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Master’s Thesis

The Development of Corporate Social Responsibility (CSR) in East Asia after the Introduction of Global CSR Guidelines and Prospects for CSR in China – A Comparative Analysis

February 2019

Graduate School of International Studies
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International Area Studies Major, GSIS

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The Development of Corporate Social Responsibility (CSR) in East Asia after the Introduction of Global CSR Guidelines and Prospects for CSR in China – A Comparative Analysis

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Abstract

The Development of Corporate Social Responsibility (CSR) in East Asia after the Introduction of Global CSR Guidelines and Prospects for CSR in China – A Comparative Analysis

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Corporate Social Responsibility (CSR) has gained its status as one of the most important strategies that companies take into consideration while doing business. In recent years, it has further gained momentum to be studied in academia. The literature body, however, largely neglects CSR study of the East Asian region. In this paper, therefore, comparative research on CSR in countries in East Asia, namely Japan, South Korea and China is conducted. The thesis is written in attempts to address the following research questions: whether having more companies that are economically substantial and internationally recognized affects CSR development and practice in a positive way in East Asia; if the establishment of global CSR guidelines motivates a country to introduce CSR policies and if so, what impact did a series of policy initiatives have in CSR development and practice. In this paper, the role of governance and its influence on CSR development is analyzed. Additionally, industry-specific case studies have been conducted in a comparative manner in order to investigate the influence of CSR guidelines. As a result of the analysis, the introduction of global CSR guidelines has been proven to play a part in encouraging East Asian countries to implement related initiatives, further improving CSR in the region.

Keywords: Corporate Social Responsibility; CSR; East Asia; Global CSR Guidelines; GRI; ISO 26000;
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<td>Corporate Social Responsibility</td>
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<td>GRI</td>
<td>Global Reporting Initiatives</td>
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<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>UN</td>
<td>United Nations</td>
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<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>SOE</td>
<td>State-Owned Enterprise</td>
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<td>UNCED</td>
<td>United Nations Conference on Environment and Development</td>
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<td>AFC</td>
<td>Asian Financial Crisis</td>
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<td>SR</td>
<td>Social Responsibility</td>
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<td>EU</td>
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1. Introduction

Corporate Social Responsibility (CSR) has been studied since the mid 20th century and started to become a major field of study in the area of business by the 1970s and 1980s. (Carroll, 1999) The importance of the field of CSR has deepened since globalization has become the norm in the business arena with businesses across the globe now embracing CSR as their major business strategy. The change in the definition of CSR, as well, has been significant as the focus has been expanded to include not only environmental, but also economic and social issues. (Aguinis, 2011) Furthermore, CSR has evolved into more than mere voluntary projects by corporations in recent years.

Actively applying social responsibility in business strategies, companies in western developed countries have been considered to be pioneers and leaders in the field of CSR. Subsequently, the abundant CSR cases from the western world have contributed to the body of CSR studies. With the evolution of the study, scholars started to cover various factors along with specific research questions. (Aguinis and Glavas, 2012) At the same time, however, the literature regarding CSR study has long been criticized for being stalled by western-led theories and frameworks. (Idemudia, 2011)

While recent CSR studies largely fall into the mainstream western narratives, which have been practiced in modern social responsibility history, there’s a growing need for further studies for developing and emerging countries. (Jamali and Karam, 2018; Dobers and Halme, 2009) Yet, a great deal of literature still focuses on either developed or developing countries when it comes to studying CSR. As noted by a number of
scholars, more studies focusing on developing countries and specific regions are needed in the existing literature body. (Idemudia, 2011) In fact, the number of studies focusing on developing countries has increased at a rapid rate in recent years as a significant number of companies from developing countries have raised budgets for CSR projects and started to acknowledge the importance of CSR.

In stark contrast to the growing number of literature published regarding CSR in developing countries, the amount of literature that pays attention to regional narratives of CSR hasn’t been sufficient. Although many literature tries to analyze CSR structure and process of multiple countries, the selection of countries often remains in the grouping of developing and developed countries, failing to incorporate countries in the same region as a group. (Idemudia, 2011) (Dobers and Halme, 2009) In fact, some recent literature takes regional grouping as a key feature of their CSR research. Nevertheless, the focus is still put heavily on regions with similar economic levels. (Idemudia, 2011) (Dobers and Halme, 2009) As a result, there has been a lack of studies in the East Asian region, leaving room for adequate grouping of countries in the region.

In fact, the importance of cultural and regional factors has been stated by multiple scholars. (Fisher, 2017) Understanding CSR practices from developed countries and applying the knowledge to those of developing countries in regional context is crucial. Moreover, the Asia Pacific region, particularly, has a high potential in the future of CSR practice since the region has risen to one of the leading areas in CSR reporting as it was noted in the annual CSR report conducted by KPMG. (KPMG, 2015) Furthermore, given the fact that the size of the economy in East Asia accounts for almost
a quarter of the world GDP (IMF, 2018) and CSR reporting practice becoming a norm, it can’t be overstated that the study of the region is important in modern CSR studies.

In order to grasp the CSR development and practice in the East Asian region, a better understanding of both historic and cultural narratives is necessary. Since CSR has recently gained international attention, there has been a series of attempts for more standardized guidelines for CSR reporting, which led to introduction of guidelines such as ISO 26000 and Global Reporting Initiatives (GRI). Thereafter, it is shown that each country and region have taken its own paths in response to the movements. Subsequently, the introduction of global CSR guidelines had impacts that were documented in research literature. (Willis, 2003) (Pojasek, 2011) Therefore, examining the responses towards global CSR initiatives would help deepen the understanding of CSR development and practice in East Asian countries, namely Japan, South Korea and China. However, copious literature that sheds light on CSR in the East Asian region often neglects how global CSR guidelines affected decision making of each government and company in the region. Further, as noted by Adnan, Hay and Staden, culture plays an important role in deciding a country’s CSR practice and reporting by affecting governance and policies that are related. (Adnan, Hay and Staden, 2018) In this paper, therefore, I focus on the introduction of global CSR guidelines in shaping current CSR practice in East Asia, mainly Japan and South Korea, and further discuss implications of CSR in China.

This thesis starts with the question of whether there are any similarities in CSR practices in which the three countries share. In fact, it is very likely since the three countries have interlinking similarities from cultural to economic structures.
Subsequently, the thesis attempts to answer the question of whether having more companies that are economically substantial and internationally recognized affects CSR development and practice in a positive way in East Asian countries. The third research question focuses on governance of each country and their roles in forming CSR practice, especially after the introduction of global CSR guidelines. The importance of governance and government-led initiatives and policies have been mentioned multiple times by different scholars. Yet, the literature that compares CSR practice in East Asia lacks explanatory factors and cover only partial analysis of the matter. Therefore, I seek for an answer to the question; if the establishment of standardized global CSR guidelines motivates a country to introduce CSR policies and if so, how big of an impact did a series of policy initiatives have in CSR development and practice.

I contribute to the existing literature body by showing the relationship between the introduction of global CSR guidelines and following CSR policies within East Asia, the topic that has long been left out of discussion regarding CSR in East Asia. I explain backgrounds and details of CSR policies introduced by each government. In addition, I show that lessons learned from Japan and South Korea imply to CSR development in China. The remainder of the paper is organized as follows: the next section gives a brief background of the field of study with a literature review, which would lead to a hypothesis development of the paper. The following section would give an insight to CSR development in the region, which is essential in understanding the next chapter that explains the CSR policies of each country after the introduction of global CSR guidelines in a comparative manner. The final chapter selects some companies from Japan and
South Korea for case studies in order to understand the impact of the policies introduced in the previous chapter.
2. Literature Review

In response to rising popularity of CSR in businesses in the Asia-Pacific region, the academia has shown great interests in comparative studies of China, Japan and South Korea, the three countries that historically share cultural aspects and rely heavily on each other in terms of businesses. Nevertheless, the study on CSR in the three countries has lacked understanding of similarities in the region, which can be crucial in understanding CSR development in East Asia. In fact, many existing literature that conducted comparative analyses of China, Japan and Korea has focused on differences in CSR between the countries, rather than similarities that the countries have in common. (Choi, 2016; Park, 2015)

For example, Choi argues that there were CSR development processes that were noticeable among China, Japan and South Korea, which show economic responsibility of each country in its initial stage of national economic growth. (Choi, 2016) Nevertheless, the paper focuses mainly on the different characteristics of the three countries in CSR development and processes, further noting differences of CSR reporting practices. Similarly, Park contends that there are differences that exist among these countries with culture specific factors that affect CSR practices used by companies from each country. Park also points out the historical background in the region as one of the key factors. (Park, 2015) Further, some scholars such as Chapple and Moon suggest that there is no specific pattern in Asia when it comes to CSR. (Chapple and Moon, 2005)
Some literature, on the other hand, has focused on rather indistinguishable characteristics of CSR in China, Japan and South Korea, emphasizing regional studies of CSR. (Lee, 2017) For instance, Chung, Pyo and Kim point out that both China and Japan have put much more emphasis on CSR projects in developing countries as part of their government agenda, benefiting both receiving countries and companies from each country. (Chung, Pyo and Kim, 2014) Also, a low level of gender equality in the corporate environment in all three countries was noted in Ishizuka’s paper in 2014, suggesting better policy initiatives for gender diversity in the region. (Ishizuka, 2014) Moreover, Kim insisted that the mode of CSR converges over time in the East Asian region even though it differs depending on both political and institutional settings in his paper. (Kim, 2018) Although some literature focuses on similar features of CSR development in the region, it still misses some parallel points regarding CSR practices in the three countries.

As shown above, there is a lack of literature in the field of CSR when it comes to the East Asian region. Many touch upon the topic by only partially covering the region or grouping with other developing and developed countries. (Jin, Yang, Hong and Choi, 2016) (Chapple and Moon, 2005) (Chung, Pyo and Kim, 2014) (Lee, 2017) (Witt and Redding, 2012) Furthermore, the majority of the studies that cover all three countries still focuses on different characteristics that exist in the region. Although there are studies that focus on similarities of CSR practice and development in the East Asian region, the amount of literature remains scarce.
In short, there are missing pieces regarding CSR literature conducting comparative studies for the three Asian countries. Consequently, there is room for other perspectives in conducting a research in the regarding field, which has led to my research question whether there are factors affecting CSR development in the East Asian region. If so, what factors could explain the CSR development in the region.

Apart from the cultural differences in the region, there has been a strong emphasis that is put on differences in government policies of each country as well. For example, Choi and Aguilera assert that the three countries are in different developmental stages of CSR and have different political and institutional backgrounds regardless of their close geographic proximity and historical backgrounds. (Choi and Aguilera, 2009) The parallelism of governance in the region in development of CSR, on the other hand, hasn’t been documented in a clear manner. This leads to my second question whether there are similarities in the three countries regarding the involvement of government in the course of development of CSR. In that case, what would the similarities of which these East Asian countries share. Further, how each government has affected CSR development and practice with policy initiatives.

This thesis, thus, tries to shed light on similarities that exist in the three countries, namely China, Japan and South Korea. Unlike prior literature that focuses on differences in the region, I try to seek for explanatory aspects of CSR development in the region by looking into shared similarities in role of governments.
3. Hypothesis Development

As a number of scholars have noted in prior literature mentioned in this paper, there is a strong linkage between national characteristics, development and the structure of corporate social responsibility within a country. The three countries in the East Asian region have long been exchanging cultures due to close geographic location. Moreover, the economic importance of each other has been bigger than ever due to a heavy economic reliance on each other. Unfortunately, the literature in the field has ignored the importance of East Asia and the CSR landscape in the region. As a result, the demand for CSR literature regarding CSR development and factors affected in the region has been increasing in recent years.

Prior to the main research, the assumption that Japan and South Korea have shown higher levels of CSR practices is established. This is built upon a series of studies regarding the relationship between size of a company and the level of CSR. As noted by Mcwilliams and Siegel, companies of larger sizes generally have lower average costs for CSR since economies of scale would work the same way for CSR. (Mcwilliams, Siegel, 2001) Moreover, Waddock and Graves showed that the financial performance of a company and corporate social performance have a positive relationship in their paper in 1997. (Waddock, Graves, 1997) The literature body, consequently, suggests how companies with high economic visibilities would likely increase a chance of showing better CSR practice. As for East Asia, having a handful of companies pushing their
economies forward, there is a high likelihood that the leading companies in each country might have helped further develop CSR. Therefore, I shed lights on the role of firms and the level of CSR development in East Asia, which leads to my first hypothesis.

**H1:** *The number of economically substantial and internationally recognized companies is correlated with the CSR development and practice of a country in East Asia.*

The second hypothesis starts with the acknowledgement of important role of government in East Asia. The CSR development and the role of the Chinese government have drawn the attention of academics for many years. In fact, a correlation of the government and CSR in China has been well documented and studied by a number of scholars. (Lau, Lu, Liang, 2016) For example, growing public concern over corrupted corporate culture in China has led the Chinese Communist Party (CCP) to initiate multiple policies and guidelines for CSR in the last couple of decades. (Li, Luo, Wang, Wu, 2013) South Korea, as well, has witnessed government initiatives that have been implemented in order to crack down corrupted *chaebol* companies and resurrect trusts between the citizens and companies. The strong will of each government would have affected CSR development in the region in a positive way.

Apart from each government’s CSR policies, there has been a series of attempts on an international scale to promote CSR with better efficiency, especially going into the 21st century. Not only has there been international talks within the United Nations
and International Organization for Standardization (ISO), which led to an establishment of the UN Global Compact and ISO 26000, but also new initiatives such as the GRI took place in regards to setting global CSR guidelines. As such initiatives were being introduced, the reactions to the initiatives were also witnessed around the world, including East Asia. Especially the Japanese and South Korean governments had not only rushed to investigate international CSR trends, but also formulated CSR policies in accordance to said guidelines. A series of CSR guideline introductions, therefore, would have further encouraged each government to move towards enacting better CSR policies.

**H2a:** Governance in corporate social responsibility has played a positive role in the development of CSR in East Asia.

**H2b:** The global CSR guidelines have helped in motivating each government to promote domestic CSR development and practices in a relatively similar manner.

Finally, the reason for the selection of these three countries as research subjects is because of their different developmental stages in CSR regardless of similarities in cultural and political backgrounds. According to RobecoSAM’s 2018 Country Sustainability Ranking, which evaluated sustainability in 65 countries, Japan, South Korea and China have been ranked 16th, 33rd and 60th respectively. (RobecoSAM, 2018) It clearly shows that the region is experiencing a gap in the level of CSR. By studying
the region, one can understand not only the current CSR practice of all three countries, but also future prospects of CSR development in China, the latecomer.

In this paper, I argue that the number of companies that have high levels of competence in the international arena would have reflected in the CSR development of Japan and Korea. For China, however, the level of CSR development and practice is still in an earlier stage because of a heavy concentration on State-Owned Enterprises (SOE) in CSR policies. In addition, I contend that Japan and Korea rushed when organizing domestic CSR policies in accordance to global guidelines. Given the fact that both Japan and Korea had a number of domestic companies with significant economic presence, it would have been easier for government initiatives to be better settled in.

In order to prove the above hypotheses, I have covered each factor discussed in depth. In the following chapter, current CSR stages in East Asia will be explained in detail. Further, the role of governments in CSR and how the introduction of global CSR guidelines have affected CSR practice in a way that is shown nowadays in each country will be discussed. In the analysis, both Chinese SOEs and Korean and Japanese government-run companies are excluded due to their different nature in firm ownership and its effect on the CSR put in place by a company, which will be explained in the latter chapter. As for the research, the main methodology was to review documents issued by government bodies and international organizations, mainly for policy review. For the CSR practice in each country, regarding surveys and reports were used. Additionally, annual CSR reports and open sources of companies were used for case studies.
4. Corporate Social Responsibility in East Asia

East Asia has shown significant growth in both economic and CSR development. Although culture and government policies regarding CSR are in a relatively earlier stage compared to those in the West, the region has shown an ambition for CSR development and growing maturity with companies in the region embracing the concept of CSR. (Aron Cramer, Jeremy Prepscius, 2007) Having experienced rapid economic growth, all three countries in East Asia share somewhat similar backgrounds in having social and environmental issues. However, they also have distinctive history regarding CSR.

In this chapter, therefore, a brief history of CSR and overview of current CSR practice in East Asia would be demonstrated. A more detailed analysis for CSR initiatives and development in the region after a series of introductions of global CSR guidelines would be discussed in the next chapter.

4.1 Corporate Social Responsibility in Japan

Japan has been a pioneer for CSR in the region and in fact, the history of social responsibility in Japan goes back to before the modern CSR development. In the Edo era, the word Sanpoyoshi was commonly used as one of the principles by which Japanese merchants followed. Sanpoyoshi means “good for three parties” which indicates the seller, the buyer and society. (Tanimoto, 2013) The spirit had been passed down
generation to generation and to the Meiji era and became the foundation of Japanese business values.

Nevertheless, the once trusted Japanese business values had been forgotten over the course of fast economic growth in the 20th century. Especially between the years of 1954 and 1973, which refers to the Japanese rapid economic growth or Japanese economic miracle, many of Japanese companies failed to ensure domestic customers. A series of environmental issues revolving Japanese companies had risen on the surface. (Funabashi, 1992) For example, the outbreak of Minamata disease in Kumamoto prefecture in the 1950s and in Niigata prefecture in the 1960s caused respectively by Shin-Nippon Chisso Hiryo K.K. and Denko K.K. made the Japanese legislative body enact environment protection measures. (Environmental Health and Safety Division, 2013) Subsequently, the series of incidents raised public awareness of environmental issues and also responsibility of companies in Japan.

Up until the 1990s, the focus was put rather on environmental issues, given the history of pollution related issues in the country. However, as the Japanese economy started to enter a long stagnation, both the Japanese government and Japanese companies started to realize the importance of more comprehensive CSR that includes not only environmental-friendly management but also management that considers employees and society as a whole. (Kojima, 2009) It was also the time when awareness for environmental issues such as global warming was gaining popularity, followed by the U.N. Conference on Environment and Development (UNCED) in 1992, and the release of the ISO 14001 standard for environmental management systems in 1996. (Masahiko,
2005) With its relatively long and rich experience with environmentally sensitive policies and business practices, many Japanese companies have shown advanced CSR practices and been recognized as leading companies in the field of CSR, starting in the 2000s.

Japanese companies have been mentioned a number of times in international CSR rankings over the last couple of decades. For example, out of the 100 international companies that were ranked on global CSR ranking conducted by Reputation Institute in 2017, 13 of them were Japanese. The ranked companies were regarded as highly socially-responsible. (Reputation Institute, 2017) Further, with leading Japanese companies pushing CSR within the country further ahead, Japan has shown high CSR reporting rates in recent years as well. According to The KPMG Survey of Corporate Responsibility Reporting 2017, Japan has shown a CSR reporting rate of 99% in 2017, topped the ranking amongst 48 other countries that were being surveyed. (KPMG, 2017) This was a result of a mixture of both active policy initiatives by the Japanese government and also the implementation of CSR strategies by the private sector in Japan.

4.2 Corporate Social Responsibility in South Korea

The Culture of CSR has a shorter history in South Korea than that of Japan. South Korea was focusing much on rapid economic development after the Korean war and an emphasis was put more on economic growth rather than social equity before the Asian Financial Crisis (AFC) in 1997. Before the crisis, the Korean government was
making policies to encourage *chaebol* companies for faster economic development, which was in fact proven to be a big driver of the economic development at that time. Nevertheless, it is also told that the period ended up causing issues regarding *chaebol* and corporate governance that the Korean society has long been dealing with even nowadays since the active support of *chaebol* by the government acted as insulation for many Korean companies from taking social responsibilities. (Nam, 2011)

When the AFC happened, it shook the foundation of the Korean economy and above all, it truly revealed deeply problematic issues that Korean society had overlooked. Consequently, going through the AFC made South Korea realize deep-rooted issues in the economic structure of the country, which were caused by high concentrations on *chaebol* in economic development. Subsequently, regulations and measures aimed at encouraging CSR activities for better corporate governance were introduced by the government. Only then, many of Korean companies started to be more conscious about ethical issues that had been left out and look into ways to contributing to society. It was also only after the AFC that labor issues started to get addressed by companies along with environment issues and sustainability that companies had been focusing on as part of social responsibility projects. (Nam, 2011)

Needless to say, the AFC was proven to be one of the main factors that paved the path to better CSR in Korea. After struggling from the AFC in the late 1990s, the Korean government escalated the pace for introducing CSR initiatives. Starting the establishment of the Korea Independent Commission Against Corruption in 2002, the government started to work closely with CSR experts in order to fight against corruption
in society and also to better prepare for coming era of global CSR guidelines. A series of policy initiatives regarding CSR led by the Ministry of Trade, Industry and Energy has also encouraged local companies to pursue CSR projects. Especially going into the 21st century, the Korean government has become more sensitive to movements toward supporting CSR since its neighboring countries, namely Japan and China have been closely monitoring CSR development phases of each other.

Although starting a little later than other major economies, South Korea has shown a fair level of CSR development and CSR practice led by its major companies. According to the Reputation Institute, three Korean companies were ranked as socially reputable companies in 2017. (Reputation Institute, 2017) Although the number of entries is lower than that of Japan, considering East Asia’s relatively recent engagement in CSR development, it is a meaningful result. In fact, the CSR reporting rate of South Korea has been gradually rising. In 2017, South Korea showed a CSR reporting rate of 73%, which was above the global average. (KPMG, 2017) Even though South Korea still shows a medium level of CSR, one can say that CSR practice is becoming more mature as the Korean society grows more aware of it.

4.3 Corporate Social Responsibility in China

Although it is debatable whether the roots of CSR in China could be found from the Confucius principles as some argue (Zhang, D., Morse, S., Kambhamptati, U., & Li, B., 2014) or from the Mao era that emphasized equality and harmonious society, it is
most certainly believed that CSR in China has only come to surface after the 1990s and 2000s when a series of environmental issues had appeared. Not so different from Japan and South Korea, China has experienced fast economic growth over the last few decades. However, as it was the case for the two East Asian countries, corporate responsibilities were often ignored and overshadowed by economic prosperity in China. (Tan-Mullins, May and Peter S. Hofman, 2014) In short, the rapid economic development that China has experienced in the last few decades was at the cost of social equity and its environment.

Nevertheless, the Chinese government didn’t completely ignore social responsibilities. The Company Law that was legislated in 1994, for instance, put emphasis on labor issues and rights of employees. This was due to the socialist ideology as the foundation of the Chinese Communist Party. (Lin, 2010) Not only has the government been a major player in the field of CSR but also the citizens of China have played a role in developing CSR. Multiple domestic incidents involving responsibilities of domestic companies raised awareness within the Chinese public for CSR, which eventually pushed the government towards enacting better developed CSR. Food safety, especially, has become one of the biggest concerns among Chinese consumers as many Chinese food manufacturers have been put under scrutiny for food safety related incidents in the past couple of decades. (Zhang, D.; Ma, Q.; Morse, S., 2018) Having its economy developed in such a short amount of time and dramatic speed, the need for improved CSR has never been bigger.
There’s a growing concern due to the lack of sustainability in China. (S. Zadek, M. Forstater, K. Yu, 2012) As awareness for social responsibility has risen among both the government and public, the international trend of CSR started from the West only further motivated the Chinese government to introduce policies regarding CSR development. The Chinese government has actively introduced policies to promote CSR starting in the 2000s since initiatives were announced by multiple international organizations. As China has become more stricter towards CSR reporting, particularly for SOEs, the reporting practice has become a norm in the Chinese business scene as well. Further, it has become more clear that China pursues a more comprehensive development of CSR as the CCP addressed its ambition for sustainability and a harmonious society in the 13th five year economic plan. (Netherlands Enterprise Agency, 2016)

Along with regulations and policies introduced in order to promote CSR, China has achieved a meaningful, but somewhat limited CSR development in recent years. Unlike Japan and South Korea, Chinese companies are often left out from international CSR evaluations due to the nature of the Chinese business system. Not only has China failed to put its mainland companies on lists for a number of CSR rankings, but also failed to cooperate with international organizations in evaluations for CSR. Nevertheless, CSR reporting rates have gone up significantly over the past years, showing a 75% of reporting rate in 2013. (KPMG, 2013) However, China still has room for improvements since recent achievements in CSR have to do with its strict regulations towards SOEs, rather than voluntary participations by non-SOEs.
4.4 China and Corporate Ownership and CSR

As each government puts more and more emphasis on corporate responsibility, the East Asian region has shown significant growth in CSR development in recent years. As indicated in Figure 4.1, all three countries have experienced jumps in CSR reporting rates in the 21st century. Although all three countries have shown relatively meaningful improvements in CSR, China is considered to have a lower level of CSR in this thesis.

As shown in Figure 4.2 below, China already has a lower overall reputation for CSR in the international arena. However, the assumption is largely due to limited disclosure of CSR data and lack in presence of non-SOEs compared to that of SOEs in China. As Figure 4.1 shows, there are missing years for reporting rates in China and in fact, China hasn’t been the easiest subject for CSR research. This is largely due to the fact that CSR reporting in China has its own distinctive features, rather than having globally standardized reporting practices.
Although China shows higher rates, even beating South Korea in 2013, it’s mainly led by SOEs. China has a great leap forward according to Zhong, the number of
CSR reports published by SOEs was 527 while it was only 275 by private companies in 2011. (Zhong, 2013) With the Chinese government’s policy that mandates SOEs to release CSR reports and the significant presence of SOEs in its economy, the SOEs have become the biggest contributor to China’s recent CSR development. As Table 4.1 shows, the majority of Chinese companies that made the lists of the Fortune Global 500 happened to be SOEs unlike Japan and South Korea where private companies dominate the ranking. Therefore, the recent high CSR reporting rates that China has shown in the global rankings are a reflection of Chinese policies towards SOEs. In other words, the reporting rates may be a lot lower for non-SOEs that have less of a motivation for CSR reports as the government doesn’t regulate them as heavily as they do SOEs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan Total Entry</th>
<th>Private</th>
<th>South Korea Total Entry</th>
<th>Private</th>
<th>China Total Entry</th>
<th>Non-SOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>81</td>
<td>72</td>
<td>11</td>
<td>10</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>64</td>
<td>59</td>
<td>15</td>
<td>14</td>
<td>29</td>
<td>1</td>
</tr>
<tr>
<td>2011</td>
<td>63</td>
<td>57</td>
<td>14</td>
<td>12</td>
<td>61</td>
<td>6</td>
</tr>
<tr>
<td>2013</td>
<td>62</td>
<td>56</td>
<td>14</td>
<td>12</td>
<td>89</td>
<td>10</td>
</tr>
<tr>
<td>2015</td>
<td>54</td>
<td>49</td>
<td>17</td>
<td>15</td>
<td>98</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>52</td>
<td>47</td>
<td>16</td>
<td>15</td>
<td>109</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: The Fortune Global 500, edited by author

As it was studied multiple times by many scholars in the field, different types of ownership have different impacts when it comes to the CSR of a company. (Oh, W. Y., Chang, Y. K., & Martynov, A., 2011) SOEs have different reactions towards government
policies than non-SOEs since SOEs are more prone to political interference. According to prior studies, the more power the largest shareholder has the higher level of CSR SOEs would obtain, whereas the relationship between the control of the largest shareholder and non-SOEs shows the opposite case. (Li, W., & Zhang, R., 2010) The literature body clearly shows that there’s definitely a difference between SOEs and non-SOEs when it comes to studying CSR. Therefore, it would be more accurate to narrow it down to non-SOEs and public companies within the three countries in order to better compare CSR practice in the region and the focus is put on CSR of non-SOEs and private companies in this thesis.
5. The Introduction of Global CSR Guidelines

The term CSR has become increasingly popular in the last couple of decades coming into the 21st century. Behind its popularity across the world, there are global CSR initiatives that were introduced over the course of time. The CSR initiatives started as a reflection of the growing awareness for sustainability and social equity in the 1990s. Along with a series of introductions of global CSR guidelines, the search term CSR has shown an upsurge in the 2000s and peaked in the early 2010s, getting attention from not only governments and companies, but also from the general public. (Google Trends, 2019) Following the initiatives, the international community has started to feel the urgency to address environmental and human rights issues that arose in the 20th century. Subsequently, the importance and need for companies to take responsibility as part of society have become commonly understood throughout the world as well.

In this chapter, two of the major initiatives, namely the GRI and ISO 26000 that are widely adopted and have had a great deal of impact in the societies where they are introduced. Each initiative has its own background and different focuses in its guidelines that are going to be addressed. In addition, reactions of the international community following the initiatives would be discussed in the following section.
5.1 Global Reporting Initiative (GRI)

The GRI is an international independent standards organization that helps both public and private sectors understand and communicate their impacts on issues regarding sustainability. The motivation for its foundation was because of a relatively heavy burden of CSR reporting and inefficiency that was existing in business. (GRI, 2019) In order to solve the issues, it started to provide framework that would reduce the burden of companies and subsequently improve transparency of CSR reports for different players including investors and regulators. Since the establishment in 1997, with its efforts, the GRI standards have been the first CSR standards that were well perceived by a number of organizations around the world. Although the GRI was established in 1997, it was the year of 2000 that the first version of the global guidelines for CSR reporting was released. Since the publication of reporting guidelines, there has been updates made in order to keep up with CSR trends. In recent years, the organization has been actively pursuing better reporting standards and eventually published the GRI Standards in 2016, which are more comprehensive.

Ever since the foundation of the organization, it has been promoting effective CSR reporting with suggested clear guidelines. The guidelines by GRI include anti-corruption and labor relations to environmental compliance and biodiversity of the company. Not only do the guidelines cover every aspect which a company would show social responsibility, but it also contains each category that’s designed to indicate detail-oriented questions for better disclosure of a report. The new GRI Standards consist of
multiple sets, allowing organizations to select the Standards that match their specific topic: three universal Standards, thirty three topic-specific Standards. (GRI, 2016) By doing so, the GRI Standards aim to promote sustainable management in doing business and provide society a clear overview of a company’s CSR practice by suggesting a trustworthy framework.

5.2 ISO 26000

ISO 26000 was introduced by the ISO as designation for the international standards, giving guidance on social responsibility. The movements for the standards started in 2001 as it started to call for international talks for social responsibility standardization. The standardized Social Responsibility (SR) guidelines were released in 2010 following a decision to pursue it in 2004. The release of ISO 26000 is attributed to an urgency for higher levels of cooperation within every organization in order to fully cover social responsibilities in our society. Since it is intended to assist organizations of all sorts, the ISO 26000 can be applied to every type of organization, including government, non-government, private companies, labor unions and even consumers. This is because of its goal to support organizations in their efforts to operate in a socially responsible manner. (ISO, 2019) With its goal, ISO 26000 aims to work as motivation for organizations to keep CSR practice beyond mere release of SR reports.

In order to cover every aspect of social responsibility for all types of organizations in a holistic manner, ISO 26000 starts from the seven core principles and
subjects. The core principles for social responsibilities that ISO 26000 suggests organizations to consider are accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and lastly, respect for human rights. As for core subjects that ISO recommend addressing are namely organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development. (ISO, 2010) With the indicated principles and subjects, ISO 26000’s main goal is to help organizations to achieve implementation of their CSR goals and projects, taking SR ideas into action.

5.3 Reactions towards the Introduction of Global CSR Guidelines

The introduction of global CSR guidelines was very much anticipated by governments and companies around the world because the need for more efficient ways of CSR reporting systems were shared by different stakeholders. (Delattre, Miguel; Ocler, Rodolphe; Soriana Sitnikov, Catalina, 2014) Subsequently, a series of actions toward CSR had been taken during the period when there were multiple international talks for CSR guidelines as well. Nevertheless, the release of such guidelines had a huge impact on the CSR ecosystem all around the world. Even before guidelines were set in stone, a number of countries have started to align regulative and legislative structures in
their countries as many of the western developed countries leading the way. Such movements were made in preparation for the coming era of CSR where publishing CSR reports have become one of the basic norms of doing businesses.

Although many argue that social responsibilities aren’t something that should be forced (Vincent Konadu Tawiah, Kenan Japhet, Muhaheranwa Benjamin, 2015), the meaningful number of countries started to set rules for CSR reporting following the introduction of CSR guidelines. For example, the European Union (EU) has added laws regarding CSR within the EU and a number of countries started to give incentives to companies with excellent CSR reporting practice. Even the United States, where many believe for small government, has decided to award companies that show outstanding CSR reporting practice. Mentioned policies were implemented in different countries and regions in order to give companies more motivation to actively adopt the introduced guidelines, whether it mandates or promotes voluntary CSR reporting. With such efforts by each government, the guidelines were well accepted when introduced.

According to the GRI, CSR reports using the GRI guidelines accounted for the largest share in CSR reports and 75% of the world’s largest companies use the GRI framework in CSR reporting as well. (GRI, 2017) Further, there has been a soar in CSR reporting rates starting in the 2000s after the introduction of the guidelines as shown in Figure 5.1. Moreover, ISO 26000 has also shown positive effects in CSR reporting as well. Although it is a voluntary guideline rather than a requirement, many countries have participated in the adoption of this guideline. Further, many experts in CSR regard it as the most important guidelines in the field. (Balzarova, Michaela ; Castka, Pavel, 2018)
As explained in the chapter, the global CSR guidelines have played a significant role not only in addressing social responsibility issues, but also in promoting CSR reporting practices.

Figure 5.1 Percentage of Companies with CSR Reports

![Percentage of Companies with CSR Reports](image1)

Source: The KPMG Survey of Corporate Responsibility Reporting, KPMG, 2013

Figure 5.2 Voluntary Adoption of GRI Reporting Guidelines

![Voluntary Adoption of GRI Reporting Guidelines](image2)

Source: GRI, Verdantix, 2017
6. Global CSR Guidelines and the CSR Initiatives in East Asia

In recent developments of CSR, governments have played significant roles in promoting CSR around the world by being a participant in international talks and a regulator in each country. In East Asia, the government bodies have been particularly important in CSR development since all three countries covered in this paper have governments with relatively stronger power in shaping society. Subsequently, each government has shown swift reactions during the introduction of global CSR standards by international organizations. The quick response of the government helped each guideline to be well received by its companies and eventually greatly promoted CSR as well.

In this chapter, a series of government policy initiatives followed by introduction of the GRI and ISO 26000 are explained in order to fully understand how each government reacted to international initiatives and how it unfolded in the CSR ecosystem of each country. Having shared similar backgrounds, Japan, South Korea and China have all shown similar reactions, though different in details. This chapter aims to show policies and regulations introduced by each government in a comparative manner in pursuit of providing a clear overview of CSR in East Asia.
6.1 CSR Initiatives After the Introduction of Global CSR Guidelines in Japan

As explained above, Japan has been known to have a relatively long history and advanced practice of CSR in comparison to South Korea and China. As the Japanese companies grew at a rapid pace shortly after the World War II, the country experienced a booming economy. Especially starting the 1960s, there was a high interest in social responsibility of domestic companies because a series of environmental related events involving Japanese companies following the rapid economic growth in Japan. Ever since, the government started to make an effort to address such environmental issues, announcing regulations towards business practices that were potentially harming the environment. Starting the Air Pollution Control Law in 1967 and the Water Pollution Control Law in 1970, the regulations toward the environment have increased significantly in Japan. (Sumikura, 1998) The efforts to protect the environment by the Japanese government continued, which eventually establishing the Ministry of the Environment in 2001.

Although the attempts to raise companies’ awareness for environmental issues had continued, it was only after the 2000s that the Japanese government started to recognize the western-originated CSR practices that cover not only responsibilities for the environment but for other responsibilities including human rights, labor rights, consumer rights, etc. The recognition by the government had to do with a series of efforts
to establish standardized institutions by the international society starting in the late 1990s. The legislation of CSR related policies are mainly proposed and done by the Ministry of Economy, Trade and Industry (METI) and also the Japan Business Federation (Keidanren) over the course of CSR development. (METI, 2019)

The Council for Better Corporate Citizenship (CBCC), which was established in 1989 with support from Keidanren, has been on top of the promotion of CSR since its foundation. Especially the year 2002 was a milestone for the organization since it had decided to actively promote CSR. (CBCC, 2019) In the same year, both CBCC and Keidanren participated in talks for CSR standardization organized by the ISO, releasing reports on CSR trends shortly after. In addition to its activities in the international arena, Keidanren raised its presence domestically as well, releasing charters of corporate behavior that were revised from previous versions in consideration of CSR development with an emphasis on corporate ethics. METI also took part in promotion of CSR in Japan by establishing the CSR standardization committee, observing movements toward CSR standardization by the ISO.

The years that came after 2003 were especially noteworthy in understanding policy initiatives by the Japanese government as the government itself made an announcement that the year was “the first year of CSR management” as it started to put more emphasis on CSR. (METI, 2014) Following the announcement, METI established a working group for CSR and Keidanren also established the CSR Business Group that worked closely with the government in order to promote CSR reporting throughout the business scene in Japan. The next year, the CSR Standardization Committee announced
policies toward the international movements of CSR standardization. METI, as well, founded the CSR Round Table by academia, media and the private sector in order to promote more inclusive CSR practices throughout different stakeholders. To sum up, CSR in Japan that used to focus rather on narrower issues, has been further broadened in response to the introduction of global guidelines, especially ISO 26000.

6.2 CSR Initiatives after the Introduction of Global CSR Guidelines in South Korea

The Korean government was rather passive in addressing social responsibilities during the period of fast economic growth due to its policy that prioritized economic development over social equity. The Asian Financial Crisis, however, had worked as a turning-point for the government in shaping its policy structures toward the social responsibilities of companies. Acknowledging prevalent distrust over companies in Korean society, the government enacted multiple laws in attempts to promote better corporate governance and transparency within the society. (Nam, 2011) Regardless of the fact that the government’s attempts continued, the introduction of global CSR guidelines was what ignited the motivation for better CSR in Korea.

As a number of international talks started in an effort to standardize CSR guidelines, the Korean government feared that having a low level of CSR would lead Korean companies to lose their international competence, which would have affected
the Korean economy as a whole. In order to catch up to countries that showed advanced levels of CSR, Korea has strategically set its priority on the development of CSR. Leading such strategies, there was the Ministry of Trade, Industry and Energy that supported the government’s initiatives. Starting active participations for conferences and workshops held by the ISO, the Ministry also joined the Committee on Consumer Policy (COPOLCO) in attempts to actively participate in international talks for social responsibility. On top of that, the Ministry established a CSR specialized committee that same year. In 2005, the Social Responsibility Standardization Forum was also established, a year before the introduction of the Korean Sustainability Report Indicators by the Ministry of Trade, Industry and Energy. (Go, 2006) The legislative body of the government also had an active movements, introducing the Sustainable Development Law in 2007.

In the 2010s, the movements towards the preparation for introduction of global CSR standards, especially for the ISO 26000, have escalated dramatically. On top of that, in 2009, education programs regarding ISO 26000 were started by the Korean government and it also put a great deal of effort into the system development for implementation of ISO 26000 in 2010. Subsequently, the government developed a checklist for CSR implementation level evaluation, providing guidelines for ISO 26000 implementation for companies and a system that supports social responsibility reporting that same year.

A series of laws were also introduced in the 2010s in order to support the government’s goals to successfully preparing Korean companies for adoption of the ISO
26000. For instance, The Low Carbon Green Development Basic Law was introduced in 2010. In addition, the Small and Medium Size Company Support Law was legislated in 2012, being the first policy to dictate CSR after the introduction of ISO 26000. Since the introduction of the guidelines, the Korean government started to provide a Korean version of CSR guidelines based on ISO 26000, which is called KSA ISO 26000. (Song, 2013) In short, even though the CSR practices in Korea were once considered to be in a relatively beginning stage, the introduction of global CSR guidelines motivated more active CSR policies by making the Korean government acknowledge the importance of CSR.

6.3 CSR Initiatives after the Introduction of Global CSR Guidelines in China

The CSR policies of the Chinese government have narratives that vary from those of Japan and South Korea. The recognition for better CSR has started as early as the early 2000s after a series of domestic incidents regarding social responsibilities such as labor relations and food safety. Nevertheless, it was only after the latter half of the 2000s that more comprehensive CSR guidelines started to be considered in China. In an effort to promote more holistic CSR practices, the Central Committee of the Communist Party of China released guidelines for CSR that included not only labor issues but also environmental and social issues. Moreover, the Official Guidelines to SOEs under the
government was published by the State-owned Assets Supervision and Administration Commission (SASAC) in 2008. The following year, the Chinese Academy of Social Sciences also released the China Corporate Social Responsibility Reporting Guidelines (CASS – CSR 1.0), which was to address more China-specific social issues. (Song, 2013)

China has continued to promote CSR development across all industries in the 2010s as well. In 2010, the Chinese Academy of Social Sciences standardized evaluation for CSR reports that were published under the guidelines introduced by the same organization. With such efforts by the government bodies of China, all SOEs have been publishing CSR reports since 2012 according to SASAC. (CSR Centre of the Embassy of Sweden in Beijing, 2015) However, since it has become stricter for SOEs to release CSR reports while the majority of non-SOE were being left out, non-SOE have shown relatively lower stage levels because the government doesn’t necessarily mandate CSR for non-SOE. However, in the 13th five year economic plan that is for the period of 2016 to 2020, the Chinese government has shown its eagerness for better CSR practices in China. As more active movements for CSR by the Chinese government were hinted in China’s 13th five year economic plan, CSR development that includes not only SOEs but also the growing number of non-SOE would be expected in the near future.

This chapter has explained policy initiatives for CSR development in East Asia with consideration of the two global CSR guidelines: GRI and ISO 26000. A summary of the policy initiatives in each East Asian country is given in Table 6.1 below in order to provide a clear overview of the CSR development of the region. The timelines revolve
around the introduction of each guideline. In short, each country has formulated strategies and policies as the guidelines were being introduced. Additionally, Japan has shown the most reactive initiatives from an earlier stage of the guidelines, followed by South Korea, then China. Accordingly, one can say that the three countries have shown similar responses to the introduction of global CSR guidelines.
Table 6.1 CSR Related Policy Comparison of Japan, South Korea and China

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Japan</th>
<th>South Korea</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before the 2000s</strong></td>
<td>• Social responsibilities were largely focused on environmental issues</td>
<td>• Both government and the public began to address concern over the social responsibilities of companies after the Asian Financial Crisis</td>
<td>• CSR was not as visible even though there was a growing concern over social issues</td>
</tr>
<tr>
<td><strong>After 2000 (Release of GRI)</strong></td>
<td>• A series of announcements for policy initiatives and the establishment of organizations in preparation for introduction of global CSR guidelines were completed mainly by METI and Keidanren</td>
<td>• Participation in international talks for CSR and research for international CSR trends was done mainly by The Ministry of Trade, Industry and Energy</td>
<td></td>
</tr>
<tr>
<td><strong>After 2004 (Developmental Stage for the ISO26000)</strong></td>
<td>• Support for CSR promotion by the legislative body while efforts by the Ministry of Trade, Industry and Energy continued e.g. Sustainable Development Law</td>
<td></td>
<td>• Public awareness for CSR starts to rise following a series of domestic events</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The regulations over SOEs in CSR reporting had become stricter with the introduction of Chinese specific CSR guidelines</td>
</tr>
<tr>
<td><strong>After 2010 (Release of ISO 26000) - Now</strong></td>
<td>• More comprehensive and advanced levels of CSR reporting are being done by the majority of companies</td>
<td>• A series of laws were introduced in support of strategies for CSR promotion</td>
<td>• All SOEs began publishing CSR reports starting in 2012, even though there’s still room for improvements in non-SOEs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Korea-specific CSR guidelines were introduced while providing education programs for implementing the ISO 26000</td>
<td>• The 13th five year economic plan was introduced, emphasizing sustainability</td>
</tr>
</tbody>
</table>

Source: Author’s compilation
7. CSR Practice in East Asia

In order to investigate the factors that are discussed in the previous sections, industry-specific case studies have been conducted in a comparative manner. As explained in previous chapters, Japan and South Korea have shown a more mature level CSR than China from earlier years. Although CSR in China has shown improvement in recent years, it is largely because of the emphasis of CSR within SOEs, leaving out non-SOEs that have increased their importance in the Chinese economy nowadays. Hence, the purpose of this chapter is to show how the CSR reporting of Japanese and South Korean companies have changed according to the CSR policies in their countries. With the lessons learnt from case studies, an implication for CSR development of non-SOEs in China will be discussed in a later section of this chapter.

7.1 Case Study of Japan and South Korea

As indicated in Figure 7.1 and Figure 7.2, Japan and South Korea both have reacted to the policies that were introduced following global CSR guidelines in a more active manner from an early stage as well. Correspondingly, the amount of money spent on CSR has risen across all industries. Especially, consumer electronics and home appliance companies in Japan and South Korea have been not only major drivers in the economy, but also active in pursuit of CSR, given their advantages in size and economic
presence. Subsequently, the following companies from each country have been selected for case studies because of their importance in the East Asian region. Moreover, they have abundant data and resources regarding CSR practice as the industry in the region has shown a great improvement in CSR in recent years.

Figure 7.1 Average Annual Japanese Corporate CSR Expenditure

![Graph showing average annual Japanese corporate CSR expenditure (100 million yen)]

From the electronics and home appliance industry, Sony, Panasonic, Toshiba and Hitachi from Japan and Samsung Electronics and LG Electronics from South Korea have been selected. As for the selection of companies, each firm has been chosen because of their high economic presence in the respective country. That is, the selected companies have all been constantly named top four and two electronics companies in each respective country throughout the introductions of global CSR guidelines. Since there has been a growing presence of Chinese companies in the industry in recent years, lessons learned from case studies of the Japanese and South Korean companies would be more applicable for China’s case.

As a result of the case studies, it is proven that not only did all six companies start releasing CSR reports, but also increased spending on CSR projects after the
introduction of global CSR guidelines. It is also noteworthy that the majority of companies had updated their reports from once environmental issue-focused reports to reports that cover a wider range of social responsibility. The below table shows the year of which each company started releasing CSR reports. It also shows how Sony, Panasonic, Hitachi and Samsung Electronics had changed their reports’ terminology to use the term CSR, in pursuit of better CSR practice. Additionally, it indicates CSR guidelines that each company has adopted. The GRI shows dominance in CSR reporting, while the ISO 26000 shows a limited presence, often being used for a supplementary purpose rather than a main index. In short, more comprehensive and clear reporting practices have become the norm for selected companies after the introduction of global CSR guidelines.
Table 7.1 Comparison of the CSR Reports Published by Japanese and South Korean Electronics Companies

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Relevant activities before the release of CSR reports</th>
<th>Release of the first CSR report</th>
<th>CSR Guidelines Used for Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>Sony</td>
<td>By-annual environmental reports since 1997</td>
<td>2002</td>
<td>GRI</td>
</tr>
<tr>
<td></td>
<td>Panasonic</td>
<td>Environmental reports since 1999</td>
<td>2004</td>
<td>GRI</td>
</tr>
<tr>
<td></td>
<td>Toshiba</td>
<td>N/A</td>
<td>2004</td>
<td>GRI with consideration of ISO 26000</td>
</tr>
<tr>
<td></td>
<td>Hitachi</td>
<td>Environment reports since 2000</td>
<td>2005</td>
<td>GRI with ISO 26000 for policy management</td>
</tr>
<tr>
<td><strong>South Korea</strong></td>
<td>Samsung Electronics</td>
<td>Environment, Health and Safety Reports since 2000</td>
<td>2006</td>
<td>GRI</td>
</tr>
<tr>
<td></td>
<td>LG Electronics</td>
<td>N/A</td>
<td>2005</td>
<td>GRI</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on CSR reports by each company

7.2 Implications for CSR Development in China

There are lessons learned from policy initiatives from Japan and South Korea and also regarding the case studies covered in this chapter. The CSR development in China shows a similar background as Japan and South Korea, though sharing different timelines. Subsequently, a further CSR development is expected to be conducted for Chinese non-SOEs as Japanese and South Korean private companies have shown positive reactions toward CSR after a series of policy initiatives. Moreover, some of the
non-SOEs in the consumer electronics industry started to release CSR reports voluntarily in 2008, the year the Official Guidelines to SOEs was published by SASAC, which indicates that the government’s CSR policy affects not only SOEs but also non-SOEs regardless of its target and intention. In fact, the majority of stakeholders in the Chinese business scene consider the government as the biggest driver in CSR development according to the CSR center of the Embassy of Sweden. Moreover, compliance with the central government’s policies are regarded as the biggest incentives in CSR development. (CSR Centre of the Embassy of Sweden in Beijing, 2015)

Table 7.2 shows CSR practices performed by the Chinese SOEs and non-SOEs in the consumer electronics and appliance industry. As shown in the table, the majority of selected companies started to include GRI and CASS – CSR 1.0 as CSR guidelines in 2009, the year CASS – CSR 1.0 was published in China. That is, without regard to ownership status of a company, the government’s initiatives have a significant influence on Chinese companies’ CSR practices. Nevertheless, the CSR initiatives’ high focus on SOEs resulted in low performance of non-SOEs in CSR practice. For example, BBK electronics, the parent company of Vivo and Oppo, which are the biggest smartphone brands in China, does not release CSR reports. This shows how the government’s attempts for better CSR practice is largely levied on SOEs, leaving out the rest. At the same time, however, CSR development in Japan and South Korea implies that non-SOEs are more likely to follow the path of SOEs in no time, now that they show a bigger and improved economic presence in the Chinese economy. On top of that, the important role of the government cannot be overstated as it would maximize the outcome of CSR.
development for non-SOEs once it starts actively including non-SOEs in policy making regarding CSR.

Table 7.2 Comparison of the CSR Reports Published by Chinese SOEs and Non-SOEs from the Consumer Electronics and Appliance Industry

<table>
<thead>
<tr>
<th>SOE/Non-SOE</th>
<th>Company</th>
<th>Release of the first CSR report</th>
<th>Year of CSR Guideline Implementation</th>
<th>CSR Guidelines Used for Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-owned Enterprise</td>
<td>Qingdao Haier</td>
<td>2008</td>
<td>2011</td>
<td>GRI with CASS</td>
</tr>
<tr>
<td></td>
<td>Gree Electric Appliances</td>
<td>2008</td>
<td>2011</td>
<td>GRI with CASS</td>
</tr>
<tr>
<td></td>
<td>TCL Corporation</td>
<td>2008</td>
<td>2009</td>
<td>GRI with CASS</td>
</tr>
<tr>
<td>Non State-owned Enterprise</td>
<td>Huawei Technologies</td>
<td>2008</td>
<td>2009</td>
<td>GRI</td>
</tr>
<tr>
<td></td>
<td>Midea Group</td>
<td>2008</td>
<td>2009</td>
<td>GRI with CASS</td>
</tr>
<tr>
<td></td>
<td>BBK Electronics</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Xiaomi</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on CSR reports by each company

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8. Conclusion

In this thesis, the CSR development in East Asia is analyzed with consideration of both the economic performance of companies and governance related. The analysis indicates that the number of companies with high economic performance affects a country’s CSR development. Japan and South Korea, having companies that were internationally recognized before the rise of Chinese companies, have shown a more considerable presence in the field of CSR. Although Chinese companies have increasingly been listed as some of the largest companies in the world, the high concentration of SOEs acted as a bumper in CSR development.

The three East Asian countries have shown a significant role of governance in shaping CSR practices. Shortly after the introduction and movements for the standardized global CSR guidelines, Japan and South Korea showed great interests in policy making regarding CSR. China, though raised awareness of CSR, has walked a different path regardless of the introduction of global guidelines, while Japan and South Korea have shown similarities in timelines of governance regarding CSR development before and after the introduction of global CSR guidelines. This resulted in an imbalance between SOEs and non-SOEs in terms of both CSR reporting rates and CSR practices, whereas Japan and South Korea both show relatively balanced CSR development regardless of a company’s ownership type.
In conclusion, the East Asian region has experienced a great improvement in CSR in recent years, being affected by a series of introductions of global CSR guidelines. Especially the Japanese and South Korean governments have actively implemented related policies, indicating the importance of governance in CSR development. Similarly, China has also shown better CSR practices following the introduction of CSR guidelines, though this happened in a later stage when the government took initiative. Additionally, the CSR landscape that is largely led by SOEs is still noted as a current issue. However, an advancement in CSR is expected amongst non-SOEs in the near future with their growing importance in the regarding field. The Chinese government’s active involvement in policy making is recommended as it proved to be effective for SOEs.
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국문 초록

본 논문은 최근 기업 경영에 있어서 뿐만 아니라 학계에서 또한 주요 연구 주제가 된 기업의 사회적 책임에 대해 다룬다. 본 논문은 특히 관련 연구에 있어 흔히 다뤄지지 않아 온 동아시아 지역의 기업의 사회적 책임에 대한 이해를 목적으로 한다. 본 연구는 이러한 주제로 한중일의 비교연구를 위하여 다음과 같은 연구 문제를 제시한다. 첫째, 동아시아에 있어 대기업의 존재가 사회적 책임의 발달과 현황에 어떠한 영향을 주었는지. 둘째, 국제적 사회적 책임 가이드라인의 등장이 각 국가의 관련 정책 수립에 있어 긍정적으로 작용하였는지, 만약 그러하다면 정부의 정책은 한중일의 기업의 사회적 책임에 어느 정도 영향을 주었는지. 본 논문은 이와 같은 문제에 대한 연구를 통하여 기업의 사회적 책임의 발달에 있어 정부의 역할과 중요성을 강조한다. 또한, 구체적 사례 연구는 각 국가에 있어 실제 정책의 영향의 정도를 보여준다. 연구 결과, 국제 사회적 책임 가이드라인의 등장을 전후로 하여 한중일 정부의 대응 방향에 공통점을 있었다는 것이 확인되었으며, 궁극적으로 이러한 정책들이 동아시아 지역에 있어 기업의 사회적 책임의 발전에 긍정적인 영향을 끼쳤다고 보여진다.

주요 핵심 용어: 기업의 사회적 책임, CSR, 국제 사회적 책임 가이드라인, GRI, ISO 26000, 동아시아
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