

Articles

Global CSR centered on BOP business and CSV: A consideration of its types and development

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1 Introduction: global CSR and human development

Initiatives focused on corporate social responsibility (CSR) have come into full swing since the enactment of the international standard ISO 26000 in November 2010. ISO 26000 applies to a wide range of organizations, and today related initiatives have begun not just in business enterprises but also in numerous other organizations including governments, universities, hospitals, and other medical organizations.

This standard includes the seven core subjects of (i) Organizational governance, (ii) Human rights, (iii) Labor practices, (iv) Environment, (v) Fair business practices, (vi) Consumer issues, and (vii) Community involvement/society development.

Along with the progress of ISO 26000, the domains of CSR, including environmental issues as well as human rights and labor practices and community development, are advancing worldwide together with the progress of the globalization of businesses.

The United Nations Development Programme (UNDP) is addressing eight topics in the effort to achieve the Millennium Development Goals (MDGs)¹:

1 The Millennium Development Goals (MDGs) integrate the UN's Millennium Declaration with international development goals adopted at leading international conferences and summits during the 1990s into a single shared framework of goals to be achieved by 2015.

(i) Eradicate extreme poverty and hunger, (ii) Achieve universal primary education, (iii) Promote gender equality and empower women, (iv) Reduce child mortality, (v) Improve maternal health, (vi) Combat HIV/AIDS, malaria and other diseases, (vii) Ensure environmental sustainability, and (viii) Develop a global partnership for development.

Since the establishment of the MDGs as shared goals for international society, countries and people around the world have made efforts to achieve them². Already progress has been made in various areas around the world, including a halving of the percentage of people living on less than USD1.25 per day, roughly equal rates of school enrollment for boys and girls, and a decrease of roughly one-third in fatalities due to malaria. Still, many issues remain, such as the fact that progress is slow on many goals in sub-Saharan Africa and growing inequalities between urban and rural communities and between rich and poor.

Against the backdrop of such progress, in 2013 the UN held a special event on the MDGs, organized by the General Secretary. Together with confirming the acceleration of progress toward the MDGs in the run-up to the 2015 deadline for their achievement, participants in this event also reached agreement to hold a top-level summit in December 2015 and adopt a post-2015 development agenda (development goals for the period after 2015).

Furthermore, in connection with achievement of the MDGs the UNDP is carrying out a Growing Inclusive Markets (GIM) Initiative, a comprehensive initiative on market growth intended to promote the necessary investment and innovation, based on its strong belief that there are considerable potential resources in the private sector (UNDP, ed., Yoshida, 2010, p. 11). Initiatives such as these serve as part of the development economics and official development assistance (ODA) activities of numerous countries.

2 UNDP website (<http://www.jp.undp.org/content/tokyo/ja/home/mdgoverview/mdgs/>). Hereinafter, information concerning progress on the MDGs is based on information from this website.

For example, efforts are underway in combination with the international development aid organizations of developed countries, including the US Agency for International Development (USAID), the UK's Department for International Development (DFID), and the Japan International Cooperation Agency (JICA). The UNDP reports on related matters, including the state of progress on such efforts, and identifies issues to address in its Human Development Report (HDR).

After then, Helen Clark Administrator UNDP says as follows in the *Human Development Report 2014 Sustaining Human Progress- Reducing Vulnerabilities and Building Resilience* (Clark, 2014, p. 5).

Achieving UNDP's vision to help countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion and to promote human and sustainable development, requires a deep appreciation of the concepts of vulnerability and resilience. Unless and until vulnerabilities are addressed effectively, and all people enjoy the opportunity to share in human development progress, development advances will be neither equitable nor sustainable.

There is a need for cooperation not just in international society but also among business enterprises, nonprofit organizations and nongovernmental organizations, and numerous stakeholders to promote activities toward reducing vulnerability and building resilience.

In looking at the activities of business enterprises against this background, it is important to keep the following in mind.

The concept of global Corporate Social Responsibility (CSR) has become wide spread. Strategic CSR activities, the Base of the Pyramid (BOP)³ business and Creating Shared Value (CSV)⁴ are important topics being discussed by corporate management. BOP business and CSV begins with the

3 Prahalad and Hart (2002) proposed the term of BOP. It is estimated that approximately 72% of the world has annual income of no more than US\$3000, making up the BOP layer.

understanding that for corporate business to prosper over the long term, the communities they serve must also prosper. For companies, BOP business and CSV not only leads to growth strategies targeting sustainable corporate growth, it also leads to the practice of CSR to resolve the social problems of developing countries. It also explains how businesses can obtain a competitive advantage, which in turn will deliver better returns for shareholders, through actions that substantially address social or environmental challenges.

This paper provides some implications on the significance of strategic CSR including BOP business and CSV to Japanese companies, concerning about sustainable developments.

2 Previous studies of Business Ethics and CSR, including BOP and CSV

First, I will look at an overview of previous studies on business ethics and CSR, from discussion of these concepts.

Sheldon, in a work published in the 1920s, is credited with being the first to have used the term “social responsibility” and argued for its necessity (Sheldon, 1965, p. 99)⁵. However, Petit had argued that there was the principle of trusteeship of wealth already in the 1890s as the first of the six phrases in the evolution of the doctrine of social responsibility (Petit, 1967, p. 64).

Also it is worth noting that in 1938 Barnard pointed out the importance of

4 Porter and Kramer (2011) introduced “Creating Shared Value” to build win-win relationships in which both companies and developing countries enjoy value.

5 This is the 4th edition, and the 1st edition of this book was published in 1924. According to Takada (1970, p. 104), Sheldon’s *The Philosophy of Management* was the first management book to include a general statement of this concept, and it can be considered a valuable book in this sense as well. Morimoto (1994, p. 6) views it in a similar way.

the ethical values of leaders (Barnard, 1938, p. 283). Later, beginning in the 1950s Friedman (Friedman, 1962, pp. 133–134) and Hayek (Hayek, 1960, pp. 166–167) deployed negative arguments on corporate social responsibility, backed by the argument of maximization of shareholder returns. On the other hand, Freeman, backed by stakeholder theory, deployed a positive argument on social responsibility, arguing that corporations should contribute actively to society (Freeman, 1994, pp. 409–410)⁶.

A variety of arguments have been deployed in these areas. For example, Hoffman and Frederick argue that ethics may be defined as the study of what is good or right for human beings. It asks what goals people ought to pursue and what actions they ought to perform. Business ethics is a branch of applied ethics; it studies the relationship of what is good and right for business (Hoffman & Frederick, 1995, p. 1)⁷.

Since the 1980s, global poverty alleviation has been identified as an important theme. The Social Emergency Fund was established for this reason (Chossudovsky, 1998, pp. 66–67).

C.K. Prahalad and S.L. Hart proposed the term BOP⁸ in 2002 (Hart, 2007, pp. 112–1139)⁹. It is said that the BOP will form the next global market after the BRICs.

6 In one of his previous works, 1984's *Strategic Management*, he argued for stakeholder theory and presented an argument for an active approach to social responsibility.

7 Also, they argue "Business is an economic institution. But like our economy as a whole, it has a moral foundation. The free market system reflects our convictions about the nature of the good life and the good society, about the fair distribution of goods and services, and about what kinds of goods and services to distribute."

8 It is estimated that approximately 72% of the world has annual income of no more than US\$3000, making up the BOP layer, while the middle of the pyramid (MOP, middle-income earners) consists of 1.4 billion people and the top of the pyramid (TOP, high-income earners) consists of only 175 million people.

In addition, Yunus proposes using microcredit to realize a society free from poverty (Yunus, 2007, pp. 149–162) and argued in 2010 for the development of social business (Yunus, M. 2010, pp. 33–56). Furthermore, Simanis and Hart announced the BOP protocol and argued for BOP for a new era (Simanis & Hart, et al, 2008, pp. 8–9).

Since for a company BOP businesses lead not only to global CSR aiming at the company's own sustainable growth but also to practice of CSR to resolve the social needs of developing countries, they can be considered an important domain of strategic CSR. This symbolizes the way the domain of CSR had expanded to the global, addressing corporate social responsibility on a global basis, had become an important topic of concern in management.

BOP business leads to organizational innovation in creating new business opportunities. It can promise diverse innovation, product development and technological development, improvements in competitiveness, and empowerment of human resources. As Milstein argued, it can lead to sustainable growth¹⁰.

Furthermore, Ansoff brought forward theories of management strategy in corporate management, including pursuit of its own long-term growth objectives by enlightened self-interest (Ansoff, 1965, p. 64)¹¹.

From the perspective of strategy, J.B. Barney argued the importance of “resource-based strategy” that seeks the possibilities of CSR through analysis of strengths and weaknesses from the company's own resources and capabilities, based on social adaptability, pointing out that strategic CSR should

9 According to Hart (2007), pp. 112–113, in 1997 Hart, and in 1998 Prahalad with K. Lieberthal, published papers with ideas based on this concept in the *Harvard Business Review*, and then in 1998 this concept was developed together with Prahalad and announced in 2002 after four years of revision.

10 Cornell University Johnson School, Center for Sustainable Global Enterprise website <<http://www.johnson.cornell.edu/sge/>>

11 This was argued as one social responsibility.

be conducted through the company's main business (Barney, 2007, pp. 49–72).

M. Porter and M.R. Kramer have pointed out the following on competitive advantage and strategic philanthropy: “This refers to focusing on strategic context to benefit both the company and society, through addressing social and economic goals simultaneously and providing the company's own assets and specialized capabilities” (Porter & Kramer, 2002, pp. 57–68). Here philanthropy is the same as the corporate social responsibility argued by the author. Strategic CSR points out the importance of aiming to combine social needs and the company's main business.

Later, Porter and Kramer pointed out the importance of “strategic CSR” above and beyond “responsive CSR,” organically linking business activities to CSR (Porter & Kramer, 2006, pp. 78–92). A BOP business also must be judged on whether it will be a “strategic BOP business” linked with the main business.

In the January-February 2011 *Harvard Business Review* Porter and Kramer introduced “Creating Shared Value” to build win-win relationships in which both companies and developing countries enjoy value.

According to Porter et al, CSV increases social value while meeting the needs of society, through internalizing external diseconomies such as environmental pollution, water pollution, and traffic congestion and reducing them. They focus on the concept that both society and the enterprise share value as a public benefit, in the sense that economic value to the enterprise, such as sales and earnings, increases as a result, in the form of CSR business conducted through its core businesses.

On this topic, in 2000 I argued, in *Marketing Ethics*, for the importance of decreasing external and internal diseconomies based on the concept of “preventive ethics” (Mizuo, 2000, pp. 20–21). When viewed from the macro perspectives of humanity, society, and the environment, external diseconomies such as air pollution, water pollution, and traffic congestion ultimately have a negative impact on consumers. Accordingly, it is important that enterprises

reduce the factors that cause such external diseconomies. In this sense, preventive ethics as argued for in *Marketing Ethics* can be described as a concept that has much in common with that of external diseconomies in the CSV approach. At the same time, internal diseconomies are an area that leads directly to customer dissatisfaction through activities such as misleading advertising, collusion, and alteration of expiration dates¹².

As one example of a CSV effort initiated by a corporation with Porter et al, beginning in 2006 Nestlé adopted a “CSV Pyramid” with compliance as its base, environmental sustainability atop that, and CSV at its peak. In 2007 it began publishing the Nestlé CSV Report, the first attempt of its kind in the world¹³. The CSV concept promoted by Nestlé¹⁴ includes a wide range of activities, such as supply of ingredients to enhance nutrition at the BOP level, agricultural and community development, aid to regions producing coffee beans and cocoa beans, provision of water resources, and the Healthy Kids Program intended to improve child nutrition. It includes a particularly large number of business activities targeting the impoverished worldwide¹⁵. This can be described as CSV aiming for solutions to social issues such as human rights, environmental issues, and community development in developing countries, as identified in the MDGs, and it meets the description of BOP business. Based on this thinking, issues such as poverty, food-related problems, and infectious diseases relating to the BOP layer worldwide are areas

12 *Marketing Ethics* also proposes the concept of positive ethics in addition to preventive ethics. Positive ethics not only refers to social contribution activities intended actively to make a contribution to society, such as philanthropic activities and volunteer activities, but also includes customer satisfaction and social marketing activities such as cause-related marketing.

13 Nestlé website <<http://www.nestle.com/csv>>

14 The efforts begun by Porter and Nestlé Chairman Peter Brabeck in 2006 are well known.

15 Nestlé website <<http://www.nestle.com/csv>>

in which enterprises should extend a helping hand in the future, and by doing so they should be able to contribute to reducing external diseconomies.

3 From Strategic CSR to CSV

3.1 Four responsibilities of CSR

Carroll argued four corporate social responsibilities that are economics, legal, ethical and voluntary/discretionary responsibilities (Carroll, 1979, p. 503). But Morimoto pointed out reordering Carroll's four responsibilities, switching the places of the legal and economic responsibilities so that legal responsibility is at the foundation (Morimoto, 1994, pp. 317–320, Mizuo 2003 p. 14)¹⁶. As expressed by the statement “the law is the foundation of ethics,” I made a similar argument.

3.2 The relation between strategic CSR and CSV

The areas in which these four responsibilities should be fulfilled can be broken down into the two main approaches to CSR—defensive CSR to build a stable business foundation and proactive CSR based on strategic thinking—chosen through consideration of social issues in the communities aided from the enterprise's perspective. The former approach refers to legal responsibility and economic responsibility, or activities to protect the enterprise from various legal risks and build a stable foundation for the future while securing earnings based on economic responsibility.

In addition, thinking about the point of how much of a company's limited management resources of people, things, and funds to invest and in which domains, while utilizing the company's own strengths, toward resolution of social issues in the communities (or countries) aided leads to the concept of proactive CSR based on strategic thinking. Put another way, proactive CSR

16 Morimoto argues that the content of each responsibility further diversifies in stages, according not just to Maslow's multidimensional approach but to his hierarchy of needs as well.

based on strategic thinking meets Porter's description of strategic CSR.

At the same time, from the perspective of the value created through a company's CSR activities proactive CSR based on strategic thinking also meets the description of CSV as advocated by Porter and Kramer, since it involves the building of a win-win relationship in which both the enterprise and the local society or country aided derive value. That is, CSV refers to the concept of value creation from the points of view of the company providing aid and the community (or country) aided, as a result of proactive CSR based on strategic thinking reflecting the company's judgment on strategic allocation of its limited management resources. Fig. 1 summarizes the points discussed through now.

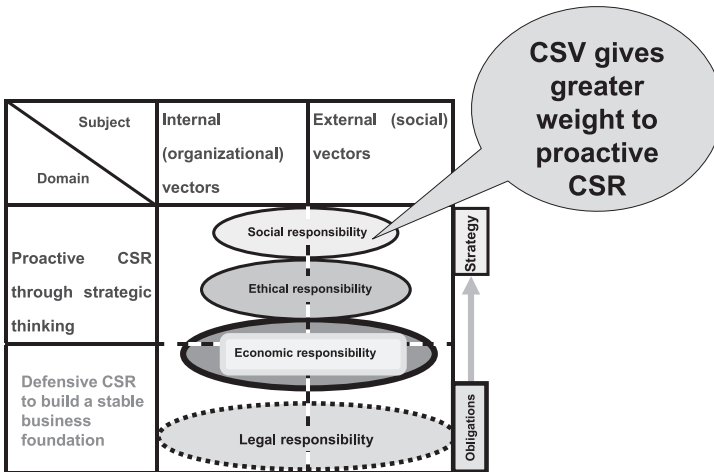


Fig. 1. Proactive CSR based on strategic thinking and CSV

Source: Four responsibilities of Carroll (1979), p. 503 modified and additions made, and CSV positioned, by Mizuo.

4 Subject domains of CSV and methods of related efforts: Learning from practical examples of enterprises' efforts

4.1 A BOP business represents CSV toward resolution of the social issues identified in the MDGs

4.1.1 The cocoa sustainability project of Meiji Co., Ltd. and CSV

(1) Support for a traceable cocoa-bean project

Meiji Co., Ltd. implements environmental-conservation and community-contribution activities in the regions of South America that produce cocoa beans. It has been argued that these represent CSV activities by the company (Aramori, 2011, pp. 78–81). Meiji's cocoa sustainability project¹⁷ in the Republic of Ghana, described below, also can be seen as constituting a CSV effort.

To secure a stable supply of high-quality cocoa beans for use in chocolate manufacture, with the cooperation of producing regions in Ghana Meiji began in 2006 purchasing beans from specific districts, something it could not do before. District 15 of Wassa Akropong¹⁸, more than three hours by car from Ghana's second-largest city Kumasi, contains 45 settlements of various sizes. Each of these settlements is independent, and located 30 minutes to one hour on foot from the nearest neighboring settlement. They lack electricity and the roads are unpaved. These areas are hard to access by normal motor vehicles, other than by driving a four-wheel-drive vehicle through the mountains. In light of these conditions in the area Meiji's support for the traceable cocoa-beans project, a concept in pursuit of the safety and reliability of cocoa beans grown by farmers in the district, can be described as one

17 Based on the content of on-site reporting by the author in August 2011 with the cooperation of Kazuo Kishida, Managing Executive Officer/General Manager, Snacks Production Division, Meiji Co., Ltd. and others.

18 The information hereinafter on Wassa Akropong comes from an interview with Richard Suwli, area manager for Ghana with Armajaro Ghana Ltd.

of its CSV efforts. This is because the effort makes it possible to secure a stable supply of cocoa beans by purchasing them through conclusion of contracts adding premiums to the regular prices when the beans are purchased from farmers or distributors from specified reasons.

This helps achieve the traceability of food safety and reliability expected by corporate customers and consumers, and it also is connected to sustainability for the farmers who produce the beans, through improving their cultivation techniques, increasing their income, and improving their ways of life. Specifically, the resulting CSV can be considered in the following ways according to whether it impacts the company (Meiji), the farmers, or consumers.

Impacts on the company (Meiji):

- (i) Securing traceability: Easier on the environment, and makes it possible to secure a quality assurance structure through specifying producing regions for cocoa beans
- (ii) Pursuit of food safety and reliability (food security): Makes it possible to control and reduce agrochemical residues by enabling traceability through identifying where cocoa beans were produced. This helps to meet consumers' demands for food safety and peace of mind.
- (iii) CSR practices: Enables CSR on the part of the company through building close ties between the community and the company and through educational activities such as teaching farmers cultivation techniques and how to use agricultural chemicals, fertilizer, and other materials.

Impacts on cocoa farmers:

- (i) Improvements in cultivation techniques: Farmers can improve their knowledge of agricultural chemicals and fertilizers and of cultivation techniques to grow high-quality cocoa beans, through processes such as harvesting, ripening, and drying, by undergoing education and training provided by the company and by traders.
- (ii) Securing stable income: Since the program also takes into consideration income planning and improvement for farmers, it helps to improve their

business sensibilities. It also leads to stabilization of annual income by making it possible to conclude long-term contracts for cocoa beans.

Impacts on consumers:

- (i) **Securing safety and reliability:** Secures food safety and reliability, the greatest need of consumers.
- (ii) **Ensures traceability:** By ensuring traceability, provides final products such as chocolate and snacks made from cocoa beans reflecting consideration for local environments, child labor, residues from agricultural chemicals, and other concerns.

(2) Thorough indigenization policies throughout the entire supply chain

CSV is accepted in local communities because it leads to solutions for social issues together with helping develop local economies. Purchasing raw materials locally, hiring local people as workers in manufacturing, and employing locals entirely in distribution processes from delivery to sales also helps create local employment. There is a need to advance thorough indigenization from the perspective of the entire supply chain.

For example, use of specialty cocoa beans leads to strengthening of ties with the entire supply chain, including cocoa farmers and vendors involved in distribution in the area where the beans are produced. Strengthening ties between suppliers and farmers improves mutual trust with regard to the cocoa beans, ultimately deepening ties between the company and farmers.

Also, since the program achieves product reliability it can lead to longer-term contracts between companies and farmers, as a result enabling a steady supply of specialty cocoa beans. It also makes possible support from the company to farmers through activities conducted out of sight, such as supply of seedlings for improved varieties of beans developed by cocoa-bean research laboratories.

(3) Building a distribution network in partnership with NGOs

When a company takes on CSV based on the concept of sustainability in countries such as developed countries with advanced information technology (IT) and distribution systems the environment is well suited to building a

win-win relationship between the company and its supply chain.

However, rural areas of Ghana are undeveloped in terms of infrastructure such as electricity, water supply, and roads, and use of IT and the distribution networks are inadequate. In such a region, human networks to promote cooperation between the company and producers through throwing overwhelming human resources at the issue are essential.

In partnership with the NGO Source Trust, Meiji Co., Ltd. built a distribution network for activities such as wholesale purchasing of cocoa beans grown by farmers and aid to farmers. The activities of Source Trust extend to the level of improving cultivation techniques in areas such as knowledge of agricultural chemicals and fertilizers, harvesting, ripening, and drying, in order to produce high-quality cocoa beans.

From the start, Meiji has announced in its Corporate Behavior Charter, “We will comply with the laws and regulations of each country and region involved in our international business activities. We will respect their culture and customs, and contribute to their local development.” These activities can be described as giving concrete form to Meiji’s Corporate Behavior Charter, backed by its high aspirations and sense of mission.

4. 1. 2 Tree of Life’s shea butter business and CSV

(1) The shea butter business in Ghana

Ghana is ranked low at 122nd in the world on the HDP’s human development indicator that shows the level of equality between males and females, the gender inequality indicator (UNHDP, Akitsuki, Ninomiya, eds., 2011, p. 141). From the point of view of the MDG goal to “Promote gender equality and empower women” as well, supporting the activities of women is a priority issue.

In the northern Ghana city of Tamale, managing director Ryoichi Udagawa of Tree of Life Co., Ltd. played a central role in the start, together with JETRO and an NGO, of production of shea butter soap made using shea butter, which had been used domestically and internationally as a raw material in chocolate¹⁹. This was conducted under the auspices of a Japan External

Trade Organization (JETRO) program begun in 2005 to promote the development of processing of fats and oils in West Africa.

The shea butter business leads to results including the provision of places where women can work and assisting the activities of women. In addition, it also plays important roles from an environmental perspective, such as reviving and protecting local shea butter trees. Furthermore, results such as ensuring appropriate returns as a local industry also lead to the promotion of fair business practices, helping to aid the community and develop the local economy through the participation of companies providing aid.

The local aid activities of Tree of Life represent an attempt to provide new work to local women in particular, through the manufacture and sale of soap, in partnership with the local NGO group Africa 2000 Network (A2N). This business is a company activity that not only contributes to creation of employment for local women in Sagnarigu but also contributes to improving the women's standard of living and raising the status of women in the community.

(2) Public-private-NGO partnership

When setting up the first production site, Udagawa used a shea butter processing center established in Sagnarigu, a district of Tamale, by the NGO group A2N. However, since there were no workshops in the area for making soap the activities began with sanitation management and the securing of an environment in which soap could be produced, including building a soap-making workshop. The project started from absolutely nothing, including the need to decide on a workshop, apply mosquito netting to the windows, and take measures to control insects such as mosquitoes and flies. For this reason, the job of setting up a workshop involved a series of difficult tasks. Af-

19 Based on the content of on-site reporting by the author in August 2011 with the cooperation of Ryoichi Udagawa, Managing Director of Tree of Life Co., Ltd., Kenichi Nakamoto of the JETRO Living/Cultural Industry Department, Adisa Lansah Yakubu of Africa 2000 Network, and others.

ter setting up worktables and installing tools and shelves for product storage, a total of six people including five members of the local women's group Sagnarigu plus one man were instructed directly in the methods of soap manufacture.

The soap is produced using caustic soda after first melting the shea butter with charcoal. Further processes such as cutting and wrapping the soap all are conducted by hand. The project faced considerable difficulties in Ghana. While in Japan uniformity in properties such as product quality and shape is taken for granted, in Ghana local workers still were still completely unaware of the concepts of manufacturing and the responsibility needed, so that the greatest challenge is said to have been that of achieving product uniformity and standardization.

This is the process by which the shea butter business got its start. As a result, the price of the shea butter in the local currency rose from 0.4 cedi (one cedi is equal to about US ¢ 60) prior to the start of DANIDA aid to 1.8 cedi.

Behind this rise was an increase in demand for shea butter for use in products such as cosmetics and soap. Furthermore, the price also reflects the concept of fair trade to support local livelihoods. As a result, the lifestyles of local women have changed since before the start of the shea butter business efforts. For example, their jobs and lifestyles have improved with daily work at the soap plant, and they now are able to eat three regular meals a day instead of the one meal a day they ate before. Rising income has led to improvements in their lifestyles in all three areas of housing, food, and clothing, as they have become able to pay for housing and family clothing.

This activity also contributes to promoting empowerment from the perspectives of human rights, a core subject of ISO 26000, and raising the status of women, one of the MDGs.

In this way, government agencies such as JETRO and JICA, Tree of Life, and the NGO worked as a team to achieve a successful example of a BOP business. Of course, local government cooperated in the process as well.

4. 1. 3 Yakult's CSV and the concept that a healthy intestinal tract leads to a long life

(1) Yakult's founding philosophy

Yakult Honsha Co., Ltd. expresses the concept that a healthy intestinal tract, which is where the body absorbs nutrition, leads to long life through the philosophy Kencho Choju ("a healthy intestinal tract leads to a long life"), reflecting the thinking of its founder Dr. Minoru Shirota. In 1935 Shirota introduced the Yakult beverage and organized the Association for Promotion of Preventive Bacteria Strain Shirota in the city of Fukuoka, Japan (Yakult, 2012, p. 1)²⁰. He advocated the importance of preventive medicine, seeing Kencho Choju as an essential part. This led to today's concept of probiotics (Horigome, 2013, p. 28)²¹. In this way, Shirota made the concept of probiotics a realization with the sale of Yakult beginning in 1935, reflecting his desire to contribute to maintaining and improving people's health through Yakult, powered by a strain of lactic acid bacteria that has beneficial actions in the intestines²².

Shirota had the idea that while people could not continue to take medicine every day, a wide range of people from small children to the elderly could drink Yakult. This vision continues today and is expressed in the company's corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular". Yakult is

20 For information concerning Yakult hereinafter, materials provided by Yakult Honsha's Public Relations Department were referred to.

21 According to Horigome (2013), p. 28, what is considered the most reliable definition of probiotics at present is that suggested by British microbiologist Roy Fuller in 1989: "a live microbial feed supplement which beneficially affects the host animal by improving its intestinal microbial balance."

22 Yakult sold in Japan contains 20 billion *Lactobacillus casei* strain shirota per bottle (Yakult sold overseas differs depending on the country or region).

expanding its business not just in Japan but around the world as well as it aims to realize this philosophy.

(2) Global business and CSV

Yakult entered its first overseas market in March 1964 with the establishment of Yakult Co., Ltd. (Taiwan). In 1968 it advanced into Brazil, in 1969 to Hong Kong, and in 1971 to South Korea, and as of May 2013 it sold its products in 31 countries and regions around the world, including test sales, centered on an organization consisting of 26 business sites and one research center. Its overseas companies are distributed across the regions of Asia and Oceania, Europe, and the Americas. It has not yet advanced into Africa but is expected to do so in the future.

In my interview with Yoshihiro Kawabata, Deputy President and Executive Officer of Yakult Honsha, he described the company's international business as follows:

“Yakult's advancement into overseas markets is intended to contribute to society through communicating to the people of the world our founder Dr. Minoru Shirota's philosophy of Kencho Choju. It has not been conducted with a consciousness of the BOP business in particular.”

It is true that we as researchers have named Yakult as a pioneer in the BOP business after the fact, since of course at that time the term BOP business itself had not yet been originated. However, the concept of Kencho Choju behind Yakult's international business fits well with the global issues faced by today's society: the MDGs themes of improving poverty, hunger, and nutrition. These activities can be said to represent CSR activities conducted through a company's core business as they lead to solutions to social issues faced by people in local markets.

In this sense, separately from Yakult's own intentions its overseas business development can be seen (after the fact) as a pioneering effort in the BOP business in Japan, and it provides valuable hints for the global CSR activities of Japanese companies. Yakult is carrying out BOP activities through its global business serving the impoverished of the world under its manage-

ment philosophy of Kencho Choji. This leads to proactive CSR based on strategic thinking, by taking advantage of the company's strengths while contributing to the social issue of improving nutrition as identified in the MDGs. Its activities can be described as CSV activities in which the company fulfills its social responsibilities through its core business.

4. 1. 4 Starbucks' C.A.F.E. Practices to help the earth and farmers

(1) The significance of the C.A.F.E. Practices under the shared planet commitment

Starbucks has established the Shared Planet commitment, which can be described as its CSR principles²³. It established these principles in 2008, and it is deploying them at a global level based on the following three main pillars. Its C.A.F.E. (Coffee and Farmer Equity) Practices represent the core of the first pillar, ethical sourcing.

- (i) Ethical sourcing: Contributing to the earth's environment and better futures for producers through purchasing and supplying to customers high-quality coffee cultivated responsibly and purchased ethically
- (ii) Environmental leadership: Taking the lead in reducing environmental impact, fighting climate change, and increasing the number of partners who share our goals
- (iii) Contributing to the community: Playing a role in deepening ties in the community together with our partners and customers, as a member of the community

Starbucks addresses ethical sourcing of coffee beans from the following two approaches.

The first is sourcing through the C.A.F.E. Practices established independently with the cooperation of NGOs as standards for coffee sourcing. The second is sourcing of coffee certified for fair trade practices and other attrib-

23 The descriptions concerning Starbucks hereinafter are based mainly on interviews with Starbucks Coffee Japan (PR Dept. Team Manager Hiroshi Manami and PR Dept. Coffee Specialist Shoujirou Tahara) and PR materials.

utes. It is one of only a few companies to establish its own coffee certification system through the C.A.F.E. Practices and other means.

These certification standards are guidelines on coffee sourcing established in 1998 with the cooperation of Conservation International, an international environmental NGO headquartered in Washington, D.C., with the goal of realizing sourcing that reflects environmental, social, and economic considerations²⁴.

As seen in Fig. 2, the basic concepts of these C.A.F.E. Practices are made up of four areas, including comprehensive and quantifiable standards on subjects such as prohibition of child labor, improving the working environment, preventing soil erosion and pollution, and protection of biodiversity. The independent agency Scientific Certification Systems examines Starbucks' performance in areas such as product quality and economic accountability, areas covered by the C.A.F.E. Practices, social responsibility, and environmental leadership, to assure fairness, trustworthiness, transparency, and other qualities.

- (i) Product quality: All coffee handled by Starbucks must satisfy the Company's highest quality standards

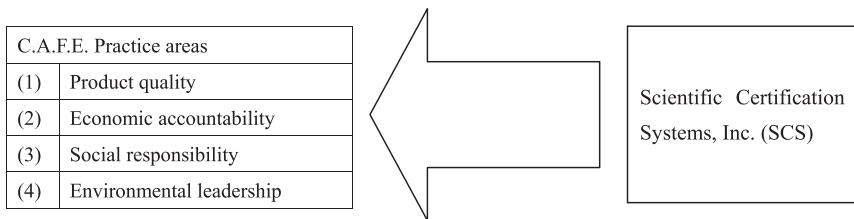


Fig. 2. The areas of Starbucks' C.A.F.E. Practices and evaluation systems
 Source: Prepared by the author based on public-relations materials from Starbucks Japan

24 Information on the organization is based on interviews with Kana Yamashita, Vice-President of Conservation International Japan, in May 2012 and with Joanne Sonenshine, Director of Conservation International, at the Conservation International head office in August 2012.

- (ii) Economic accountability: Transparency must be secured in economic aspects. To prove that the prices Starbucks pays to coffee farmers are distributed fairly, suppliers are required to submit certificates of payment and be accountable for their practices.
- (iii) Social responsibility: Safety, equity, fairness, and other properties must be secured in the working environment, including respect for the human rights of workers and appropriate living environments at farms, agricultural cooperatives, and other suppliers. Assessment also will be conducted based on aspects such as guaranteed minimum wages and prohibition of child labor and forced labor.
- (iv) Environmental leadership: Assessment of leadership on and advanced state of efforts to protect the earth's environment, through means such as cutting waste, controlling pollution, protecting water resources and water quality, conserving energy, protecting biodiversity, and reducing use of agricultural chemicals and chemical fertilizers.

(2) System for fair assessment by an impartial agency

To confirm whether Starbucks' suppliers conform to standards based on the four aspects of these guidelines, a system has been adopted for assessment of performance on items (iii) and (iv) above by an impartial, uninterested agency.

This is conducted through screening using an assessment and certification system developed jointly with Scientific Certification Systems (SCS), based in California²⁵.

These screening standards are used to assess and screen efforts for C.A.F.E. Practices based on the basic concepts of (iii) and (iv) above. They also serve as indicators for continual future improvements through quantification.

Coffee beans cultivated and sourced in accordance with these guidelines are marked with the Starbucks Shared Planet logo, representing Starbucks' CSR brand.

25 SCS website <http://www.scs-certified.com/about_scs.php>

The Shared Planet commitment, which was established in 2008, includes the goal of ensuring that all (100%) of the coffee Starbucks purchases is responsible cultivated and ethically sourced by 2015. Already this percentage had reached the level of 95.3% by fiscal 2013²⁶.

The trading price of this coffee ranges from 1.1 times to just over double the New York “C” market price, considered the world’s going market price for Arabica coffee²⁷, an indicator of Starbucks’ approach of sharing its earnings to support farmers around the world by paying a premium for quality. Incidentally, in fiscal 2011 the price was USD1.10/kg, up considerably from the 2010 price of USD0.70/kg.

4.2 CSV through support for specific purposes

4.2.1 CSV in support of recovery from the Great East Japan Earthquake

Aside from the BOP business targeting those in poverty, many CSV initiatives can be described as being intended to provide support for specific purposes, such as aiding recovery from the Great East Japan Earthquake.

In 2011 Kirin Holdings established the Kirin Kizuna Project to support post-disaster reconstruction, announcing that it would contribute approximately JPY6 billion over three years. For example, it advanced CSV activities for the two beverages of Toritate Hop and Hyoketsu, donating one yen from the sale price of each to activities in support of disaster reconstruction²⁸. The delivery service Yamato also donates 10 yen per parcel to disaster-affected areas²⁹.

Some of the companies supporting recovery from the Great East Japan

26 Starbucks US website (<<http://www.starbucks.com/responsibility/sourcing/coffee>>)

27 Based on the Starbucks PR document “Starbucks Shared Planet.” The price has ranged from just over 1.1 times to just over two times the “C” market price over the past 10 years. Since this fluctuates with the “C” market price and C.A.F.E. Practice harvest yields, it is not fixed.

Earthquake are carrying out strategic CSR through assignment of human resources in the form of employee volunteers, such as education for new employees by Xerox and NTT DoCoMo. This provides valuable experience for them in the character-building process, in the form of building the value of sympathy advocated by Adam Smith. Smith notes that “the person who is principally interested in any event is pleased with our sympathy, and hurt by the want of it.” In this way, the idea of sympathy and consideration for others is important. When I think of the fact that volunteering to aid affected areas represents the sharing of values by human resources, I can see this as a form of CSV that realizes a win-win relationship for both sides.

4.2.2 ADERANS' CSV initiatives to improve QOL

(1) Contributing to improving QOL

It is said that one in every four members of Japan's population today is a senior citizen. The beauty industry is popularly said to be one in which as society ages the issues of wrinkles, age spots, and graying hair are becoming more important. Study of healthy black hair can be considered one area related to the study of graying hair. Proper consideration of the contemporary background of the aging of society and providing wigs to contribute to the psychological well-being of senior citizens worried about hair loss can be considered one social-responsibility business for a company serving consumer needs.

In recent years hair concerns have been considered important to improv-

28 Kirin Holdings provided a cumulative total of approximately JPY4.7 billion in aid over two years, including donations by employees. Based on information from an interview with Kirin Co., Ltd. Managing Director/General Manager, CSV Div. Seiichi Hashimoto. I would like to express my gratitude for this cooperation.

29 According to the Yamato Holdings website (<http://www.yamato-hd.co.jp/csr/revival/>), the aid provided over one year totaled JPY14.2 billion, or roughly 40% of net income for the year.

ing quality of life (QOL) by helping with psychological well-being through improving patients' ways of life in the medical field.

ADERANS, a company of total hair-related solutions, was early to focus on social issues, providing wigs and scalp-care science to the medical field (ADERANS Plus, pp. 18–19). Its Ai no Charity, in which it gives wigs as presents to children in elementary and middle school concerned about their hair for reasons such as illness or injury, is one example. This Christmas-season campaign has continued for more than 30 years since its start in 1978.

The company also carries out numerous other CSV activities intended to improve QOL. In 2002 it began opening beauty salons inside hospitals in response to the increasing number of patients suffering hair loss due to chemotherapy. Conducted through cooperation between the CSR and medical business sections, this project has increased the number of salons across Japan to 22 as of Feb. 2015. It is the subject of rising interest in Sweden, one of the world's most advanced societies in terms of welfare services, and the business model of hospital salons is expanding in Japan.

It also has developed and introduced made-to-order medical wigs for people undergoing chemotherapy in recent years. Medical wigs involve a variety of difficult challenges depending on the patient's condition. ADERANS also has begun joint development with the Graduate School of Medicine of the University of Tokyo on scalp care science, looking at the conditions of scalps made sensitive by chemotherapy. Its CSV activities focused on improving QOL are advancing steadily from year to year.

(2) Sales and CSR sections cooperate to distribute a CSR pamphlet

The company also has produced a pamphlet to make such activities delivering value to society visible and distributed it both inside and outside of the organization. Titled "Egao no tame ni" ("To make people smile"), this pamphlet describing the company's CSR activities is distributed diligently throughout the organization on a continual basis, and this has helped sustain CSR activities as well. Mutsuo Minowa, General Manager of the CSR office that worked on the pamphlet, takes this pamphlet with him on visits to sales

workplaces across the country to communicate with them proactively and promote understanding of CSR activities (Mizuo, 2014, pp. 59–60).

The company has not ordered anybody to deliver the pamphlet to customers. Many employees working in shops or visiting clients on sales calls have begun distributing it themselves, as their interest in the company's social value has increased as they have come to understand the meaning of each of the activities promoted by the CSR office. These autonomous efforts by employees have been able to realize the sound, perpetual growth that ADERANS aims for. Director in charge of Sales HQ Yoshihiro Tsumura says of the results (Mizuo, 2014, pp. 61–62): “By making the strategic CSR activities advanced through our core businesses visible through this pamphlet, we have been able both to inform employees about various CSR activities of which they had not been aware previously and to greatly strengthen employees' pride in the company. It also has increased employees' feeling of belonging, as for example their families feel more like a part of the company as their spouses and children tell them ‘Your work for a good company’ after the employees tell them about these activities.”

(3) Toward realization of the Management Philosophy and Credo

The company's Management Philosophy is behind all these efforts³⁰.

ADERANS' Management Philosophy states, “Our corporate mission, as the ADERANS Group, is to utilize our hair-related businesses to help as many people as possible acquire the physical and emotional qualities that underpin the realization of dreams and promote a good impression, and in so doing, bring smiles to faces and support happy lives.” Under this philosophy, it strives for “product excellence,” “technological excellence,” and “heartfelt *omotenashi*,” which it defines as “a level of customer-oriented politeness and genuine warmth that makes customers feel welcome, valued, and respected.” This is the embodiment of the founder's ideals with which the company be-

30 For information on ADERANS hereinafter, the ADERANS website has been referred to. ADERANS website <<http://www.aderans.com/company/credo.html>>

gan.

What's more, its business is one with social responsibility that helps consumers realize their dreams, connected to solutions to the social issues of graying and thinning hair that accompany the aging of society advancing not just in the superannuated society of Japan but around the world as well.

This Management Philosophy is expressed in the company's Credo, made up of seven items. All employees from the president on down keep this Credo with them at all times, which is meant to be realized through their thinking and actions.

The seven items of the Credo are "1) our corporate philosophy; 2) our customer service motto; 3) management's promise to employees; 4) the corporate culture we seek to create; 5) the kind of employees we want on board; 6) our customer service policy; 7) the six service steps we follow to promote customer loyalty."

Further moves are advancing toward realization of the company's Management Philosophy. It is expected that concerns related to thinning hair and hair loss caused by aging and illness will become an important issue to consumers in the future. Against this background, ADERANS also is playing an active role in encouraging the industry to cooperate in development of related Japanese Industrial Standards (JIS).

4.2.3 CSV in ITO EN's activities to develop tea producing regions: "Chabatake kara chagara made"

(1) CSV in which the company, farmers, and the community work together as one

Another example of company activities to work together with the community through CSV is the "*Chabatake kara chagara made*" ("From the tea field to used tea leaves") initiative of ITO EN³¹. Founded in 1966, ITO EN has strived for more than half a decade to be a global tea company. It handles

31 For information on ITO EN hereinafter, the ITO EN website has been referred to. ITO EN website <<http://www.itoen.co.jp/csr/>>

approximately 23% of the volume of unprocessed tea in Japan (based on fiscal 2012 performance).

One of its best-known products, the familiar, uniquely named green-tea brand *Oi Ocha*, was born in 1989. However, its predecessor canned green tea product was developed in 1984, so in fact the product has a combined history of 30 years.

The company has a management philosophy of “Always Putting the Customer First.” To realize this philosophy, it utilizes the technological capabilities of its internal agricultural technologies section to partner with farmers in tea-producing regions, concluding contracts on tea cultivation and providing guidance on agricultural technologies. One example is the program for developing tea-producing regions in Japanese areas including Oita and Miyazaki prefectures. Instead of simply growing the tea leaves on local farms and selling the tea in beverage form, it also reuses nearly all of the approximately 47,000 tonnes of used tea leaves that result from this process.

Other activities to develop tea-producing regions use dormant farmland and other sites. Beverage makers secure stable supplies of raw materials by contracting with farmers to buy the entire volume they produce. This assures farmers of steady business and helps to solve problems in local communities through means such as creating employment and putting unused farmland to use. This is an example of CSV that creates a win-win-win relationship among the company, farmers, and communities.

(2) CSR is a meme (gene) in the company

Director and Manager of the CSR Promotion Department Hidemitsu Sasaya says of this Management Philosophy and the company’s activity guidelines³²:

“Since our founding we have maintained as an important activity guideline a thorough awareness of the fact that still now our customers are dissatisfied about something (what we call the “Still Now” spirit). ITO EN’s “Still Now”

32 Sasaya (2013), pp. 55–56

spirit is the foundation of its organizational culture that aims for leading-leading innovation and CSR.”

The fact that employees value this spirit at all times in their work as the criteria for decision-making has helped the company constantly create new things and innovate. It even can be described as the company’s corporate culture, which has helped to build up the company’s long history and led to new products and business improvements.

I call this spirit a meme (gene) that the company has developed over many years. This meme probably is the source of the management philosophy of “Always Putting the Customer First.”

Here I will introduce one example of this from the company’s Sustainability Report 2012. The first related project began with the conclusion of an agreement with the agricultural cooperative JA Miyakonojo in the city of Miyakonojo, Miyazaki Prefecture. This project developed a new tea-producing region by redeveloping unused farmland resulting from long-term decreases in land area under tea cultivation and in numbers of tea farmers, to form a large tea farm. This has generated stable business performance and led young people in the area to return to agriculture, as the average age of agricultural workers in one region returned to the young age of 17 years. In May 2013, Prime Minister Shinzo Abe toured the tea fields of Kayano Nosan together with a raw tea plant that had just begun operation that month. Sugio Kouno, deputy chairman of Kayano Nosan, who guided the Prime Minister together with ITO EN’s Chairman Hachiro Honjo, said enthusiastically, “We are greatly honored that you have chosen to tour Kayano Nosan. We have created new employment here and we intend to continue further efforts to help the community grow in the future as well.”

(3) Implementing CSR management as one with the community

ITO EN’s activities known as “*Chabatake kara chagara made*” (“From the tea field to used tea leaves”) also embody this philosophy. While most of the used tea leaves are put to use in fertilizer and livestock feed, they also are recycled for use in paper products such as envelopes and absorbent paper

and in resins used in products such as benches and vending machines. These activities help make people in local communities happy while putting resources to effective use.

Recycling of used tea leaves is a new type of recycling that is easy on the environment and on people. One example is the reusable separable envelope made using used tea leaves. I developed this envelope in a university seminar. Users of the envelope can enjoy a slight fragrance of green tea, and it makes it possible both to reduce waste from used tea leaves and to reduce use of paper pulp resources by replacing them with used tea leaves.

What's more, this envelope is reusable thanks to its separability. When sending it to somebody, the sender writes the recipient's name and address above a perforation on the envelope. Then, the recipient can remove the perforated section with his or her name and address on it and reuse the product as a new standard-sized envelope.

This single envelope contributes to recycling and reuse in three ways: (i) putting used tea leaves to use, (ii) reducing use of paper pulp resources, and (iii) reusing the envelope itself. (The green tea fragrance is an added bonus.)

4.3 CRM is CSV from a marketing perspective

The concept of CSV also can be expanded to address it from a marketing approach. Kotler proposes values-driven marketing under the Marketing 3.0 concept, as the integration of profitability with CSR (Kotler, et al, 2010, p. 2).

The monetary aid provided by Kirin Holdings and Yamato Holdings as described above, and Volvic's "1 L for 10 L" initiative that contributes a portion of sales as aid to UNICEF, have been described through now as examples of cause-related marketing (CRM).

CRM began as an activity combining business with donations, when the credit-card company American Express supported the renovation of the Statue of Liberty in New York City in 1983 (American Express Company, 1987). Varadarajan and Menon (Varadarajan & Menon, 1988, pp. 58–74) de-

scribed CRM as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives.” This is a method of marketing that matches corporate and social needs.

Volvic began the “1 L for 10 L” initiative to dig wells to secure a clean, safe supply of water in Africa and maintain them for 10 years. Each time a consumer buys one liter of Volvic water, the company donates enough to provide 10 liters of water in Africa, through building wells in the Republic of Mali. According to the company’s website, over the six-year period from 2007 through 2012 it provided aid equivalent to roughly 3.6 billion liters of clean, safe water³³.

These activities both solve social issues in aid recipient regions and contribute to promoting sales by the companies providing aid.

4.4 CRM in support of specific purposes

American Express’s CRM initiative can be described as CRM in support of a specific purpose designated by the company, rather than solving a social issue. There remains room for discussion as to whether these efforts too should be included in the category of CSV.

Various types of developments can be expected to arise from CSV depending on whether the company’s own people, things, or funds are invested in social issues and the value demanded by society. A precondition for doing so is the internalization of external diseconomies proposed by Porter. When I take into consideration what it has in common with proactive CSR based on strategic thinking targeting external stakeholders, the existence of the justification of solving a social issue can be used as a criteria for judging whether an initiative qualifies as CSV. Accordingly, I can judge whether CRM should

33 Volvic website <<http://www.kirin.co.jp/products/softdrink/volvic/1lfor10l/action/index.html>>

be included under CSV by considering the degree to which the above special purpose involves external diseconomies. However, even so it still is not easy to draw the line between initiatives intended to solve social issues and those intended to support special purposes. For example, it cannot be denied that there is room for argument as to whether repairing the Statue of Liberty should be considered a social issue. The criteria for such a judgment may be urgency and the importance of social value. Judging from this perspective, repairing the Statue of Liberty could be considered to involve a high level of social importance in the sense of preserving a cultural property, and as such it could be considered to belong to the category of CSV.

Through now I have discussed subjects including proactive CSR based on strategic thinking, CSV, BOP business, and cause-related marketing. Here I will summarize in Fig. 3 information such as the subject areas and methods of CSV considered through now and then consider the additional subject of CSV with a Gaia focus.

5 CSV from the perspectives of local communities, aid organizations, and Gaia

5.1 CSV with a Gaia focus

The Rio de Janeiro Summit was held in Brazil in 1992, and 20 years later in 2012 Rio + 20 was held. One of the main themes was “Green economy in the context of sustainable development and poverty eradication.” This concept of a green economy overlaps with several of the eight themes of the MDGs, and in this paper as well I have pointed out the importance of sustainability, global environmental issues, poverty eradication, and contributing to local communities, each of which are advocated as part of a green economy.

I have discussed sustainability from the two perspectives of contributing to the community and companies providing aid. Of course, sustainability in the form of protecting the earth’s environment is important as well. That is, we need to incorporate the Gaia concept of realizing sustainability while

Fig. 3. Subject areas and methods of CSV

	Purpose	Subject areas	Management resources provided as aid	Company examples	Notes
Types of CSV	Solving social issues	BOP layer	Monetary aid	Nestle: agriculture, community development, etc.	
			Monetary/material/human aid	Meiji: traceable cocoa bean project	
			Monetary/material/human aid	Tree of Life: shea butter business	
			Material aid	Volvic: "1 L for 10 L"	CRM
			Contributing through beverages	Yakult: nutritional improvements	
			Monetary, protection of local resources	Starbucks: aid to farmers through C.A.F.E. Practices	
	Aid for specific purposes	Promoting art, culture	Monetary aid	American Express; repairs to Statue of Liberty	CRM
		Recovery from the Great East Japan Earthquake	Monetary aid	Donation from price of beverages by Kirin Holdings	CRM
			Monetary aid	Donation from price of deliveries by Yamato	CRM
			Human aid	Dispatch of volunteers by Xerox	
			Human aid	Dispatch of volunteers by NTT DoCoMo	
		Responding to aging of society	Human aid, material aid	Aderans' QOL improvement initiatives	
		Project to develop tea growing regions	Cultivation under contract, putting used tea leaves to effective use, etc.	Ito En's "Chabatake kara chagara made" project to develop tea growing areas	

Source: Prepared by the author

keeping in mind goals such as protecting the earth's environment and reducing greenhouse gas emissions.

The Gaia concept was developed by American scientist Jim E. Lovelock in 1966 and described in a paper presented in 1969 at Princeton University. Based on his experience working with NASA and his knowledge as an atmospheric scientist, Lovelock theorized that the earth was a self-regulating system in which homeostasis was achieved through interaction between living creatures and the environment, centered on climate issues. British writer William Golding later gave Lovelock's view the name "Gaia" after a goddess in Greek mythology.

While the word "earth" is used to refer to the physical object of the earth itself, he defined Gaia to refer to the complex system including the earth as well as the biosphere, the atmosphere, the sea, and the land. This paper too will employ the Gaia concept to treat the earth as a living organism from the perspective of sustainability.

The green economy proposed in Rio + 20 involved commitments on issues of poverty and development economics while giving importance to the above Gaia concept, and it also argued for the importance of international aid activities related to the subject of BOP business discussed in this paper.

5.2 CSV through BOP business balances sustainability with profit

(1) CSV activities aim for common benefits to both sides

Put another way, when looking at the current state of Japan's economy we can see that increasing income in Asia through development of the infrastructure related to food, clothing, and housing, such as water and energy, railways, and expressways, is a key part of promoting Japan's growth strategy. However, as we have seen above it is not possible to earn the sympathy of local markets through business activities alone. At the same time, if business needs are forgotten then initiatives would not be able to continue indefinitely. Key would be to balance ideal activities from the perspectives of sustainability and profit while both helping local markets to prosper and pro-

moting business continuity.

Within the category of CSV, BOP business in particular must be premised on avoiding negative effects of a business on those in poverty and on society as a whole. However, through now some types of businesses targeting developing countries have had the regrettable effects of damaging the local environment and depleting natural resources due to pressing needs on the part of beneficiaries.

BOP business will not be sustainable if it will lead to damage to the environment of the host country. As seen in research on sustainable production and consumption conducted through public-private partnership by the UNDP, JICA, JETRO, and others and in numerous BOP businesses conducted through now, it is both possible and preferable to balance environmental sustainability and human development. That is, when viewed from the perspective of sustainable community development a key topic is that of three-dimensional values that see economic development, profit, and the environment as important, or to put it another way, that add the Gaia concept to the concerns of sustainability and profit.

(2) The Gaia concept essential to the CSV of the future

BOP business should avoid the following three types of activities, even if unintentional³⁴.

First, it definitely must refrain from a haughty attitude of looking down on the local community from above.

Second, it is not possible to realize BOP business by employing an exploitative attitude of trying to make a quick profit in a less-developed country. While of course it is important to secure appropriate returns, it must do so through an ethical spirit on the part of company management, never becoming economically exploitative.

Third, judgments must not be based solely on the needs of the company

34 These were identified by Tomoyo Nonaka at the Japan Society for Business Ethics Study symposium “Global CSR and BOP Business,” held March 9, 2012.

providing aid and its own country's economy. At one time China's business of aid to developing countries was an example of such an approach, as it sent workers from the home country to work on building sites and factories abroad. Supporting the entire supply chain from sourcing through manufacture and sale in the local community can be expected to have economic benefits such as creating employment, increasing income, and encouraging consumption, and this would raise the standard of living as well.

In sum, sustainability is important both to local communities, which desire sustainable growth while protecting the local environment, and to aid organizations (including nonprofits), which are looking to support sustainable development. It also is essential that benefits are enjoyed both in the form of solving issues faced by local society and in the form of profits to supporting companies. One also must not forget the Gaia concept, including protecting the earth's environment and reducing greenhouse-gas emissions.

As one positive example, Tree of Life teaches techniques for manufacturing soap in Ghana, importing the finished product of shea butter soap for sale in the Japanese market. Based on the profits earned in Japan, it also contributes to environmental protection through planting shea trees in Ghana. It is achieving its goal of a business based on a spiral form consisting of planting trees and contributing to the environment and the community. This is a form of CSV through a virtuous circle consisting of the three main pillars of the local community, aid organizations, and Gaia. In this sense, the shea butter business in Ghana can be desired as one model case for CSV incorporating the Gaia concept.

5.3 CSV through the global "One Village One Product" (G1V1P) approach

(1) Cooperation between local communities and aid organizations through the "One Village One Product" approach

At the African Fair held in September 2006, the Ministry of Economy, Trade and Industry of Japan and JETRO gave out 40 bars of shea butter soap made by six persons in Ghana³⁵. The shea butter soap proved popular

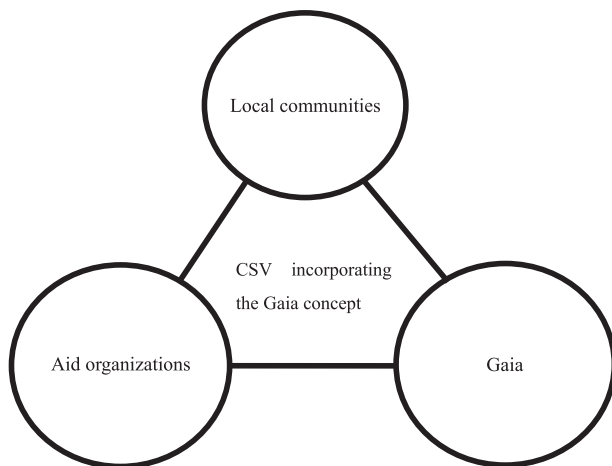


Fig. 4. CSV incorporating the Gaia concept
Prepared by the author

at the event, and even then-Prime Minister Koizumi showed an interest, visiting the booth and picking up a bar of the soap. Later, at the annual meeting of the World Economic Forum (Davos Forum) held in January 2008, former Prime Minister Fukuda introduced the shea butter soap project as a positive example of the Japanese government's aid activities. At the Forum, Fukuda noted the following:

“In Africa, since roughly 70% of the population lives in rural areas the improvement of agricultural productivity is ... critical. ... In rural villages in Ghana, Japan has provided assistance to improve shea butter production techniques, organize the local residents, and train people in the production of high-quality soaps. ... This year marks the halfway point for achieving (the MDGs), which are to be realized by 2015. From the perspective of ‘human security,’ I intend to focus on health, water, and education at the G8 Sum-

35 *Nikkan Kogyo Shimbum* (February 25, 2008 issue, “*Afurika to mukiau: seikatsu no ki gana no sekken*” [“Face to face with Africa: Tree of Life’s soap project in Ghana”])

mit.”

Thinking about Fukuda’s words, perhaps in the case of an agricultural state like Ghana I should change the triple bottom line of CSR from economics, environment, and society to agriculture, environment, and society, replacing economics with agriculture. The kind of support that the nation of Japan, or Japanese companies, can provide toward solving the social issue of the need to improve agricultural productivity is a very important subject in connection with the topic of BOP business. As I have seen, in many developing countries of Africa and Asia agriculture is central to the industrial structure, and there are likely to be some seeds there for future BOP businesses that would utilize the agricultural produce of each country.

(2) A proposal for a global “One Village One Product” (G1V1P) movement

Knowledge and expertise accumulated through the “One Village One Product” (1V1P) movement begun in Japan about 30 years ago can be used to grow these seeds of BOP business. This movement proposed in 1979 and then implemented by former Governor Morihiko Hiramatsu of Oita Prefecture is an attempt to support and expand sales of the leading products of local communities, by recommending local specialties and famous local products in the communities.

Later this movement expanded beyond Japan to other countries of Asia as well³⁶. I would like to refer to this movement as a “Global One Village One Product (G1V1P)” movement. Already in Thailand G1V1P activities have increased the gross national product (GNP) by 0.86% through products such as silk goods and handicrafts. In 2003 President Bingu wa Mutharika led the start of the movement in the Republic of Malawi in Africa, and those efforts have grown to serve as a leading model for Africa³⁷. Japan provides support for such activities as an attempt to increase the income of local residents and

36 Hereinafter, concerning the “One Village One Product” movement *Yomiuri Shimbum*, February 10, 2008 issue, “Afurika ni hirogaru nihonhatsu no undo” (“A movement originating in Japan spreads in Africa”), has been referred to.

assist in community development, through cooperating in the training of human resources, management assistance, sales promotion, and rural development. In 2008 a G1VIP shop opened in Malawi, where JICA staff and store manager Chikaoneka consider marketing strategies together. The shop stocks 25 products from 15 regions, including palm soap, jam, banana wine, and handicrafts, each of which expresses the essence of Africa. In January 2008 a “One Village One Product” seminar was held in Malawi with JICA’s support, featuring a lecture by former Governor Hiramatsu of Oita Prefecture.

I would like to propose as a future activity that the United Nations Development Programme (UNDP) and others take the lead on holding a G1VIP exhibition in which G1VIP products would be exhibited and sold, to expand the activity worldwide. Starting at the level of local production and local consumption of local specialties, the G1VIP movement can lead to industrial promotion through export of local products with added value. Furthermore, for some products such as coffee beans there are movements toward assistance through means such as fair-trade pricing, which can help contribute to raising the standard of living of local residents in addition to contributing to community development.

In Japan, the “One Village One Product” movement in support of developing countries is growing through setting up permanent shops displaying and selling products at Narita Airport, Kansai International Airport, and other locations. This helps both to encourage understanding of the G1VIP movement among travelers from overseas and to get them to think about how Japanese companies and the Japanese government participate in businesses to aid developing countries. It is hoped that this G1VIP movement will spread around the world.

37 *Ehime Shimibun* online <http://www.ehime-np.co.jp/reasai/africa_koken/ren301201003265338.html>

6 Conclusion and Future Prospects

As noted above, it is difficult for a company to realize CSV alone. Partnership with national governments and local communities is key, and the support of international society, such as JICA, DFID, and USAID, is essential. In many developing countries, business expertise is in short supply. People need support in areas including recognizing the potential of products using local attributes through securing manufacturing plants (or sites) and processes from production through distribution and sale. This is because with local expertise alone it would be difficult to recognize how to move forward, and there is an enormous number of difficulties that would need to be resolved. There is a need for the support and advice of international society and leading companies, while also taking into consideration subjects such as the state of progress on the MDGs. Cooperation with companies, nonprofits, and others also is important, as an organization to support local human networks.

Based on these considerations, there are two key issues that remain with regard to whether CSV initiatives will lead to assistance by aid countries.

The first issues concerns how to set up future organizations and activities toward further aid. As noted above, in a country with an abundance of structures in various areas such as human resources, funding, systems, and distribution, the advancement of the market economy can have a beneficial impact on politics and the economy both in local communities and society as a whole. However, this is not necessarily the case in a developing country. As pointed out by former UNDP head Kemal Dervis³⁸, there is a need to increase the choices available to the impoverished and to improve their intellectual and productive capacities, through supplying goods and services, opportunities to increase income, and decent work. For this purpose, empower-

38 UN Development Programme (2008), pp. i-ii. From the message from the head of the UNDP.

ing the private sector is essential. As a result, it would be possible for advances in the market economy to lead to invigoration of civil society. Also needed are the development and use of human capital through progress in education, health, skills, and other areas, including use of nonprofits, as well as the appearance of even more aid organizations and leaders to further advance material and monetary aid.

The second issue is the need for measurement and verification of quantitative cause-and-effect relationships on subjects including the impact of social performance from CSV activities on economic performance such as corporate sales and profits. This is necessary because I have through now discussed the necessity and importance of CSV from qualitative approaches.

These remaining issues are subjects for future examination and research.

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