



Corporate Social Responsibility: Focus of the project work of the Konrad Adenauer Foundation in Korea

The reach of responsibility of companies towards society has become an important issue in many countries and increasingly also in Korea. The ever-growing loss of acceptance and confidence which market economy has had to face in recent years has led many enterprises to commit themselves to Corporate Social Responsibility (CSR). The problem which arose from this development is a missing theoretical concept of CSR that is commonly accepted around the world and, at the same time, offers useful advice for practical implementation.

Companies fulfill a core function of a society: They organize the creation of value in such a way that many groups – consumers, employees, suppliers and investors – are brought together in order to improve their respective economic basis and potential. This contribution to value creation symbolizes the companies' responsibility towards society.

However, relations between these stakeholders are highly complex and can create lasting conflicts. Therefore, a system of rules can be helpful in order to prevent such problems from turning into dominating burdens for the business environment. Hence, active CSR engagement is productive for both society and companies.

The Konrad Adenauer Foundation (KAS) which started its project work in the Republic of Korea in 1978 made CSR one of its focus issues as early as 2006. Since then the foundation's local cooperation partners have been the Korean Standards Association (KSA, <http://www.ksa.or.kr/>) and the Korea Sustainability Investing Forum (KOSIF, <http://www.kosif.org/main/>).

Initially, KAS's objective was that CSR in Korea should become entrepreneurial normality rather than a seasonal extravagance or just a public relations tool. Annual project work included not only seminars, workshops and publications with leading German experts as resource persons on the subject but also the annual Korean Sustainability Award ceremony, organized by KSA, when Korean companies with best practice CSR models were publicly honored.

Topics dealt with during numerous events since 2006 were, e.g.,

Strategic CSR

While it has seemed over a long time that CSR would change companies views in the long-term perspective, Internet research revealed that most business publications labelled as CSR activities were, in fact, company public relations tools. However, strategic CSR aims at integrating a company's resources and social needs in its routine business procedures.

Role and Perspectives of CSR under the Park Geun-hye Administration

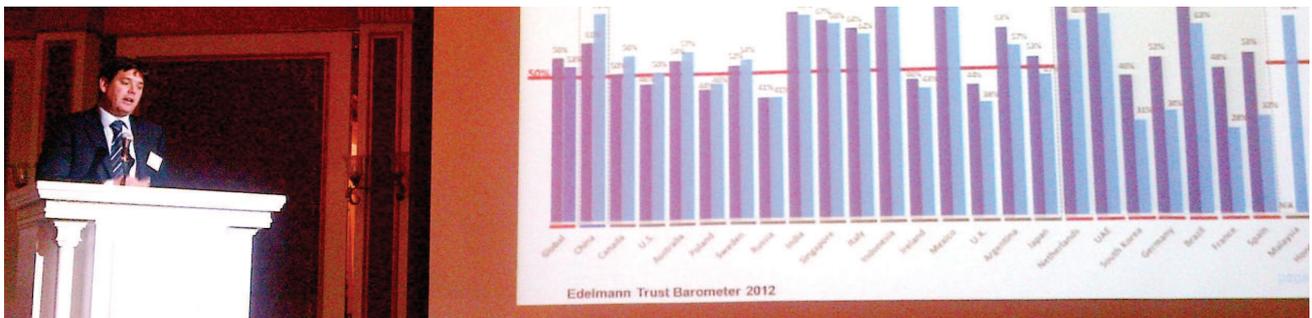
Analyses focused on the question how deeply CSR and economic democracy have really been rooted in Korean society and which developments could be expected in this area after the new administration took office in early 2013 after the previous government's failure to take appropriate action in order to support the introduction of ISO 26000 requirements in Korea.

How to facilitate Environment Social Governance (ESG) disclosure legislation and use of ESG information by the stakeholders

The main purpose of this topic was to sound out the possibility of ESG disclosure legislation as well as to check how to best use such ESG information and promote CSR practices in Korea. In order to make this event useful in the most effective sense, legislators of the National Assembly who are very much interested in this subject and willing to reflect the deliberations in their legislation were invited as speakers.

CSR in the aging society - why companies need to actively respond to low fertility

The birth rate in Korea is a very serious issue as the status quo is the lowest birth rate among the 34 members of Organization for Economic Cooperation and Development (OECD). Judging from a company's standpoint, the low fertility problem means that the domestic market is shrinking axiomatically; it will have a huge impact on the sustainability of enterprises in Korea. Furthermore, if domestic market size dwindles, global companies which can easily switch to markets abroad will suffer relatively less damage than domestic conglomerates or SMEs, while domestic companies will face the insolvency. In the middle and long term, the cause and resolution of the low fertility issue is directly related to the following issues of enterprises: youth unemployment, equality between men and women, reconciliation between family and work through raising female employment and guaranteed income. Therefore, the low fertility problem challenges the survival of all companies. Thus, efforts of companies to solve it can be described as Corporate Social Responsibility.



There have been lots of seminars and conferences on why and how companies should implement CSR which helped Korean businesses and other stakeholders to understand the implications of CSR better and to build their capability even to a limited extent. Many of the large companies are trying to communicate with their stakeholders by making public their ESG performance with a view to getting credited for their CSR effort as well as achieving long term profits and sustainability. A company's "Sustainability Report" is the most preferred way of communication with stakeholders including the investors. Therefore, the efforts of KAS and our partners in the more recent past have been directed to counter any sentiment in business circles that companies do not have to find any justification to publish such reports because such ESG information and CSR performances are not utilized by the investors in a proper way. In order to give both Korean and foreign experts interested in the Korean business environment an insight into CSR in this country, KAS Korea has published in 2014 an issue of its occasional papers on "Corporate Social Responsibility in Korea: State and Perspectives". It is available for download at <http://www.kas.de/korea/en/pages/13005/>.

Dr. Norbert Eschborn
Konrad-Adenauer-Stiftung e.V. (KAS)

Resident Representative to Korea