

Corporate Social Responsibility in the Age of Globalization: Commonalities and Uniquenesses between East and West: An Asian Perspective



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How Asian Companies Can Have Competitive Advantages**
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- 4. Future of Asia's CSR:
What Kind of Cooperation Can Be Rewarding (or Possible)
between Korean and Japanese Firms**

Part 1

Commonalities and Uniqueness between East and West: How Asian Companies Can Have Competitive Advantages

Voices of CR

Doing CR is finding the right size of volume that fits optimal environment of corporations



**& Corporate
Responsibility**

Two Extremes of CR

The left side of the volume (-)	The right side of the volume (+)
What a company is inclined or mistaken to do	What a company is desired or expected to do
<p>Short-termism</p> <p>Decreasing costs</p> <p>Business as usual</p> <p>Shareholder oriented</p> <p>Authority</p> <p>Superficial implementation</p> <p>Working in silos by each department</p> <p>Reactive</p> <p>Peace-at-any-price principle</p> <p>Complicity in human rights</p> <p>Restructuring</p> <p>Pollution or greenwash</p> <p>Bribery</p> <p>Money laundering</p> <p>A low price and quick return</p> <p>Quick fix to social issues</p> <p>Philanthropy lip service</p> <p>Seasonal charity</p>	<p>Long-termism</p> <p>Increasing investment</p> <p>Value driven</p> <p>Stakeholder oriented</p> <p>Participation</p> <p>Internalized collaboration</p> <p>Vertical and horizontal integration</p> <p>Proactive</p> <p>Crisis management</p> <p>Human value centered management</p> <p>Job sharing</p> <p>Sustainability</p> <p>Anti-corruption</p> <p>Transparency</p> <p>Fair trade procurement</p> <p>Corporate Social Innovation</p> <p>Corporate Social Responsibility</p> <p>Corporate Community Involvement</p>

East and West

Eastern values reflect stakeholder relationship values and share commonalities of responsible business

West	East
Greek civilization	Chinese civilization
Greek philosophy/ Aristotle	Confucianism/ Buddhism
Freedom / Individuality	Harmony / Holism
Linear thinking	Interconnected thinking
Stability	Constantly changing
Parts	Whole
Simplicity/ Decontextualization	Complexity/ Relationship
Individuals as separate units	Societies as organisms
Individuals	Collective entity

Nisbett, Richard E. "The Geography of Thought, How Asians and Westerners Think Differently... and Why" Free Press 2003 Page 198-199

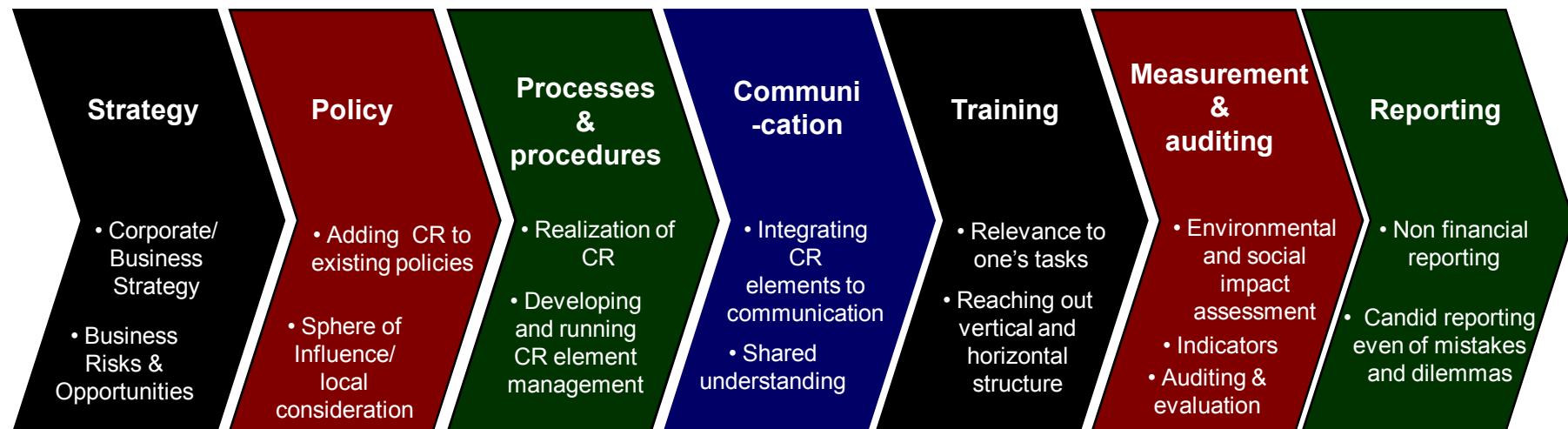
Religions
Judeo Christianity
Protestant
Islam
Thai Theravada Buddhist
Mahayana Buddhist
Confucius
Hindu
African Spiritual Understanding
Japanese Shintoism
American Indigenous

Caux Round Table Principles from Common Values of Religions	
<input type="checkbox"/> Principle 1: Responsibilities of business <input type="checkbox"/> Principle 2: Economic and social impact of business <input type="checkbox"/> Principle 3: Business behavior <input type="checkbox"/> Principle 4: Respect for rules <input type="checkbox"/> Principle 5: Support for multilateral trade <input type="checkbox"/> Principle 6: Respect for the environment <input type="checkbox"/> Principle 7: Avoidance of illicit operations	
Stakeholder Principles	<input type="checkbox"/> Customers <input type="checkbox"/> Employees <input type="checkbox"/> Owners/Investors <input type="checkbox"/> Suppliers <input type="checkbox"/> Competitors <input type="checkbox"/> Community

Young, Stephen B. "Responsible Leadership" Chapter 12 Principle-based leadership: lessons from the Caux Round Table. Routledge 2006 Page 185-201

Holism and Whole

**CR is not just measurement nor reporting
CR is the whole process and management system**

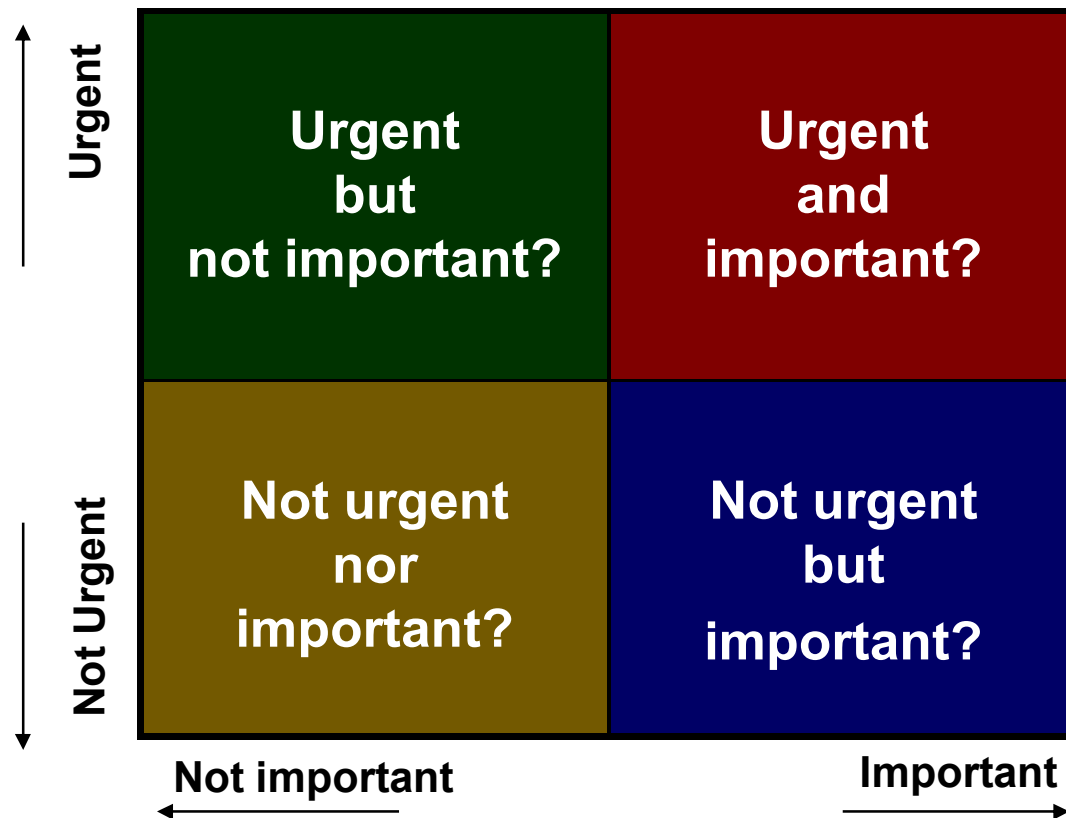


Internal Stakeholder/Communication	External Stakeholder/Communication
<ul style="list-style-type: none"> ❑ Making business management integrating CR as corporate culture ❑ Motivation through policy and recognition 	<ul style="list-style-type: none"> ❑ Integration with PR, IR and CR communication ❑ Persuasion for economic and social value creation ❑ Connection with ethical consumerism

Source: Further expanded "A Human Rights Framework", developed by UN Global Compact, BLIHR (Business Leaders Initiative on Human Rights) and IBLF (International Business Leaders Forum)

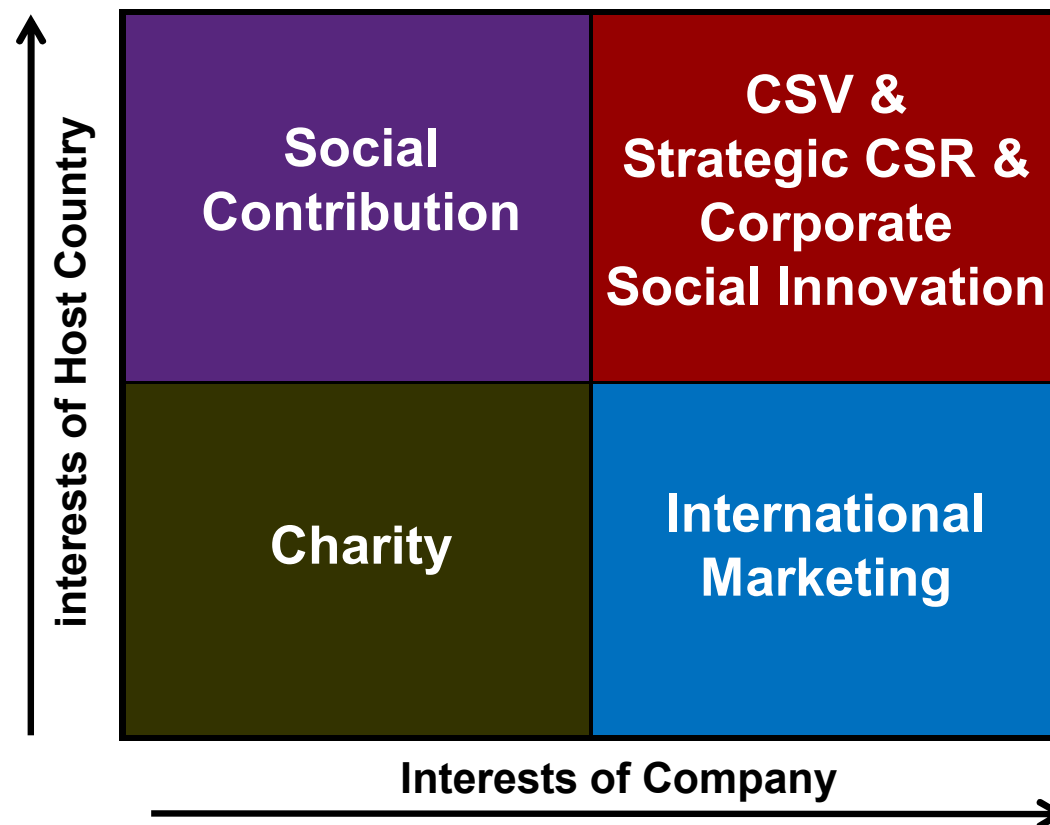
Interconnectedness and Harmony

CR needs interconnected thinking among all departments within a company to maximize urgency and importance



Societies as Organisms

CR should have both risk and opportunity perspectives to achieve inclusive growth for both business and society



Part 2

Characteristics of Western Companies

1. Reinforcement

Voluntary leadership of corporations and mandatory regulations of governments affect each other

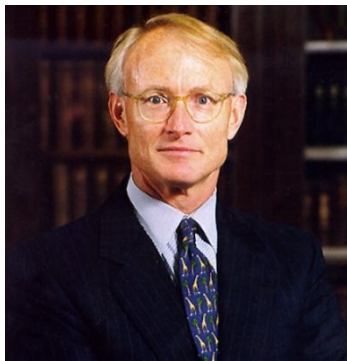
Corporate Responsibility



Source: Archie B. Carroll, The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons, July-August 1991, Quoted in Corporate Responsibility : A Critical Introduction, Oxford University, 2008 , Page 21

2. Maximazation

“Creating Shared Value” reinforces maximization of economic and social value creation



Michael Porter

**“Reconceiving
products and markets”**

**“Redifining
productivity
in the value chain”**

**“Enabling
local cluster development**



Mark Kramer

Source: Porter, Michael and Kramer, Mark, The Big Idea: Creating Shared Value, How to reinvent capitalism – and unleash a wave of innovation and growth. January-February 2011, Harvard Business Review, 2011, Page 5

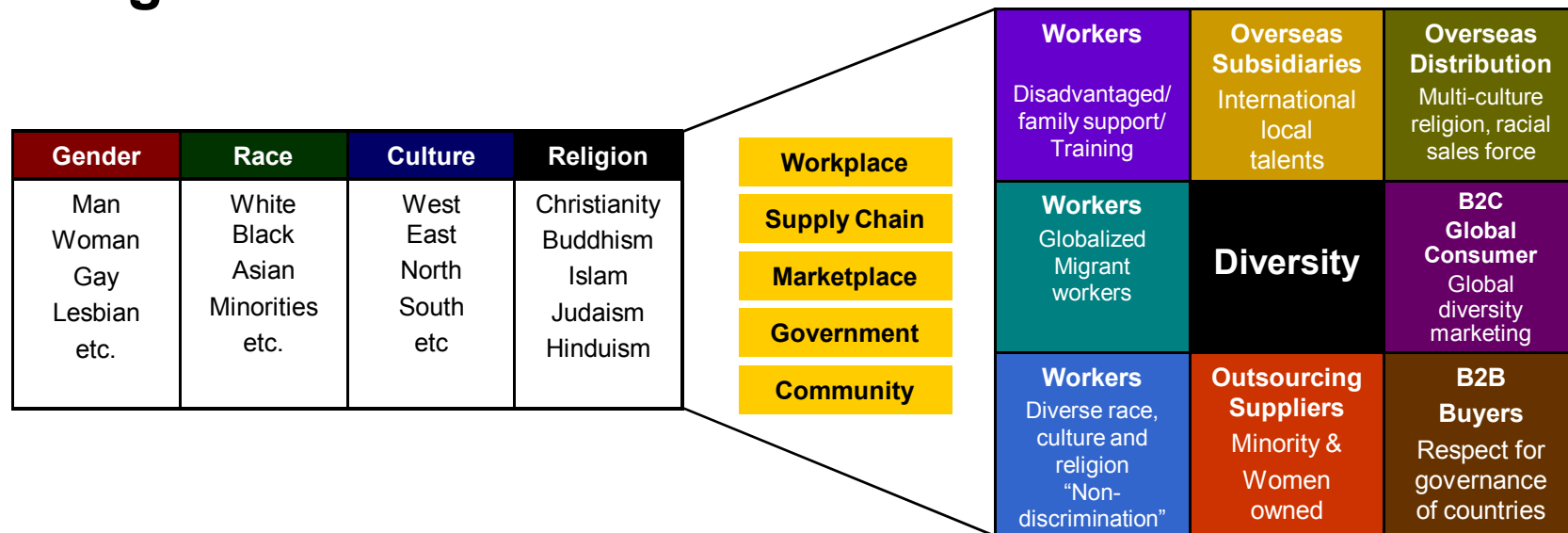
3. Coordination

CR aims to decrease decoupling within organizational silo work symptom and to increase orchestrating coordination



4. Diversity

Utilizing diversity as global competitiveness in global environment



Diversity value proposition from the start

- Inter-racial workplace environment in California in the 1940s and the Southern part of the US in the 1960s
- Affirmative actions of minority in the 1970s
- Reflecting diversity in PR, marketing and global business

Source: "Beyond Good Company: Next Generation Corporate Citizenship" Bradley K. Googins, Philip H. Mirvis and Steven A. Rochlin (New York, Palgrave Macmillan, 2007) Page 110



5. Collective Action

Addressing common problems and challenges in “Weak Governance Zones” and creating business opportunities



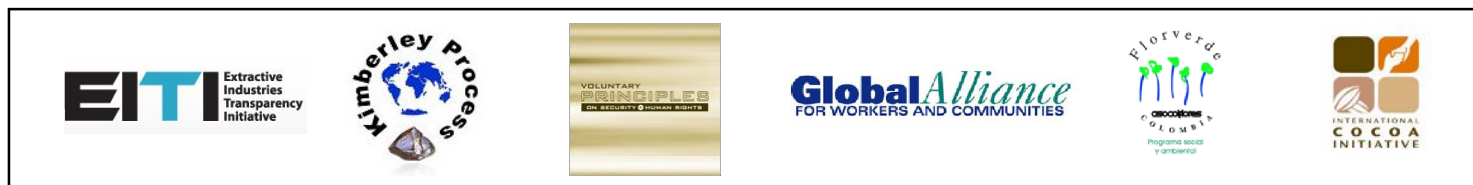
EICC ELECTRONIC INDUSTRY CITIZENSHIP COALITION

Promoting good practices of labor, health, safety, environment, management system, business ethics

Source: http://www.eicc.info/about_us05.shtml

EICC ELECTRONIC INDUSTRY CODE OF CONDUCT

Member logos: acer, DELL, hp invent, IBM, intel, PHILIPS ANALOG DEVICES, Microsoft, Apple, CISCO, AMD, xerox, SONY, Sun Microsystems, lenovo, Logitech, Adobe, APPLIED MATERIALS, LG Life's Good, SAMSUNG ELECTRONICS



EITI Extractive Industries Transparency Initiative

Kimberley Process

VOLUNTARY PRINCIPLES ON SECURITY & HUMAN RIGHTS

Global Alliance FOR WORKERS AND COMMUNITIES

Florverde COCOA Initiative Programa social y ambiental

INTERNATIONAL COCOA INITIATIVE

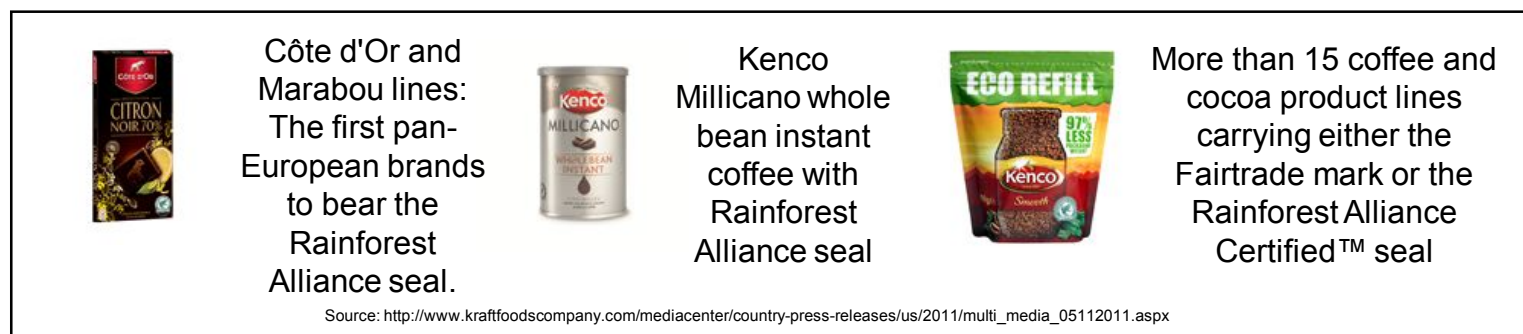
“Global businesses collaborate on first-of-its-kind city sustainability project”

October, 2011 - GDF Suez, Toyota, TNT, Acciona, Siemens, and UTC teamed up together for urban sustainability in Turku, Finland

Source: <http://www.wbcd.org/Pages/EDocument/EDocumentDetails.aspx?ID=13654&NoSearchContextKey=true>

6. Cooperation

Collaborating with NGOs as CR partners and improving social and environmental challenges together

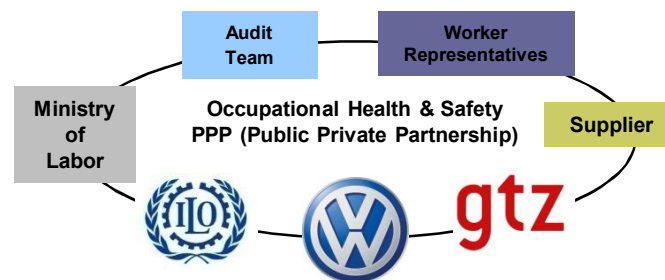


7. Cross Sector Alliance

Globalization challenges need global level of strategic alliance among public, private, nonprofit sectors and IGO

“Better Health and Safety for Suppliers”

- Decrease of occupational accidents through promotion of health and safety of workers in production facilities of suppliers in Brazil, Mexico and South Africa
- Global work force management
- Supporting and training/workshop to suppliers



[UDHR Article 3 (Life and security of the person) Article 23 (Favorable conditions of work)]

[ICESCR Article 7 (Safe and healthy working conditions) Article 12 (The highest attainable standard of physical and mental health)]

Source: "Embedding Human Rights in Business Practice II, UN GC/OHCHR 2007 Page 167

Part 3

Attributes and Challenges of Korean Companies

1. Reinforcement

Voluntary leadership of corporations have been accelerated through strong leadership of public sector


National Agenda led by the Office of the President Fair Society (2010) and Eco-systemic Development (2011) Humanity, Creativity and Responsibility												
Directions of CSR Related Public Policy												
Social Welfare	Women and Family	Justice	Anti-Corruption	Fair Trade	Win-Win Growth	Social Cohesion	Nation Brand	Labor	Knowledge Economy	SME	Strategy and Finance	Foreign Affairs and Trade
Social Contribution	Diversity (Migrant Women)	Legal Compliance	Business Ethics	Fair Trade	Benefit Sharing with Large and SMEs	Social Cohesion	Korea of Endeavorment	Supply Chains	Sustainability	SME CSR	Development Banks	UN and IGO
Diversity (Migrant Women)	Non-discrimination		Anti-Corruption					Social Enterprise			EDCF	ODA
												Global CSR

In 2007, Social Enterprise Promotion Law to foster job creation for the disadvantaged.

In 2007, the 9th clause of Industrial Development Law was newly added to support corporate voluntary actions for sustainable management

2. Maximazation

CSV was tested by mainstreaming business strategy group to maximize economic and environmental values



“Green Innovation” Strategy from 2009

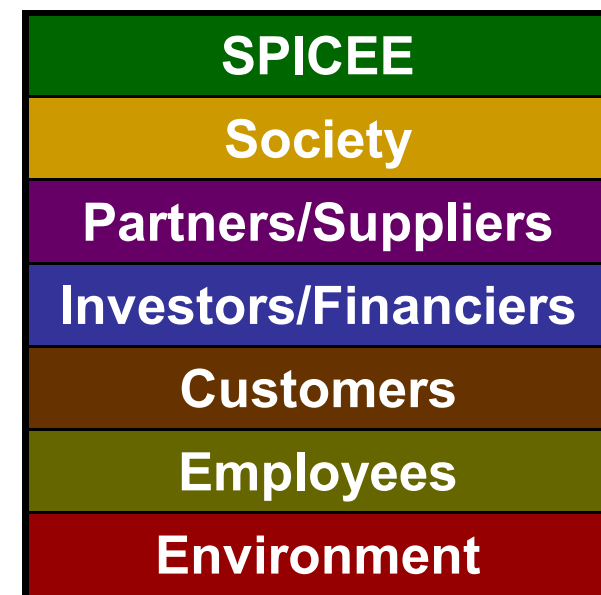
“Smarter and Greener Green Memory”
DDR3(Double Data Rate 3) SDRAM(Synchronous Dynamic Random Access Memory) in 2011

Past Server Environment	Benefits	Green Server Environment
1 million servers	High performance	3,000 servers
50 Nano class DDR 3	About 11 million USD saving	20 Nano class DDR3
2Gb 1.5V	Low power	4Gb 1.35V
96GB(8GBx12)	4 million USD saving	96GB(16GBx6)
15K HDD	High quality	Server SSD
300GBx12	4.3 million USD saving	200GBx4

Source: “Low Power and Higher Efficiency, Green Memory is CSV”, Dong-A Business Review, December 2011 Issue 1, No. 94, 2011, Page 32-34

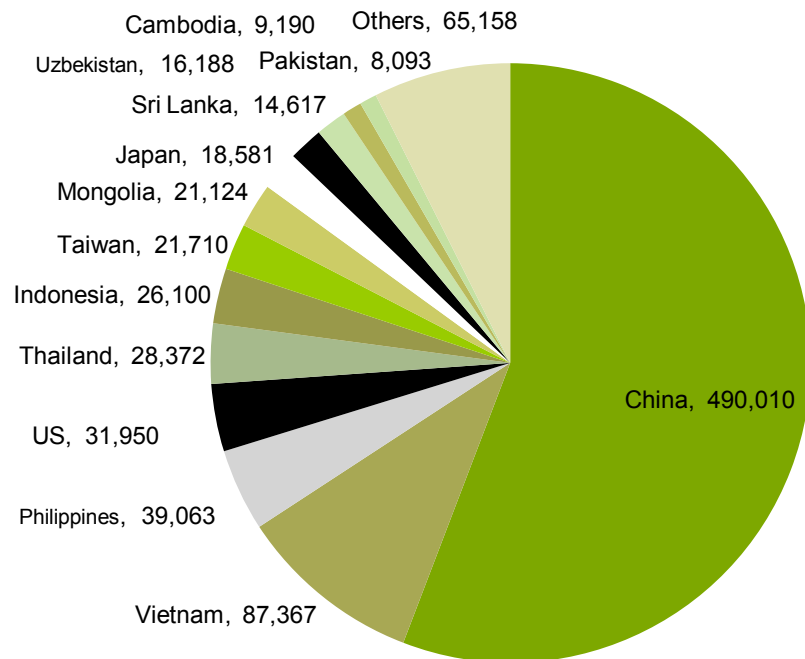
3. Coordination

Taking holistic view towards “Firm of Endearment” that needs vertical and horizontal behavioral changes



4. Diversity - Inbound

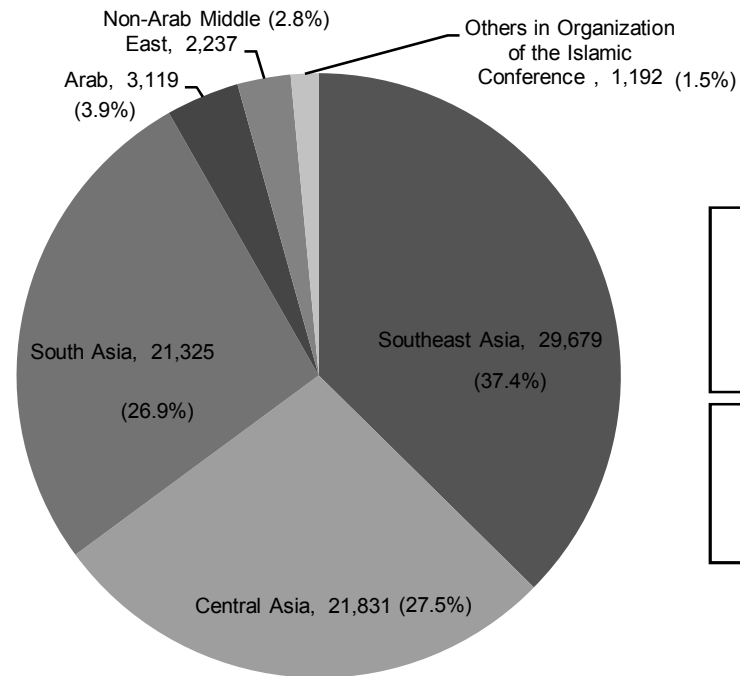
Migrants by Country



Source: Migrants by country,
Immigration Bureau, Ministry of Justice
(March 2010)
Total: 877,523

(2% of South Korean Population)

Muslims in South Korea



Source: Inter-Religious Seminar for Mutual Understanding and Co-existence
hosted by Korean Conference of Religion for Peace & Korean Muslim Federation and
organized by International Peace Corps of Religions
(June 1-2, 2010)

“Status of Migrant Muslims in South Korea”
Prof. Ahn, Jeong-Kook, Middle Eastern Studies of Myungji University
No. of Muslims in South Korea : 79,388

(0.2% of South Korean Population)

- **By Gender**
- Male 66,913 (84.3%)
- Female 12,475 (15.7%)

- **Problems**
- Marginalization
- Hostile feelings towards Islam

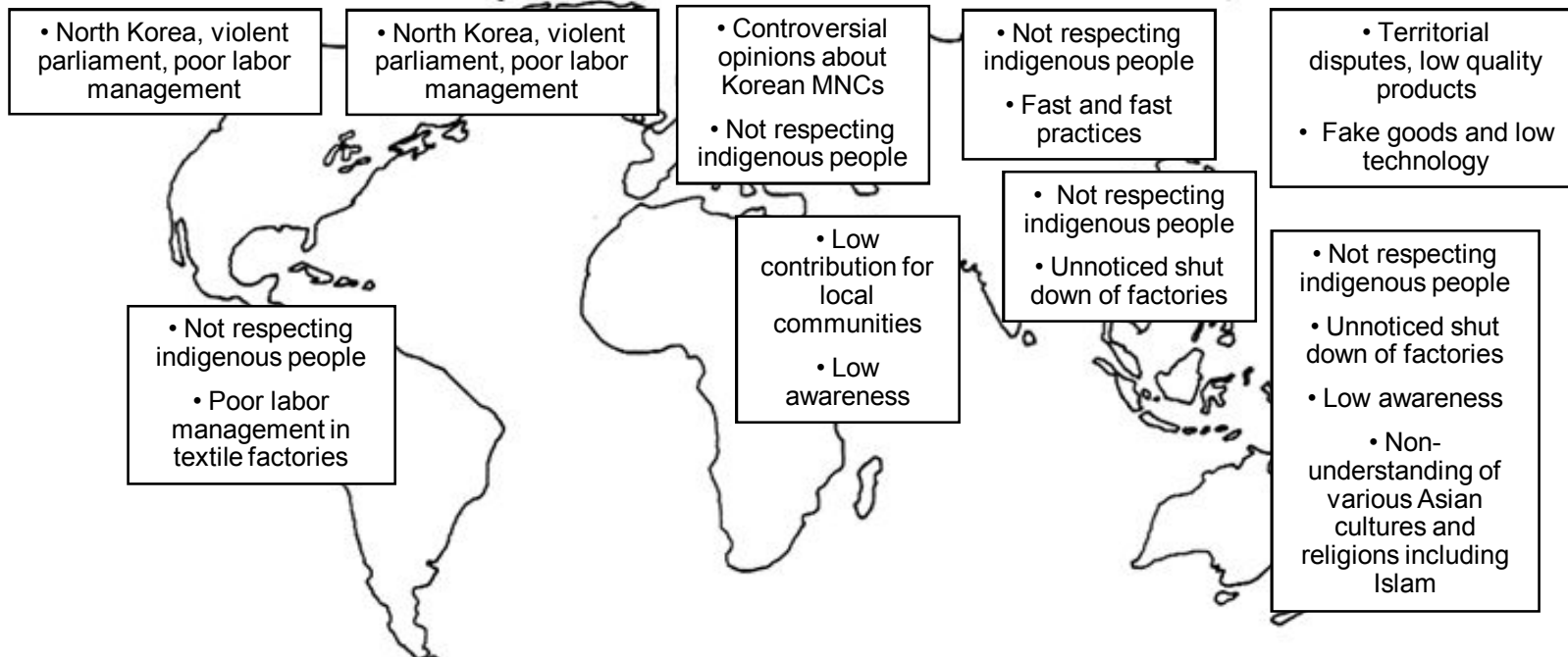
4. Diversity - Outbound

Lack of diversity consideration as nation's weakness in international management and global CR

Analysis of Korea Discount in regional markets

kotra
Korea Trade-Investment
Promotion Agency

• March, 2009 – 67 countries / 92 Kotra Korea Business Centers



5. Collective Action

Multiple companies teamed up to fight with corruption by educating future business leaders

NABIS

Northeast Asia Business Integrity School

www.nabis.kr

An educational project for university students to foster a clean and transparent business environment



GCEF Global Competitiveness Empowerment Forum

(사)글로벌경쟁력강화포럼

Siemens Integrity Initiative

SIEMENS

Initiated and Acting as a Partner Organization of the South Korean Project, NABIS

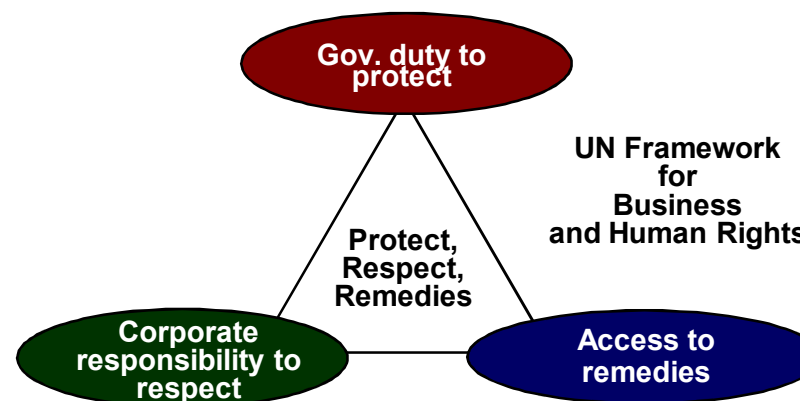
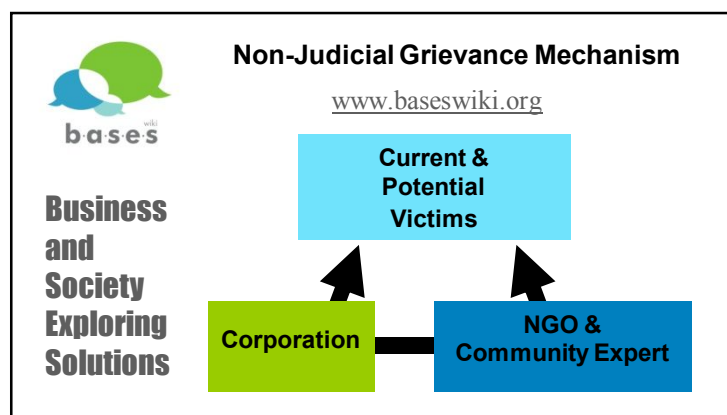


- NABIS trainers of Compliance and Business Ethics from Korean companies and Korean subsidiaries of Western and Northeast Asian companies operating in Korea teach NABIS students by using the NABIS curriculum with case studies from their own companies
- NABIS aims to influence behavioral changes by teaching the importance of business integrity in the free market and trade systems and by building a mutual learning and supporting NABIS community



6. Cooperation

NGO leaders reviewed possibility of collaboration for non-judicial grievance mechanisms



Source: <http://www.business-humanrights.org/SpecialRepPortal/Home>

2009-2010 Study about Non-Judicial Grievance Mechanisms

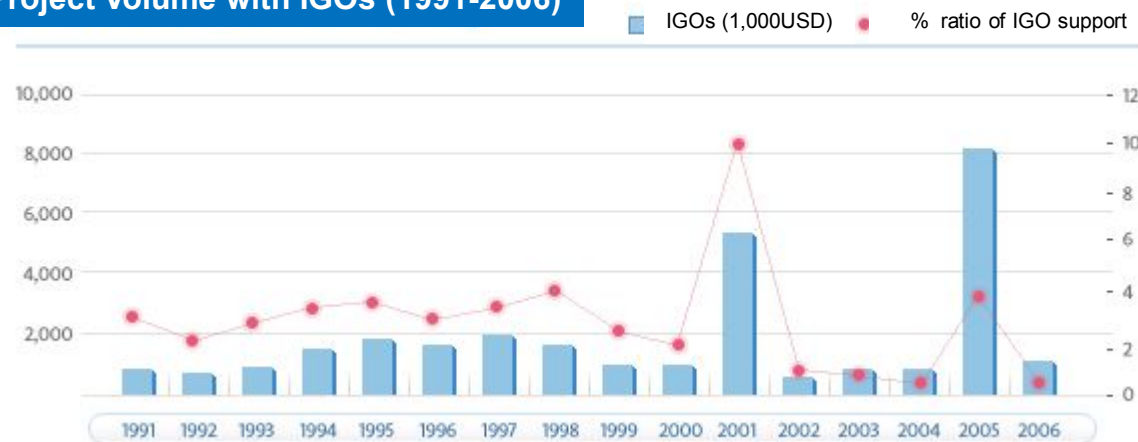
Joint research with 11 environment, labor and human rights organizations

Korea Human Rights Foundation, Global Competitiveness Empowerment Forum, Korea Corporate Citizenship Center, National Human Rights Commission of Korea, People's Solidarity for Participatory Democracy, Making Better Corporations, Korea House for International Solidarity, Civil Action Together, ICEM (International Federation of Chemical, Energy, Mine and General Workers' Unions) Korea Coordinator, Korea Foundation for Environment Movements, Korea Women Link and Public Lawyers Group Gong Gam

7. Cross Sector Alliance

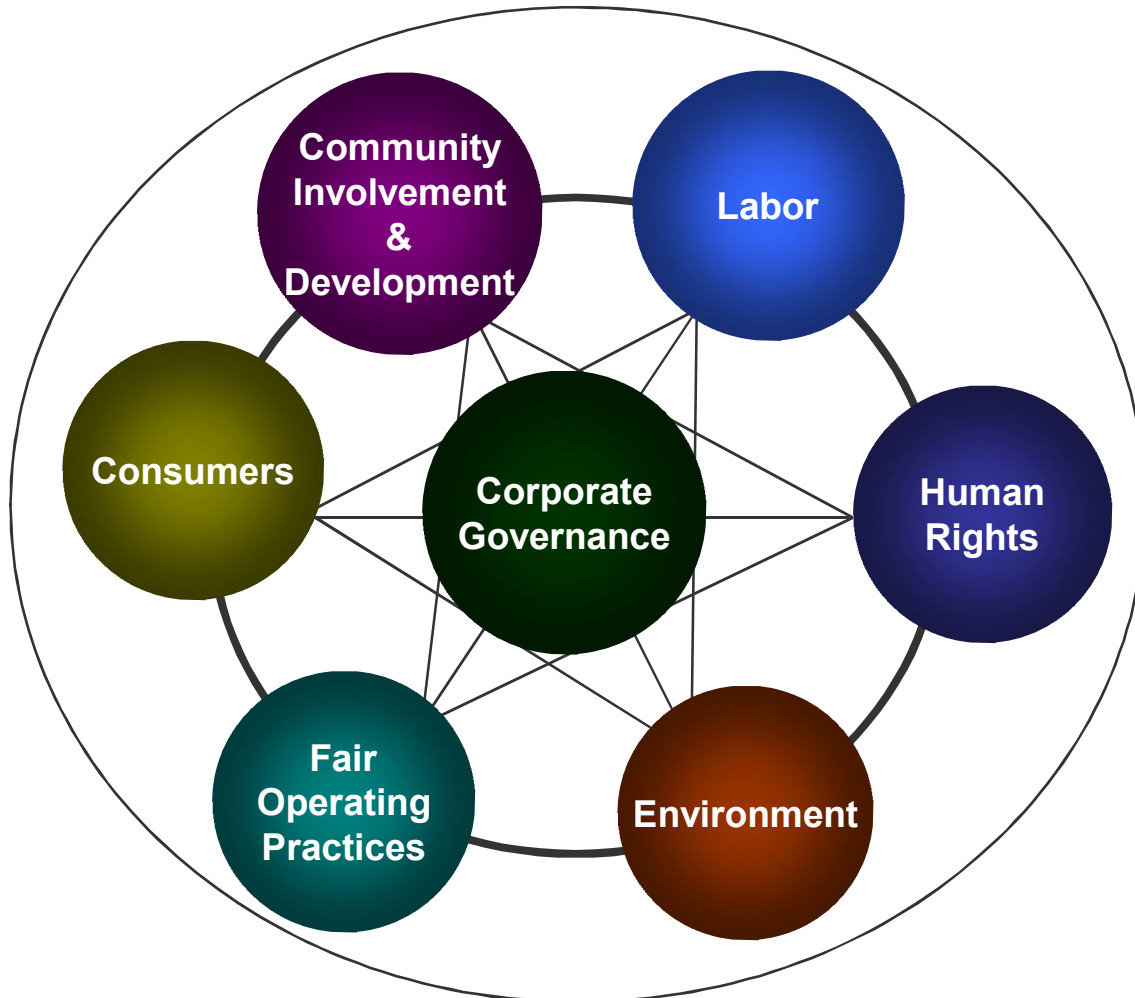
Global cooperation with IGOs is still led by public sector

Joint Project Volume with IGOs (1991-2006)

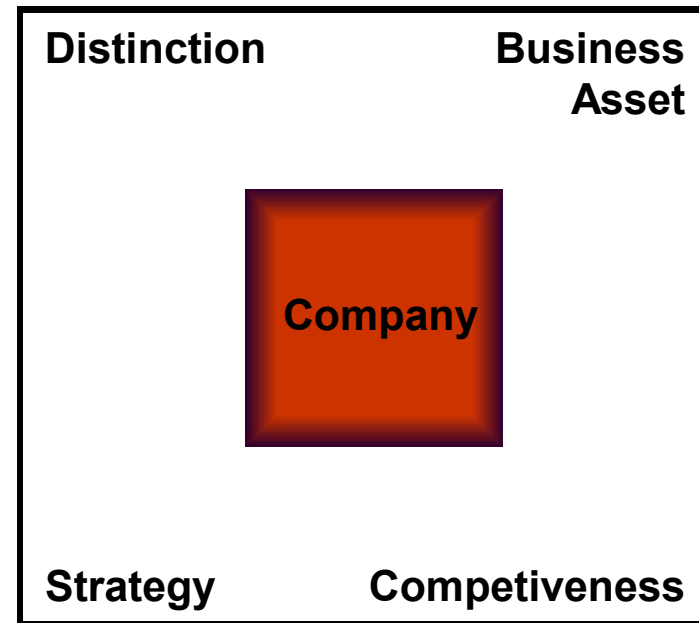
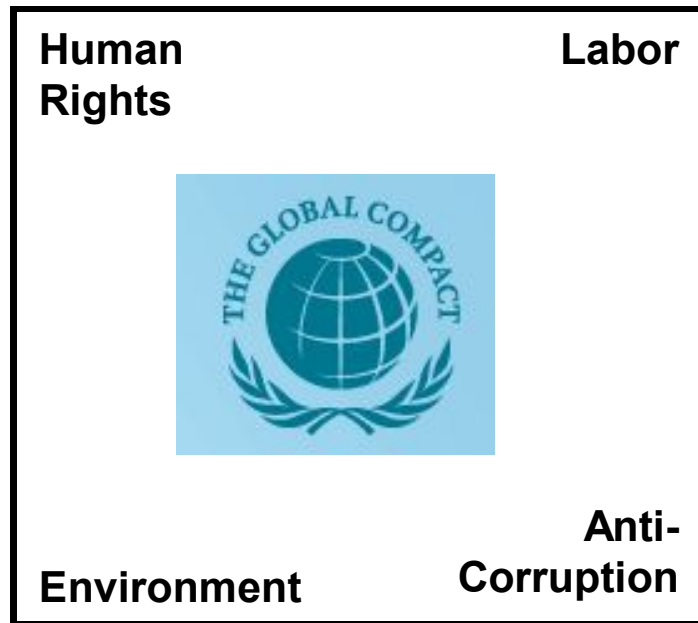


- By KOICA (Korea International Cooperation Agency) under the Ministry of Foreign Affairs and Trade
- After 2000, collaboration with UNICEF, UNHCR, WFP, UNDP, WHO and ESCAP etc.
- 60.2% ODA was with IGOs (1991-2006)
- In 2007, 47.2% was supported to Africa in health enhancement related UN MDGs 4, 5, 6 and Asia in rural development
- In 2008, trade capacity building, HIV/AIDS and anti-corruption in Africa and Asia
- From 2011, public private partnership with global CSR of corporations has started.

ISO26000 and 7 Areas



UN Global Compact



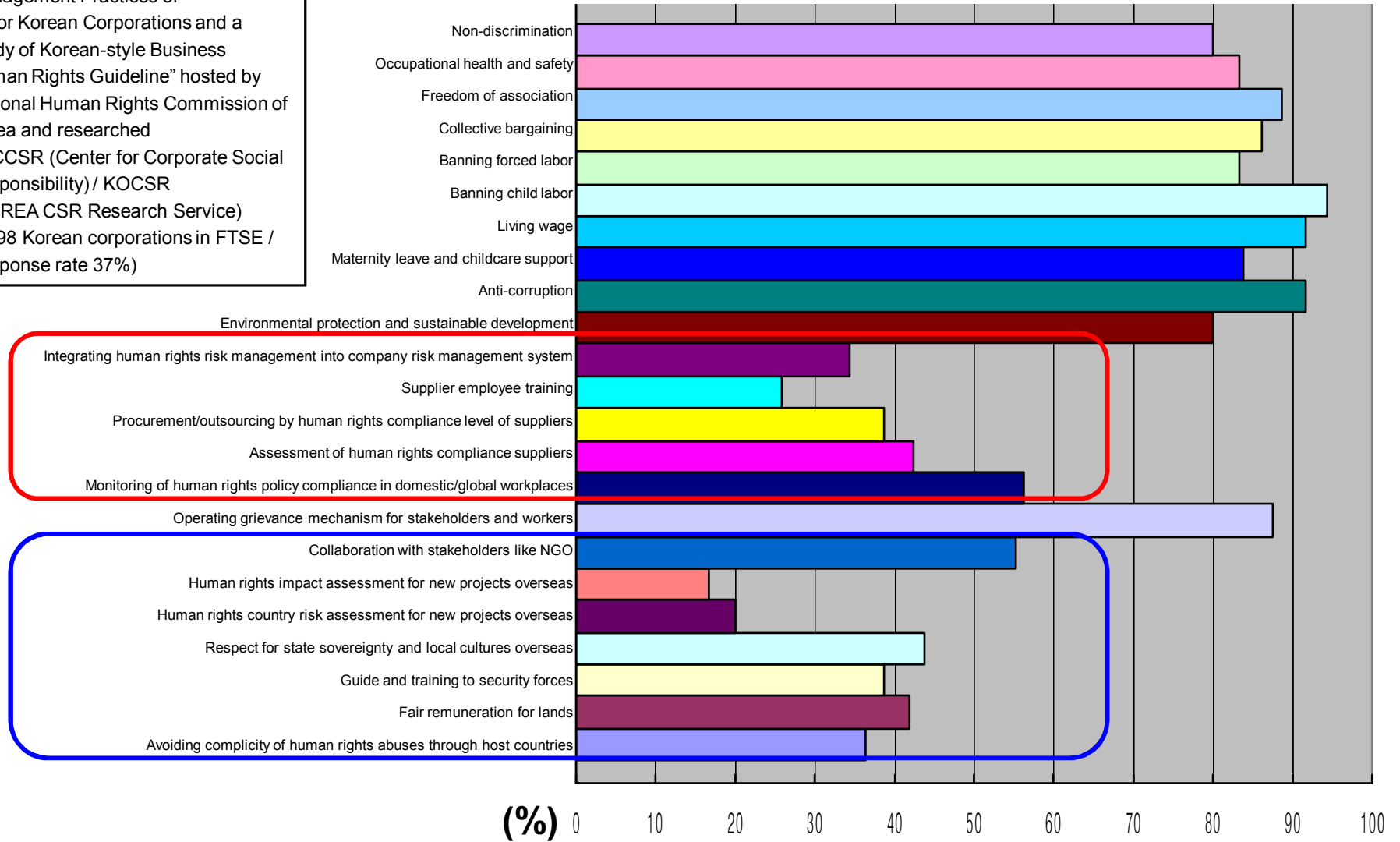
**Started
from 2007**



**198 Members
In 2012**

1. Human Rights

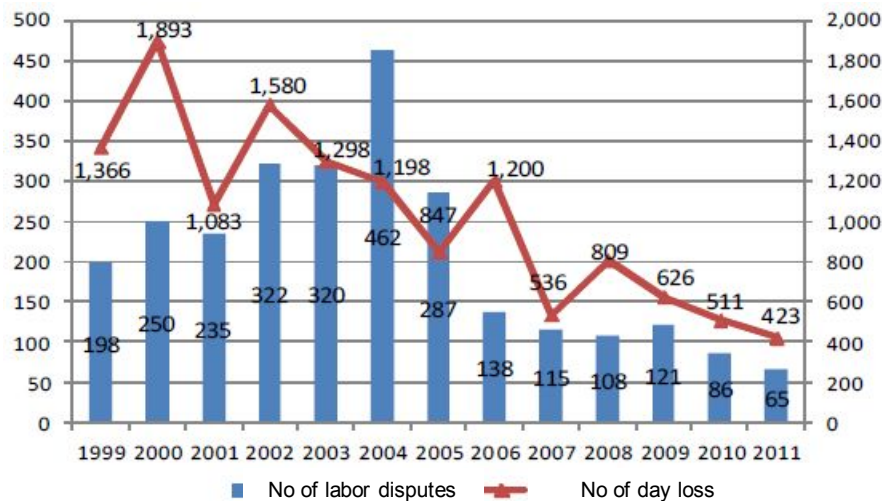
Survey results of "2008 Analysis of Human Rights Policies and Management Practices of Major Korean Corporations and a Study of Korean-style Business Human Rights Guideline" hosted by National Human Rights Commission of Korea and researched by CCSR (Center for Corporate Social Responsibility) / KOCSR (KOREA CSR Research Service) (N: 98 Korean corporations in FTSE / Response rate 37%)



2. Labor

- FKTU (Federation of Korean Trade Unions)
- Korean Confederation of Trade Unions
- National Confederation of Trade Unions

No. of labor disputes and no. of daily loss due to labor disputes (Yearly, no. 1,000 days)



Source: Analysis on labor situation development of South Korea.
Prof. Jang, Yong-Suk, Public Administration, Yonsei University



USR
(Union
Social
Responsibility)

- Global social contribution with overseas branches
- Dissemination of Quality Management and Labor Management to overseas
- Participation to climate change issue



Source: Kim, Hyun-Sik, Human Rights Leadership of LG Electronics, Presentation at ISO26000 & UN Human Rights Framework, Co-hosted by National Human Rights Foundation of Korea, UN Global Compact Korea Network and Korea Productivity Center, July 20, 2011, Seoul, South Korea

3. Environment

Low Carbon Green Growth as National Agenda in 2008

Aiming to be the 7th country rank by 2020 and the 5th By 2050 as the greenest country
 “Green Growth for All” - January 2012 Policy Agenda and 5 year plan from 2009-2013

CDP (Carbon Disclosure Project)

As of 2009, 100 South Korean corporations were registered. In its 2008 survey of the top 50 Korean corporations on climate change risk management, 88% said they have already started to prepare detailed actions or are in the middle of preparation.

Source: Kang, Angela Joo-Hyun and Lee, Joo-Seob, Corporate Responsibility in Northeast Asia – South Korea, Corporation 2020 Paper, 2009

CDAP (Community Development Assistance Program)



1995 the Philippine Mining Act mandating social development and management programs (SDMP – 1.5% total operating expenses) for the mine’s impact areas and final mine rehabilitation development programs (FMRDP) 5 years prior to mine closure.

Source: Brochure from Rapu-Rapu Polymetallic Project, Responsible mining is true corporate social responsibility at work, www.rapu-rapumining.com

Forest
Mineral
Steel
Oil
Gas
Engineering
Construction
Housing
Plant
Powerhouse
Building
Extractive
Jewelry
Tourism

4. Anti-Corruption

Business Ethics and Ethical Responsibility

[Survey result of FKI member companies : Looking back 10 years (Aug-Sep 2009 N=200)]

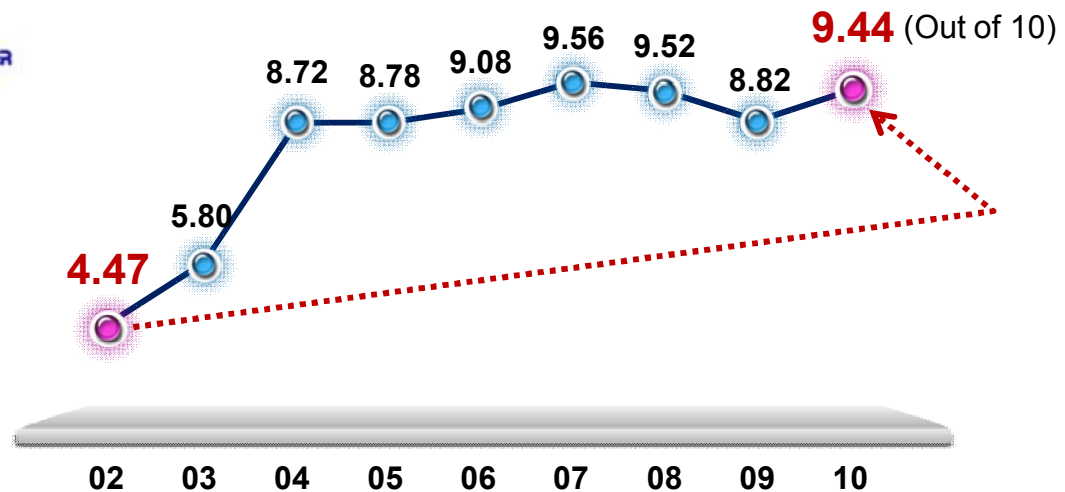
- 95% Adoption of code of conducts
- 92% Ethical Management Training
- 70% Operation of the dedicated Ethical Management Team
- 93% Willingness to require the same standards during supplier selection
(Very much 42% + Little bit 51%)



Source: Ko, Dong-Soo, Issues of Corporate Responsibility and How to Address Challenges – Focusing ISO26000, KIET(Korea Institute for Industrial Economics and Trade, 2011



- In 2010, KEPCO ranked No. 1 out of 21 state owned enterprises and organizations
- Internal business integrity rank No. 1 out of 710 public orgs.
- South Korea ranked 43 out of 182 countries in CPI (Corruption Perception Index) by Transparency International



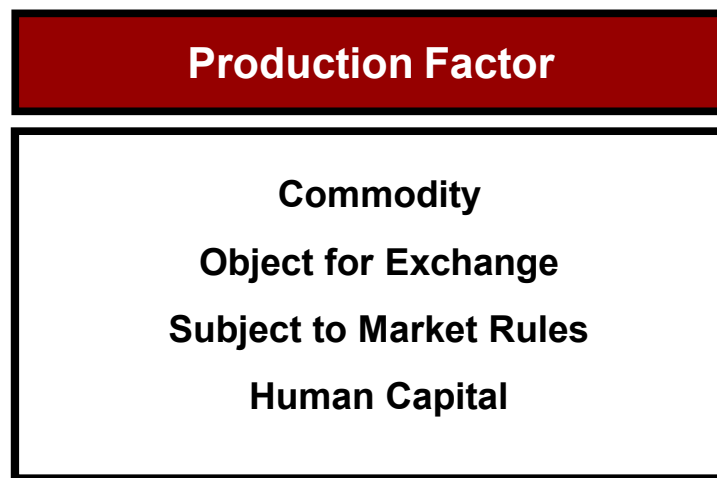
Source: Han, Jin-Hee, KEPCO presentation at NABIS (Northeast Asia Business Integrity School) student workshop
Co-hosted by Federation of Korean Industries-International Management Institute and Global Competitiveness Empowerment Forum, February 3, 2012, Seoul, South Korea

Part 4

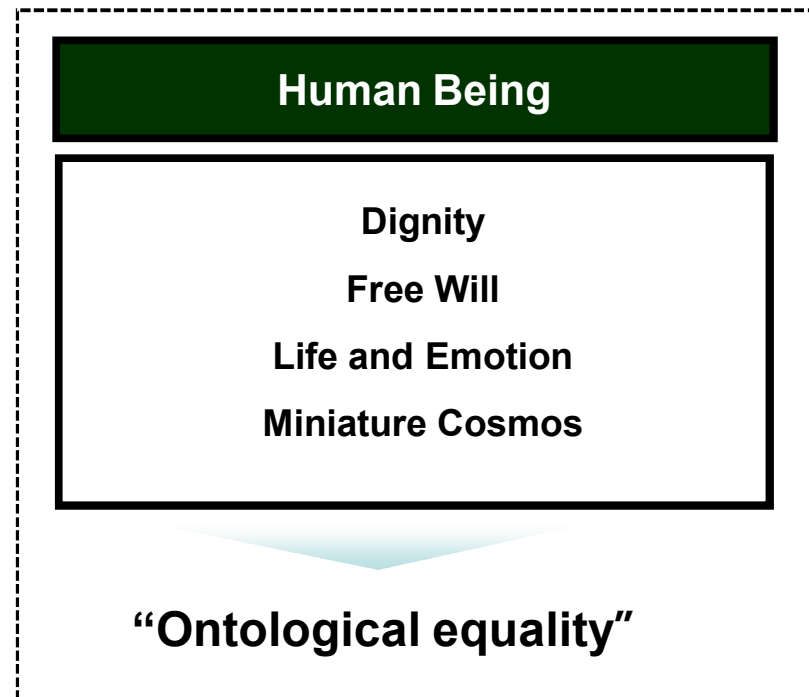
Future of Asia's CSR: What Kind of Cooperation Can Be Rewarding (or Possible) between Korean and Japanese Firms

Human Rights and Human Values

**Paradigm of human values in labor and human rights
is changing into human equality**



“Functional inequality”



“Ontological equality”

Source: Kim, Hyun-Sik, Human Rights Leadership of LG Electronics, Presentation at ISO26000 & UN Human Rights Framework,
Co-hosted by National Human Rights Foundation of Korea, UN Global Compact Korea Network and Korea Productivity Center, July 20, 2011, Seoul, South Korea

Collective Entity for Innovation

Human rights and productivity are not mutually exclusive based on one innovative example

High performance and trust based human value centered management in Canon Korea Business Solution's Ahnsan factory in South Korea

- Good “Glocalization” practice
- Cell production system
- Cell company organization
- Based on trust, respect and autonomy
- Servant Leadership of Kim, Young-Soon, Factory Manager
- Doubled job creation, 19 times of production and 12 time of export increase in 10 years

Canon
캐논코리아 비즈니스 솔루션



Source: Ryu, Rang-Do, "New Ways of Working", Korean translation title "Innovation of Canon Korea has started from a covered wagon", November, 2011. Random House Korea

The Best Benchmarking Practice



Canon Korea Business Solution’s Ahnsan factory as Samsung Electronics’ top priority benchmarking venue

“We came here since we are concerned about our future. When Operation Innovation Group wants to innovate, Factory Manager Group opposes. When Factory Manager Group opposes, CEO Group opposes. I want them to see and feel as it is.”

The 1 st time visit	The 2 nd time visit	The 3 rd time visit
Mr. Jay Lee, CEO and COO of Samsung Electronics visited with Operation Innovation Group	Mr. Jay Lee, CEO and COO of Samsung Electronics visited with Factor Manager Group	Mr. Jay Lee, CEO and COO of Samsung Electronics visited with CEO Group of each division with Vice Chairman, Choi, Ji-Sung

Source: Ryu, Rang-Do, "New Ways of Working", Korean translation title "Innovation of Canon Korea has started from a covered wagon", November, 2011. Random House Korea

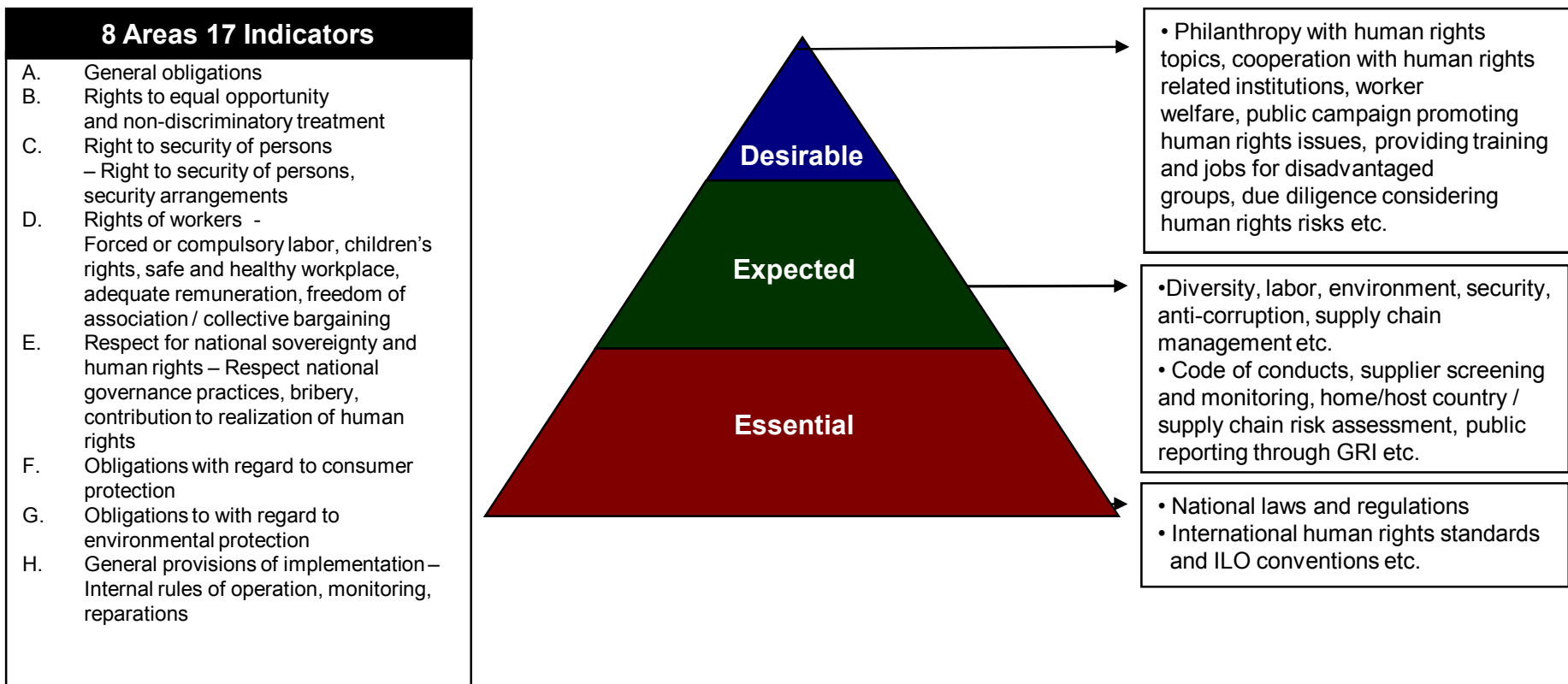
Human Rights as Norms

“First Generation” Rights	“Second Generation” Rights	“Third Generation” Rights
Civil Rights Political Rights	Economic Rights Social Rights Cultural Rights	Based on Solidarity
ICCPR (The International Covenant on Civil and Political Rights)	ICESCR (The International Covenant on Economic, Social and Cultural Rights)	“The right to natural resources and a clean environment Less well defined and has not yet been incorporated into any legally-binding human rights equivalent.”
Self-determination, non-discrimination, against slavery, forced and compulsory labor, privacy, freedom of thought, conscience, religion and expression, forming trade unions, freedom of association, minority rights	Rights to work, minimum wages, equal pay, safe and healthy working conditions, social security, food, clothing, housing, fair distribution of food, physical and mental health, education	

The Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work, UN Global Compact, Conventions on Prevention and Punishment of the Crimes of Genocide, against Torture, on the Elimination of All Forms of Racial Discrimination, on the Elimination of All Forms of Discrimination against Women and on the Rights of the Child etc.

Source: “National Grid and Human Rights Brief for Public Position Statement on Human Rights”. Page 4-6 of National Grid, a electricity and energy company operating in US and UK (BLIHR: Business Leaders Initiative on Human Rights – Changed to Global Business Initiative on Human Rights member company)

Human Rights Indicators



Source: Human Rights Matrix in A Guide for Integrating Human Rights into Business Management co-developed by UN Global Compact, Office of the UN High Commissioner for Human Rights (OHCHR), BLIHR (Business Leaders Initiative on Human Rights)

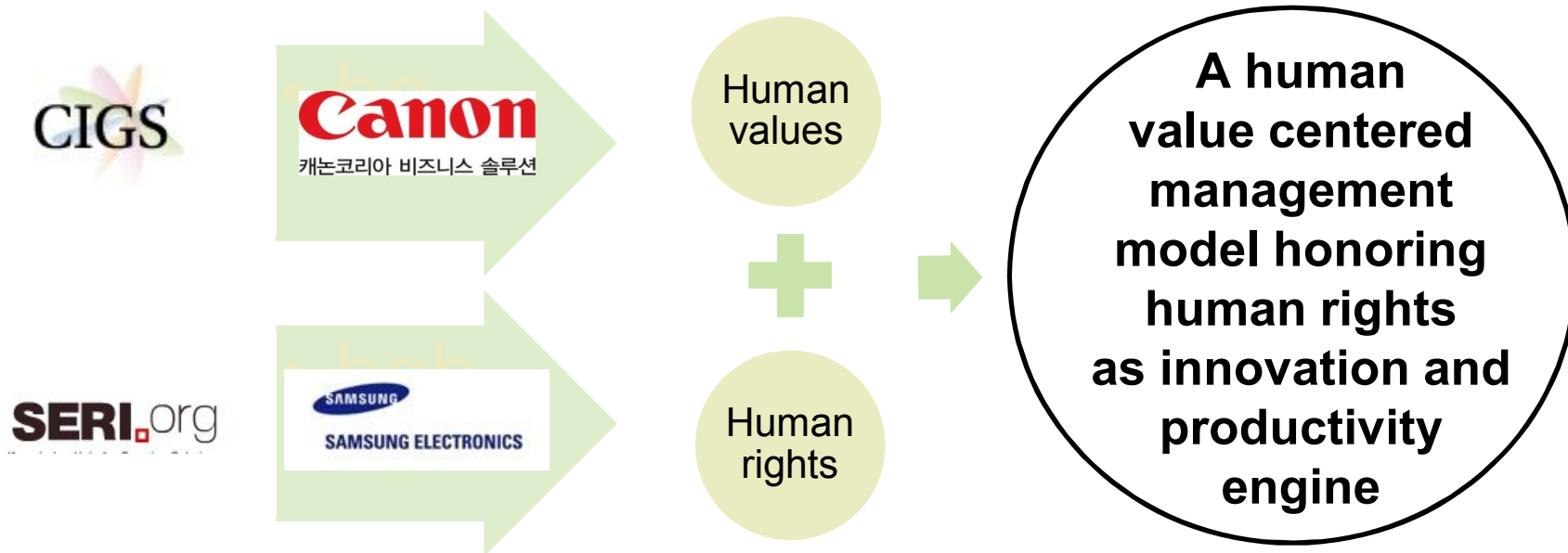
Human Value Centered Management

Human value centered management can liberate innovation and performance than risk based human rights

Human rights Indicators	How Canon Korea did
<p>A. General obligations</p> <p>B. Rights to equal opportunity and non-discriminatory treatment</p> <p>C. Right to security of persons – Right to security of persons, security arrangements</p> <p>D. Rights of workers - Forced or compulsory labor, children’s rights, safe and healthy workplace, adequate remuneration, freedom of association / collective bargaining</p> <p>E. Respect for national sovereignty and human rights – Respect national governance practices, bribery, contribution to realization of human rights</p> <p>F. Obligations with regard to consumer protection</p> <p>G. Obligations to with regard to environmental protection</p> <p>H. General provisions of implementation – Internal rules of operation, monitoring, reparations</p>	<p>A. General obligations based on trust and autonomy</p> <p>B. Women can become leaders of Cell Company Org. Physically challenged only Cell Company Org. “I Can”</p> <p>C. Giving another chance and consultation for drop outs and no penalty to a fire accident but consolation</p> <p>D. Delegation of decision making ownership to Cell CEOs, cozy workplace, generous and emotion treatment for human beings, consensus based group decision</p> <p>E. Respect and acceptance from Canon headquarter to Canon Korea Business Solutions</p> <p>F. Product labeling with photos of Cell CEOs to increase customer satisfaction and product excellence</p> <p>G. Quality and eco management of product manufacturing and delivery to decrease CO2 emission</p> <p>H. Equal partnership as work colleagues not as merely workers. Incentive and merits based reparation system</p>

Paradigm Changing Collaboration

Cooperation of Asian Companies and Research Institutes for new paradigm of human being's ontological equality



Thank You



GCEF Global Competitiveness
Empowerment Forum

[사]글로벌경쟁력강화포럼

www.g-cef.org

Angela Joo-Hyun Kang

Founder and Executive President, GCEF (Global Competitiveness Empowerment Forum)

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