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WE NEED A STRONGER GLOBAL COMPACT JAPAN NETWORK

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Japan's Branch of the Global Compact Remains Weak

The Global Compact is a partnership between the United Nations and businesses designed to build a more sustainable global economy. Its members are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption derived from such documents as the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio

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Declaration on Environment and Development. Started eight years ago, the initiative has grown to involve 6,400 organizational participants, including 4,800 companies from 120 countries, labor unions, nongovernmental organizations (NGOs) and local municipalities.

Its Japanese network began in May 2002 with the UN Information Center serving as the secretariat and offering a wide variety of support. Contrary to initial expectations that the Global Compact Japan Network (GCJN) would also see steady growth against the backdrop of increasing awareness of corporate social responsibility (CSR), however, its membership remains at just about 60 organizations. This is smaller than those of its Chinese and South Korean counterparts, latecomers in the Global Compact initiative. The GCJN members have also recognized that the GCJN has not fully materialized added value as a local network, making them unable to enjoy the benefits of being Global Compact participants.

What has gone wrong? Our review has concluded that GCJN's heavy reliance on the UN Information Center made the GCJN a passive body with no clear mission of its own. No corporate executives have been invited or given roles to play. The secretariat functions and financial resources have been insufficient. If nothing is done, Japanese companies will be left behind in the global trend to promote CSR.

To improve the situation, we introduced in April 2008 a new system whereby top company executives take the lead in having the GCJN run by its member companies. We also formulated a permanent secretariat office and introduced a membership fee system to cover all necessary costs.

Why, then, is CSR so important and for what should we aim in our GCJN activities? The following are the three principles underlying our Global Compact activities.

CSR is a Basic Responsibility of Companies

Corporate management is supported not just by investors, employees and customers but also by the common assets of mankind. The last includes education, raw materials, accumulated technologies, social infrastructure such

as transportation systems, water, electricity and gas supplies, and the global environment that underlies all of these. Unless we manage these assets in a sustainable way, both human society and companies will become unsustainable. The spirit of CSR is exemplified in the Global Compact's ten principles as well as in the broader Millennium Development Goals. Supporting them is the responsibility of companies, which will themselves benefit in turn. My company, Fuji Xerox, for example, has established its corporate policy and vision based on this idea. By participating in the Global Compact, companies will gain opportunities to participate in the global initiatives as well as the methods and tools for effectively working on the ten principles.


Pursuing CSR Enhances Competitive Strength

In the 21st century, companies are expected not just to offer competitive products and services but also to enhance global environmental awareness, pursue social values and respect people's knowledge and human rights throughout their supply chains. There is a greater need to cooperate with civil society and NGOs. Trying to meet these demands, companies today are waging difficult battles over creating new values and maintaining high performance at the same time. Such is the 21st century model of sustainable management. In this regard, Fuji Xerox is developing a recycling system and promoting CSR procurement across the entire supply chain in all over Asia. In the case of recycling, the company has succeeded in generating profits while reducing annual CO₂ emissions by 25,000 tons and new material inputs by 4,000 tons and achieving zero landfill. It is also seeking to establish a new business model by creating businesses offering services related to corporate governance, safety and environmental protection. Companies can learn from each other and expand their global cooperation by participating in the Global Compact.

Cooperation among Executives and with Different Sectors Raises the Level of CSR

For many Japanese companies, CSR means compliance and occasional social activities, far from a robust CSR integrated into a company's main

business operations. Furthermore, many Japanese executives have grown up only within their own companies, frequently giving them limited perspectives and inward looking mentalities. The Global Compact can help create new management values by offering opportunities to meet and work with other companies, both at home and abroad, NGOs and UN agencies. The GCJN has recently started a one-year program for next-generation corporate executives designed to expand their horizons and improve CSR awareness. The participants are expected to identify the challenges of CSR and come up with ideas on the future direction of their corporate management, integrating CSR into the main stream of the corporate business strategy, through in-depth discussions among themselves as well as with experts.

In sum, CSR is a universal precondition for companies with business operations anywhere on the planet. It is also a source of innovation prompting them to come up with new management models. In this regard, fostering young leaders with deep insight and strong convictions is an urgent task, for strong leadership at the top management level is necessary to achieve this change. The Global Compact must support this direction and offer ample chances. The GCJN's activities are being developed in line with such a vision. 

Toshio Arima is Executive Corporate Advisor at Fuji Xerox Co., Ltd., in Tokyo. He is also a board member of the UN Global Compact and president of the Global Compact Japan Network (GCJN).