

BETWEEN SURVIVAL AND SUSTAINABILITY

THE CORPORATE SOCIAL RESPONSIBILITY
IN THE TIMES OF ECONOMIC CRISIS
(Experience of the EU and Japan)

3 March 2011

European Economic and Social Committee

Van Maerlant Building
Rue Van Maerlant 2
1040 Brussels
Room VM 3

From 14.00 p.m. **Registration of participants**

14:30 — 14:40

Ms Eve Päärendson,
Prof Hiromasa Kubo,

Opening remarks

President of the EESC Contact Group for Japan, Group I - Employers
President of the EU Institute in Japan, Kansai, Graduate School of Economics,
Kobe University, Jean Monnet Chair Ad Personam

14.40 — 15.40

Session I - Impact of the global economic crisis on the perception of the Corporate Social Responsibility – time to re-define?

Moderator: **Mr Krzysztof Pater**, Member of the EESC Contact group for Japan, the EESC Various Interests' Group

Speakers:

Mr Sandy Boyle, the EESC, President of the Section for External Relations

Prof Silke Bustamante, Berlin School of Economics and Law: "*CSR in Europe*"

Prof Katsuhiko Kokubu, Graduate School of Business Administration, Kobe University : "*CSR in Japan: What is social responsibility for Japanese companies?*"

Mr Richard Howitt, Member of the European Parliament, Rapporteur on CSR

Mr Thomas Dodd, CSR team, Directorate General Enterprise and Industry in the European Commission

15.40 — 16.00

Debate

16.00 — 16.15

Coffee break

16.15 — 17.15

Session II – New challenges for the companies and the stakeholders

Moderator: **Prof Masahiko Yoshii**, Vice-President of EU Institute in Japan, Kansai/Graduate School of Economics, Kobe University

● **Addressing the rising stakeholders' expectations towards companies (employers' point of view)**

Speakers:

Mrs Vladimira Drbalová, member of EESC Employers Group

Ms Yukako Kinoshita, Japan Business Council in Europe (JBCE)

● **Fostering of the sustainable employment (employees' point of view)**

Speakers:

Mrs Laure Batut, Member of the EESC Contact Group for Japan, the EESC Employees' group,

Associate Prof Yuki Sekine, Graduate School of Law, Kobe University: "*CSR and Employment in Japan*"

● **CSR and good governance - environment, consumers' protection, transparency, etc.
(various interests' group point of view)**

Speakers:

Mrs Evelyne Pichenot, EESC Various Interests' Group

Prof Hiromasa Kubo, President of the EUJ, Kansai, Graduate School of Economics Kobe University

17.25 — 18.10

Debate

18.10 — 18.30

Closing remarks

Ambassador Norio Maruyama, Political Section, the Mission of Japan to the EU

18.30 — 20.00

Reception offered by the EESC, Van Maerlant Building

BETWEEN SURVIVAL AND SUSTAINABILITY: THE CORPORATE SOCIAL RESPONSIBILITY IN THE TIMES OF ECONOMIC CRISIS

(Experience of the EU and Japan)

OPENING REMARKS

Ms Eve PÄÄRENDSON, President of the EESC Contact Group for Japan, Employers Group:

The Corporate Social Responsibility (CSR) is of high importance for the companies and societies of the EU and Japan and is increasing in public industrial policies as well as in corporate strategies.

Two similar seminars were held in Tokyo and in Kobe in 2009 on how to promote CSR among the SMEs. The objective of the seminar was to share and improve the understanding of European and Japanese approaches to corporate social responsibility and to see how to work more closely together to promote CSR among companies what role civil society organisations may have in this process and how respective civil society organisations could better cooperate on CSR.

Prof Hiromasa KUBO, President of the EU Institute in Japan, Kansai Kobe University, Jean Monnet Chair Ad Personam:

Stressed on the long history of cooperation with EESC and underlined that the Japanese and European companies have to act in a more responsible way. He mentioned that the European and Japanese companies don't have the same vision of CSR and emphasized that both sides can learn from each other.

SESSION I: Impact of the global economic crisis on the perception of the Corporate Social Responsibility — time to re-define?

Moderated by Mr Krzysztof PATER, Member of the EESC Contact Group for Japan, the EESC Various Interests1 Group

Mr Richard HOWITT, Member of the European Parliament, Rapporteur on CSR:

Regardless the global economic crisis, CSR should not be redefined: one should rather focus on practical implementation of CSR (On the contrary, sustainable social approach for business is needed, the ISO 20600 responsibility is crucial. Mr Howitt noticed that transparency is crucial to develop greater social environmental responsibility. The human rights aspect is to be operationalised in business.

Mr Sandy BOYLE, the EESC, President of the Section for External Relations:

CSR should not be redefined, but different definitions and strategies should be implemented; CSR is not a cost, but an investment. When multinational companies are concerned, their stakeholders are customers and staff working within the industries; exposure to human rights risks for investment activities is a question of governments. European multinationals are operating good standards of CSR, but they are not uniform in their application: sustainable terms of trade as well as implementation of internationally recognised health and safety standards are just examples of issues, which should be considered.

Prof. Silke BUSTAMANTE, Berlin School of Economics and Law: "CSR in Europe: The impact of the global financial crisis

on the perception of CSR":

CSR should be considered as a cure to market failures (also those which caused present economic crisis: moral hazard; asymmetric and hidden information, free-rider problem). It has always to be defined in reference to the stakeholders; social order is not guaranteed by public actors (that is the reason why the recognition of CSR is needed), definition of responsibilities in CSR is very important. The four major drivers of CSR are: society, business/economy, politics/law and technology/environment. The crisis influenced expenses on CSR initiatives (its impact being focus on banking and financial sector only, neglecting other areas at the same time)

Prof. Katsuhiko KOKUBU, Graduate School of Business Administration, Kobe University: "CSR in Japan: What is social responsibility for Japanese companies?"

CSR is seen in Japan as a three-way satisfaction strategy: benefits to the seller, to the buyer and to the local community, companies and societies being a single entity. Human rights issues, labour practices, consumer issues, fair operating practices are perceived as ones where the public authorities should play a role, therefore not very much disclosed in companies' reports. Introduction of ISO 26000 may enlarge Japanese companies' and stakeholders' recognition of CSR

Mr Thomas DODD, CSR team, Directorate General Enterprise and Industry in the European Commission:

Debate on CSR is a debate on the purpose of business. If one agrees the purpose is to maximize the value for shareholders, then CSR is not needed. That is why it is important to define the purpose and potential of business.

SESSION II — New challenges for the companies and the stakeholders

Topics:

- Civil Society and CSR in Japan
- Addressing the rising stakeholders' expectations towards companies Fostering of the sustainable employment
- CSR and good governance environment, consumers protection, transparency

Moderated by: Prof. Masahiko YOSHII, Vice-President of EU Institute in Japan, Kansai/Graduate School of Economics, Kobe University

- Addressing the rising stakeholders' expectations towards companies (employers' point of view):

Mrs Vladimira DRBALOVÁ member of EESC Employers Group: "How to change the mindset":

CSR is a part of day-to-day companies' activity, of their management system. Depending on the size each company has to define and to use different methods of how to be socially responsible (the concept of CSR is not and should not be static). It is necessary to respect the CSR's voluntary nature. Depending on its size, each company has to define its own methods on how to be socially responsible. Real needs of stakeholders should be balanced. The primary role of the European Commission should be to target and to reconcile

stakeholders' expectations towards companies. Transparency is a fundamental element of companies' business strategies, unique transparency indicators could be counterproductive, however.

Ms Yukako KINOSHITA, Japan Business Council in Europe. (JBCE): "Japan Business Council in Europe, CSR Committee: Priorities and recent activities":

The study group was created within the CSR Committee of Japan Business Council in Europe with the objective to facilitate dialogue with European institutions and Japanese CSR players. The main priority is to be transparency potential use in achieving common goals of sustainable development. The main challenge is to define how far should go transparency and the best way for a company to disclose.

- Fostering of the sustainable employment (employees' point of view)

Mrs Laure BATUT, Member of the EESC Contact Group for Japan, the EESC Employees' Group:
In spite of growing number of legislative measures addressing the "social" issues, there is still a need of criteria by which the consumers, workers and other stakeholders could assess the performance of the companies. Although it improves the quality of relations between the enterprise and its internal and external stakeholders, CSR should by no means replace the dialogue between employers and trade unions. A new form of CSR is needed, which would develop the skills of workers to provide the employer with necessary skills. Sustainable job should be defined as the one that respects production process, offers decent wages, good working conditions.

Associate Prof. Yuki SEKINE, Graduate School of Law, Kobe University: "CSR and Employment in Japan":

The CSR perception by Japanese companies is welfare-oriented and aims at high consumer satisfaction. CSR should be more stakeholder-oriented, focused more on diversity of the work force and family friendliness. CSR in Japan at the present is short- term oriented, life-time employment does not exist anymore

- CSR and good governance environment, consumers protection, transparency (various interests' group point of view)

Mrs Evelyne PICHENOT, EESC Various Interests' Group:

CSR should involve all stakeholders (external as well), their multilateral interests, take into consideration interests of sub-contractors. A constructive dialogue on how to manage the mutual interests and expectations is to be realized by negotiations, consultations and meetings. Transparency is a key role for responsible management strategy.

Prof. Hiromasa KUBO, President of the EUJ, Kansai, Graduate School of Economics, Kobe University: "Civil Society and CSR in Japan":

Presented a history of labour movements in Japan. Civil society organizations in Japan are not very developed due to different obstacles: lack of resources, bureaucratic burdens, long administrative procedures. Japanese companies are recognizing the importance of CSR increasingly.

CLOSING REMARKS

H.E. Norio MARUYAMA, Ambassador — Political Affairs, Japan's Mission to the EU: Reminded the necessity of strengthening the EU-Japan partnership to implement the joint efforts in growth strategy for creating sustainable development. Civil society involvement in the co-operation could become an inspiration for the way the bi-lateral co-operation will develop.

Ms Eve PÄÄRENDSON, President of the EESC Contact Group for Japan, Employers Group:

The EU and Japan are facing similar challenges and goals: competition from emerging economies, climate change, macroeconomic constraints, the need to promote innovation etc. People-to-people contacts are of highest importance for the EU and Japan relations especially in the context of creation the new co-operation framework. Should bi-lateral trade relations be advanced, the pattern of EU -South Korea FTA should be followed with civil society forum as one of the key element of the bi-lateral dialogue. There is a strong link between CSR and growth strategy. CSR is key for sustainable development. CSR's concept as set by ISO 26000 is respected in 100%. There is dilemma however, between the rising taxes ratio and social responsibility of the governments (which the companies are expected to take over as well). The diversity of stakeholders plays important role in proper implementation of CSR.

