

Preface

One of the major roles of the Asia-Pacific Economic Cooperation (APEC) is to help prepare its member economies for their smooth transition into a liberalized economic environment. Over the last decade, the APEC region has witnessed an extremely fast pace of economic integration into a global economy. While these developments offer great opportunities for corporations to penetrate the global marketplace, new challenges have emerged which include the growing pressure for lower cost of production, efficient use of resources, and the requirement to follow international rules, practices and standards.

The APEC Human Resources Development Working Group (HRD-WG), through the Capacity Building Network (CBN), has been implementing a series of projects to address such emerging needs to prepare human resources, both in the business and public sectors, for a new environment. Recent projects have included *Executive Capacity Building on International Rules and Standard-Based Management*, and *Enhanced Risk Management System in the APEC Region*. The latter project focused on preparing management for untoward risk of failure to meet the expectations of corporate social responsibility (CSR).

Building on the lessons learned and based on the recommendations of the experts from the *Enhanced Risk Management* project, the project entitled, *New Corporate Procurement Strategy on Trade in Goods and Services in the APEC Region: Supply Chain Options with CSR Perspective*, was endorsed by HRD-CBN for implementation in 2006-2007.

The rationale of the project is to use the supply chain management concept in CSR implementation, cascading the effect of good management practices, involving multiple stakeholders, both large and small scale industries alike. Leveling of the different perception and understanding of CSR across the APEC member economies and industry sectors were also considered as key points for more effective approaches to CSR. Thus the project was envisioned to compile good practices of CSR in the supply chain in the form of cases, which could be used to enhance understanding of current issues and different approaches to addressing those issues within the region.

The project, therefore, consisted of the following components:

1. Development of Cases

To develop good practice cases to address those issues, so that international competitiveness of enterprises will develop, in line with emerging CSR practices.

2. Identification of Issues

To identify issues of the effect of global and integrated supply chain, which affect the business practices of different parts of the APEC region, particularly the issues related to multinationals and local parties involved.

3. Dissemination of Results

To disseminate the lessons learned from the collection of case studies, so that the materials and lessons can be cascaded to each APEC member.

The project started with a kick-off workshop held during the Asian Forum on Corporate Social Responsibility (AFCSR) in Manila in September 2006. AFCSR, which is the preeminent regional forum in Asia dedicated to CSR, included a special session for reporting on the results of the previous HRD-BMN project described earlier which focused on the current state of CSR in the APEC Region

During the kick-off workshop, the scope of the cases was decided, highlighting practical aspects of the introduction of CSR considerations and/or the strengthening of its practices in the context of international supply chains. In particular it was proposed that:

- The cases should focus on the integration of CSR into the management of supply chains.
- The purpose of the cases is to provide examples of good or innovative CSR practices in the context of supply chain management.
- While the primary focus of the study should be on the practical dimensions of managing CSR in the supply chain, the cases may also address broader stakeholder relations (e.g. government, NGOs, civil society in general) and the public policy environment of CSR in the economy.

Fourteen cases from eleven economies were written by the experts nominated from the HRD-CBN as well as from other APEC fora to contribute to the project. The cases were reviewed among the authors themselves as well as by other experts who were involved in various stages of the project.

An experts' workshop was organized in Tokyo on 15 May 2007 to review the draft cases and discuss issues of CSR in the supply chain. The results of the discussion as well as new perspectives were reflected in the draft cases.

The project also included a Symposium in Sendai, Japan on 16 May 2007, where over 130 people from business, government and academic sectors attended. Issues of globalization and CSR in the supply chain were shared with the audience. The interest in the topic was extremely high. Brief summaries of both the Tokyo workshop and Sendai symposium are in the Annex of this report.

At the final stage of the project, a follow-up workshop was conducted during the 2007 AFCSR in Ho Chi Minh City, Viet Nam, held in the final week of September. Based on the cases developed and further elaboration of issues by the participating experts at the workshop, the main lessons from the project activities were drawn and incorporated into the compendium paper.

As the Project Overseer, I take this opportunity to extend my sincere gratitude for the cooperation extended by the experts and their organizations to make this project a success. We are particularly grateful to the case authors, reviewers and editor for their considerable effort and patience in revising the cases to this final shape. We are also grateful to the resource speakers and experts at

the workshop and symposium for sharing their knowledge and wisdom. In the course of implementing the project, we were able to establish good working relations among the experts. The names of these experts and contributors to this project are listed in the Annex.

In closing, I would like to extend my special thanks to several individuals who worked so hard throughout the entire project. Dr Charles Barrett participated from the beginning to the end of the project, going through all the cases to provide extremely detailed and helpful suggestions to each author and preparing a thorough compendium paper. Also, I would like to acknowledge the continued support of the officers and staff of the APEC Secretariat. Last, but not least, I would like to express my deep appreciation to Ms INABA Etsu, Ms KAWANISHI Aki and all my IIST colleagues for their tireless efforts in managing and finalizing this project. Without all their contributions, the project would not have produced these fruitful results.

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