Strategic Corporate Social Responsibility for Millennium Development Goals: Planning Projects for Business Opportunities and Sustainability

Ryoko Suzuki 47-096807
Graduate Program in Sustainability Science
Supervisor: Prof. Masaru Yarime
Adviser: Prof. Masahiko Kunishima

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1. Background

Corporate activities widely relate to three levels of systems; global, social, and human; considered for sustainability. Therefore, how companies act affects both positive and negative to those systems. Based on this standpoint, it can be said that companies have serious responsibilities to sustainability.

Corporate Social Responsibility (CSR) has been required since the early years of the twenty-first century because many criticisms have arisen against corporate behavior that have caused sustainability problems such as rapid economic globalization, corporate scandals, and climate change issues. Currently, United Nations initiates companies to solve issues of Millennium Development Goals (MDGs) by utilizing business power. Therefore, companies have improved the ways of doing business and have tried to do beneficial things for society mainly through philanthropy or mecenat.

However, after global financial crisis in 2007, for existence most CSR projects were eliminated because companies had to prioritize becoming profitable over achieving CSR which doesn't relate to core-business. As the result, recently how to integrate CSR into core-business strategies for both corporate and social sustainability is the main debate among business practitioners and scholars. The theory is called Strategic CSR propounded by Michael E. Porter and Mark R. Kramer in 2006.

Many business practitioners understand that combining CSR into main business is ideal situation for both companies and sustainability. However, they have no idea what kind of project models they need to create (Strategy as pattern) and how to integrate CSR into core-business (Strategy as plan), which also has not been discussed in the academic field very much.

2. Research Objective and Questions

This study aims to examine the MDGs-related projects of Japanese Multinational Companies (MNC) for determining how to create Strategic CSR of Pattern and Plan because the author would like to help Japanese companies' Strategic CSR implementations.

The research questions are:
(1) How have the best practices been developing Strategic CSR for MDGs?
(2) What are the driving factors and obstacles in the execution of a project?

3. Methodology

The data is mainly from survey interviews with the kind cooperation of eight Japanese MNC; Olympus, Sony, Mitsui, Panasonic, Yamaha Motor, Sanyo, Sompo Japan, and Ajinomoto. The samples of survey interviews are qualitative, and collected by the author on visiting each company between October and December 2010. The author sent them request papers including the interview contents before the appointed day and tried to let the interviewed persons give an account of the project from the beginning to the current situation or if possible, into the future. The interviews were tape-recorded, and subsequently transcribed, and then analyzed through (1) pictograms graphic illustration for the typology of project models, which show project actors, causal relations among actors, and their role; and (2) the grounded theory approach for process strategies.

4. Result

The eight projects are categorized into three project models and process strategies;

(1) Advocacy Model
 (a) Olympus's MDGs photo contest
 (b) Sony's Public Viewing
(2) Mini-infrastructure Model
 (c) Mitsui's irrigation pumping plant
 (d) Panasonic's Life Innovation Container
 (e) Yamaha Motor's Clean Water Supply System
(3) Micro Product/Service Model
 (f) Sanyo's eneloop lantern
 (g) Sompo Japan's Weather Index Insurance
 (h) Ajinomoto's nutrient baby food

Firstly, the Advocacy Model is effective for MDGs cases requiring knowledge and education to prevent anything harmful to the human body and the environment. This model is somewhat difficult to relate to direct corporate profit in the short-term; however, conducting projects within a core business field provides corporate staff with learning opportunities to generate ideas for future business related-MDGs.

Secondly, Mini-infrastructure Model is for B to B (Business-to-Business transaction) segments and provides lifeline services through nontraditional smaller infrastructures (mini-infra) with an off-grid system. This model is often initially accompanied by social development that enables communities to manage the mini-infra by the poor themselves. For making strategic directions to business triggers, companies turn directly to the projects for business or conduct them in closely-located areas of actual business sites and utilize the projects' know-how for other business opportunities.

Thirdly, Micro Product/Service Model is for B to C (Business to Consumer/Customer transaction) segments and delivering goods or services which are affordable at a low price, made available to poor people, and ameliorative measures of MDGs issues. In this model case, if there are local demands for products or services, the projects seem to be able to reach the business layer relatively soon. However, how to distribute those products or services is of greater concern. Therefore, finding appropriate local partners who have an existing network of targeted segments and can enlighten them about the utility of products or services solving MDGs issues, and leveraging partners' network as market channels are the key to make the strategic line to business direction.

Regarding the driving factors, nine codes are derived. Above all, the important factors are:

(1) Partnership scheme
 - Thanks to ideas or cooperation from partners, companies can arrange the original ideas for more suitable to solve MDGs issues and going forward plans effectively and efficiently.
(2) Positive response from society
 - Because the projects can not be evaluated by profitability at this moment, this became the key driver for companies to continue them.
(3) In-company environment not estimating projects in figures in the short-term
 - It helps to cultivate MDGs-related projects in long run.

On the other hand, five codes of obstacles are extracted by analysis. The key obstacles are:

(1) Unimaginable impacts
 - Due to the first MDGs-related projects, companies can not imagine what will happen next.
(2) Culture gaps between organizations
 - Companies and aid organizations have different roles and ways to do things.
(3) Corporate environment of requiring short-term profit.
 - This is a challenge of corporate systems to report operation performance and earn growth profitability at least every quarter of the year.

5. Conclusion

In the previous studies, people discussed ideal final form of Strategic CSR, integrating CSR into core-business, which is logically recognized good for responding three systems of sustainability. But how to reach those ideal situations have not discussed very much. This study demonstrates that Strategic CSR is not just one concrete project but how to make a line from a current project to a future business.