

Introduction

Japanese Approaches to CSR

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CSR and Management in Japan

HOW IS CORPORATE SOCIAL RESPONSIBILITY (CSR) understood and managed in Japanese business and how is it part of 'good' corporate governance? A joint conference on this theme was held in September 2013 by the Japan Forum of Business and Society¹ (JFBS: an academic association in Japan, founded in 2011) and the Humboldt University International CSR Conference,² in cooperation with the Japanese German Center Berlin (JDZB). The major topics discussed were the relationship between CSR management and corporate governance, and Japanese approaches to CSR management from various academic and practical perspectives. For details, refer to JFBS (2014).

The discussion on CSR has grown rapidly and internationally over the last two decades in both business and academic communities, and during the past decade the debate has also spread to and throughout Japan. The

current CSR movement has been developed in European and Anglo-American contexts, based on principles of market, industrial, business and social structures. However, CSR has also taken root in other countries and regions, including Japan, and the development of CSR is at different stages throughout these territories (Welford, 2005; Matten and Moon, 2008; Higgins and Debroux, 2009; Mallin, 2009, Fukukawa, 2009, Mermoud and Idowu, 2014). Japanese companies have also been influenced by this global movement, learning about CSR and translating it into the Japanese context (Suzuki, Tanimoto and Kokko, 2010; Amoun, Jaussand and Matinez, 2012; Fukukwa and Mongran, 2013, Tanimoto, 2013). This growing awareness of CSR has prompted Japanese corporations to change certain aspects of corporate policy in order to improve relations with stakeholders.

Traditionally, the Japanese economic system has been structured by relational trading between firms, relational banking, and long-term relationships between the company and its employees (Dore, 2000). Since the end of World War II, Japanese

1 <http://j-fbs.jp/>

2 www.csr-hu-berlin.org/

corporations have tended to forge close relationships with core stakeholders, namely major corporate shareholders, permanent employees, primary sub-contractors and the government. The corporation and its core stakeholders have formed a 'closed network' in market society. They have shared values and common goals toward economic development; a stable, lasting and closed relationship with core stakeholders has thus been constructed. On the other hand, peripheral stakeholders have been excluded from the system. This typical system, adopted by most Japanese corporations, has been described as a 'stakeholder model', but it is not a model based on any notion of CSR (Tanimoto, 2009). Still, the system containing this model has undoubtedly been one of the great strengths of the Japanese economy. It is necessary, however, to explore whether this system remains a strength or has become, rather, a weakness for Japanese corporations, as well as to consider how the business environment in Japan is changing in today's globalised economy. There is also a need to determine how Japan's corporations have tackled the issue of CSR and embedded it into Japanese corporate society.

Research issues

There is much debate about how to incorporate the concept and philosophy of CSR into the contexts of different countries. Since the early 2000s, there have been a growing number of studies offering alternative perspectives on CSR, deriving from Asia

and other regions outside of Europe and North America. What is important, however, is the examination of how CSR management and practical wisdom in organisations works in diverse countries and regions, rather than just the exercise of highlighting the cultural differences among those regions.

This special issue of the *Journal of Corporate Citizenship* focuses on and analyses the uniqueness of Japanese industrial and organisational structures, as well as the distinct social and cultural contexts which contain them. Japanese companies are finding that CSR is a crucial issue in daily business management and global business strategy. Pressure from the global CSR movement has driven the CSR boom in Japan since the early 2000s, although many Japanese corporations at first hesitated to respond. One issue is that there is no common understanding of what comprises global CSR standards or of which CSR policies are best for Japanese corporations. As a result, most Japanese companies do what other companies are doing, keeping their CSR activities to the minimum requirements. This leads to stronger mimicry; institutional isomorphism begins to occur in CSR management.

CSR management in Japan has rapidly institutionalised since around the mid-2000s. Data from Toyo Keizai (2013) shows that 73.2% of companies surveyed have established a CSR department, 65.8% have a CSR executive in place, and 57.2% produce documentation on CSR policy. Japan has been ranked among the leading countries in the world in terms of publishing CSR reports over the last decade (KPMG, 2011). However, it must

be noted that CSR management does not automatically begin to function adequately in an organisation through the simple act of establishing a CSR institution. It is important to discuss how managers in every department have learned about and have interpreted global CSR standards and norms in organisational contexts, and also how CSR managers in Japan choose to transmit CSR policies to local contexts.

Clearly, CSR should be incorporated into management processes and corporate governance (Jamali, Safieddine and Rabbath, 2008; Devinney, Schwabach and Williams, 2013), and it needs to be an integral part of management strategy and business planning. Japanese corporations have come to learn that it is important to meet the expectations and earn the trust of their stakeholders. Executives need to govern the management process, responding to the voices and interests of relevant stakeholders (Bhattacharya, 2011). Furthermore, in the face of global competition, Japanese corporations have found it necessary to advance their activities in environmentally and socially responsible business which contributes to sustainable development in both local and global communities (Laszlo and Zhexembayeva, 2011; Regeneration Project, 2012; Williams, 2014).

There are some crucial questions to be asked in Japanese corporations. In response to global pressure from the CSR movement, how have and how should Japanese companies import the concept of CSR and integrate it into management systems and strategy? In recent years, Japanese corporations have increasingly been embedding a new management

concept, originating in Western business practice, into traditional Japanese business values. In the same way, how do and how should they translate CSR and incorporate it into governance systems and engagement with stakeholders? What are the well-developed and under-developed points, respectively, of current CSR management in Japanese corporations? Has the rapid institutionalisation of CSR in Japan meant that existing CSR management systems currently function well? And when advancing into overseas markets, how do and how should Japanese companies manage CSR policies in their overseas subsidiaries? The traditional themes of the internationalisation and localisation of management systems, which have been widely discussed in the field of international management, are also points of focus in relation to CSR management abroad. Finally, what will be the next strategic challenge for Japanese corporations in the journey towards sustainable development?

In this special issue

The call for papers for this special issue of the *JCC* intended to explore the Japanese approaches to CSR. The call for papers attracted 17 submissions over a relatively short period. The submissions came from across the world and a variety of topics were discussed. Through the usual process of double-blind peer review, four papers were finally selected.

This special issue of *JCC* will discuss how Japanese corporations respond to the CSR movement, the

extent to which they embed CSR in management processes, and how they diffuse CSR policy throughout their overseas subsidiaries. It will also analyse the challenges corporations are facing in ensuring CSR systems function within their organisations and in contributing to global sustainable development. The articles have a particular focus on Japanese and global CSR issues and the challenges they pose to corporations.

The issue begins with a paper written by Richard E. Wokutch, entitled 'Corporate Social Responsibility, Japanese Style, Revisited'. The study describes the nature of CSR thinking in Japan through an analysis of traditional labour relations, how these have transited over time, and two opposing evaluations of the Japanese employment system. He argues that the interests of core stakeholders are favoured over those of other stakeholders, but also that the traditional relationship with stakeholders has been changed by the introduction of CSR policy.

The second paper, written by Patrick Albrecht and Christopher Greenwald, of PwC and Rebeco SAM, respectively, is entitled 'Financial Materiality of Sustainability: The Japanese Context'. They analyse the present situation of sustainability initiatives in Japanese corporations, based on Dow Jones Sustainability Index data. They suggest that environmental initiatives and social initiatives should be mainstreamed into core strategic decision-making processes, but question how that can be achieved in reality. They further examine the strengths and weaknesses of sustainability management within Japanese companies,

and highlight a number of particular challenges.

The third paper, written by Carol Reade, Koichi Goka, Robbin Thorp, Masahiro Mitsuhata and Marius Wasbauer, is entitled 'CSR, Biodiversity, and Japan's Stakeholder Approach to the Global Bumble Bee Trade'. They explore the question of how to protect biodiversity while meeting commercial interests as a CSR challenge. They identify a unique Japanese case and describe the importance of a stakeholder approach in the efforts to protect local species from alien species, based on what is called the precautionary principle. They highlight the importance of collaboration among relevant stakeholders—the scientific community, government, and business—in the process of setting up an acceptable rule.

The fourth paper, written by Roger Levermore, is entitled 'Organisational Geographies and Corporate Responsibility: A Case Study of Japanese Multinational Corporations Operating in South Africa and Tanzania'. Here, the author discusses how multinational corporations (MNCs) choose to adopt CSR policies in subsidiaries located in advancing overseas markets, considering how CSR strategy is influenced by organisational geographies. He examines seven case studies of Japanese MNCs subsidiaries, looking at how CSR strategic management was shaped in each, and uses this evidence to categorise the various approaches taken into five types. The paper is therefore an exploration of the geographical and organisational influences which shape the strategic approach taken to CSR by Japanese MNCs in their global operations.

These four unique papers discuss various aspects of the Japanese approach to CSR management. This special issue intends to shine a light on the current CSR situation of Japanese companies, as well as to identify some of the key challenges faced in the processes of embedding CSR into management systems and of operating CSR practices in international contexts.

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