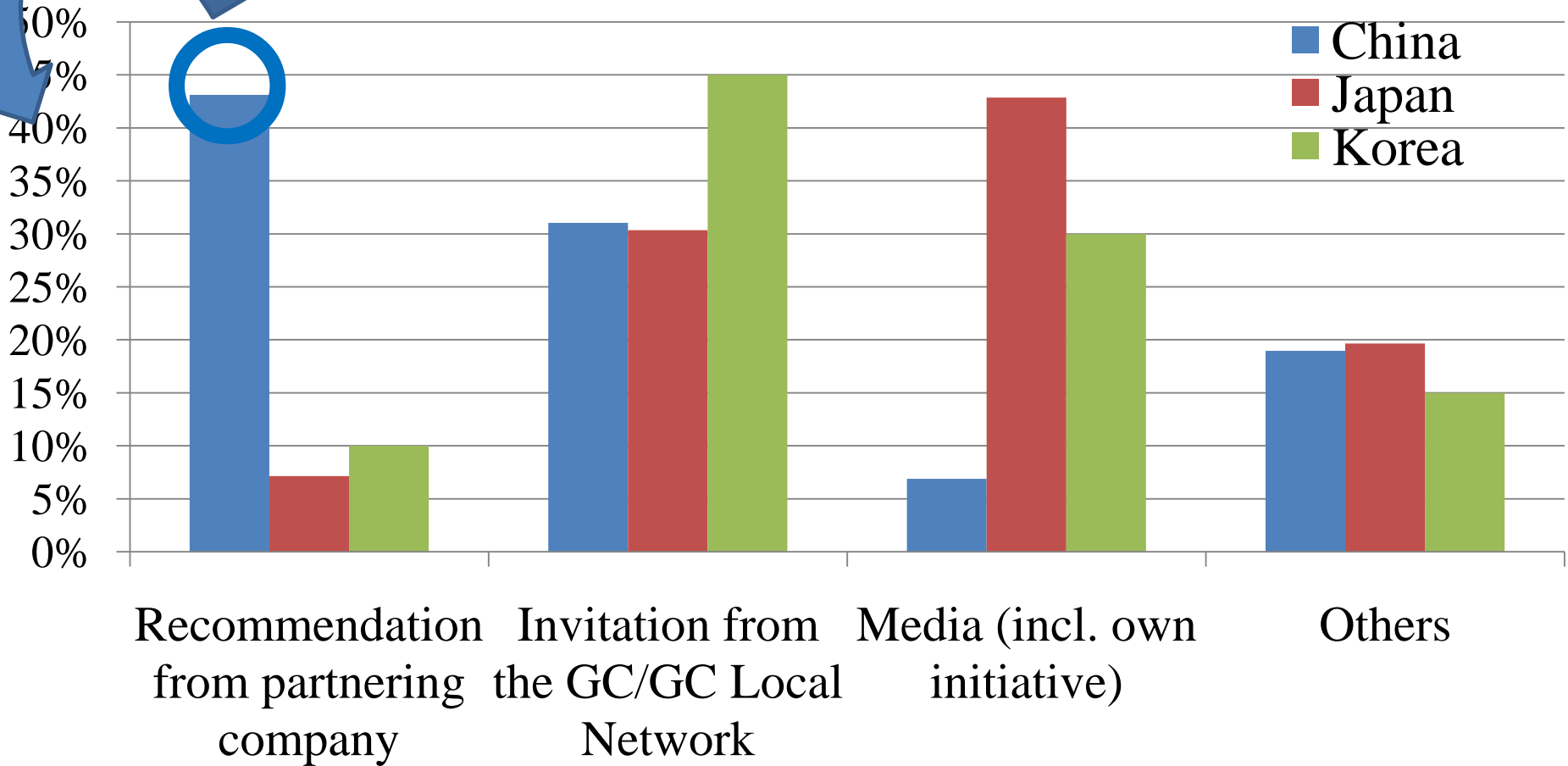
Did the early bird catch the worm?



Explanation

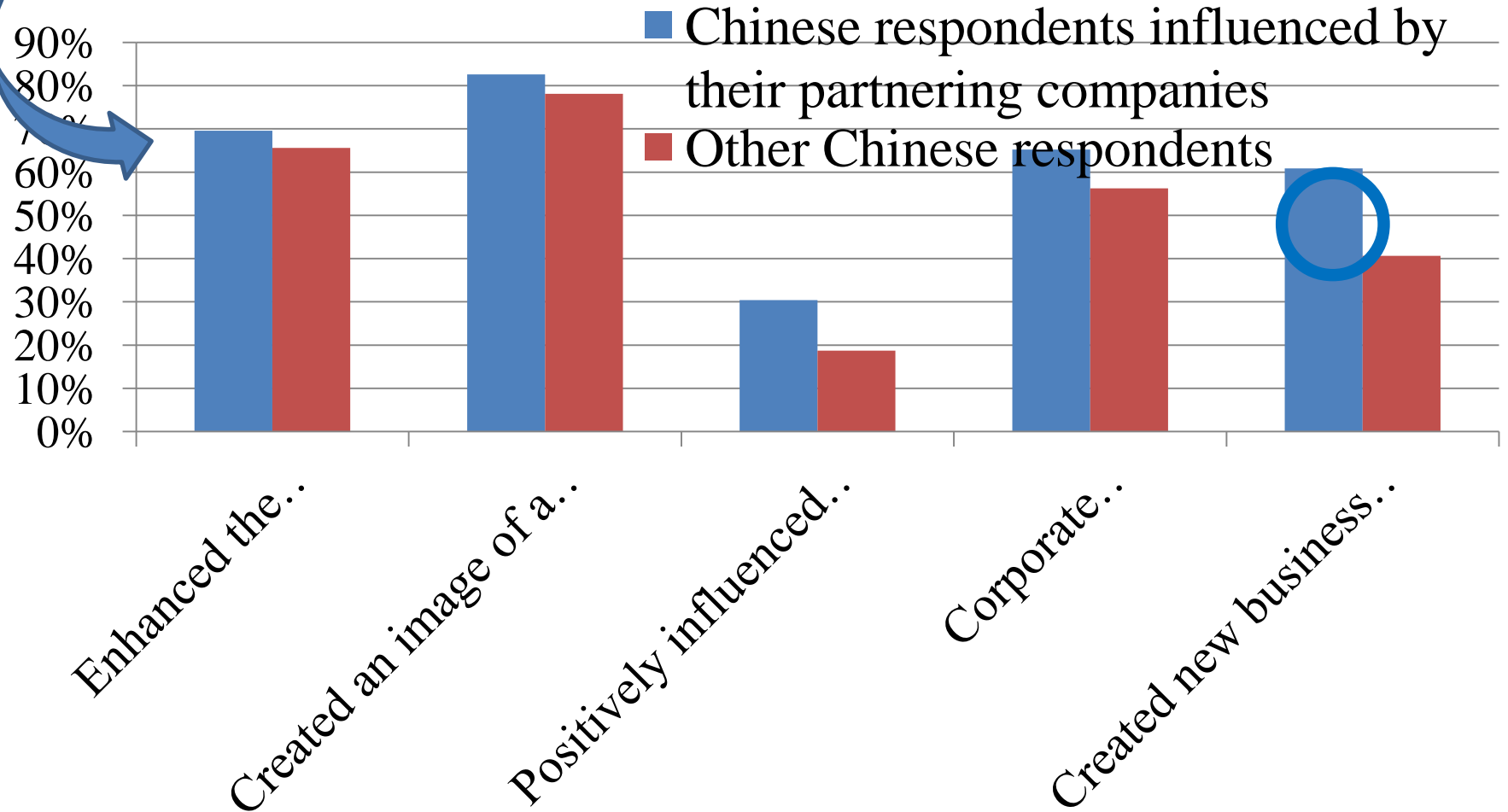
- Two hypotheses
 - 2. The main influencer**
 - A company that joins the GC under the influence of its partnering company is more likely to gain new business opportunities than others.
 - Are companies with their partner as the main influencer more likely to gain new opportunities?

Who is the main influencer?



Question: “How did you first participate in the UNGC?”

Breakdown analysis: partnering company as the main influencer



Need to bridge the gap between the active and the non-active

	China	Japan	Korea
Compliance with GC requirement	lowest	highest	high
GC's impact	Most likely	Least likely	More likely

Need to recruit more SMEs with less experience

Ideal for UNSG?