Business Sector Efforts and Challenges to Achieve the Sustainable Development Goals: A Case Study from Japan

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Abstract: To achieve the new global agenda—the Sustainable Development Goals (SDGs)—UN member states and all stakeholders in civil society have their own respective roles to play. The SDGs are to be implemented in the spirit of global partnership. The business sector is expected to contribute in various ways, such as by promoting sustainable consumption and production, decent work for all, and so on. This paper sheds light on two international initiatives aim to promote business engagement in implementation of the SDGs: the Business Call to Action (BCTA) and the United Nations Global Compact (UNGC). This paper asks how they can enhance contributions from the business sector to achieve the SDGs by 2030, and asks what kinds of additional functions are necessary. To answer these questions, this paper compares the current services of the BCTA and the UNGC with actual needs as revealed by a survey by the UNGC Network Japan (GCNJ) and interviews with Japanese companies. The paper concludes with key factors needed for the BCTA and the UNGC to help the business sector be effectively involved in implementation of the SDGs.

Keywords: business engagement, Sustainable Development Goals (SDGs), multi-stakeholder governance

INTRODUCTION

The Sustainable Development Goals (SDGs) were adopted in 2015 as a component of “Transforming our world: the 2030 Agenda for Sustainable Development.” The SDGs are critically important for sustainable development as they mark a “paradigm shift for people and planet” (UN 2014). They are expected to show the way for a transformation towards sustainability. As the SDGs are intended to be universal goals that affect all people, multi-stakeholder engagement is a critical element for sustainable development (Bäckstrand 2006; Biermann et al. 2007). The business sector in particular is expected to be a key driver for delivering the SDGs, as it can bring innovation, responsiveness, and efficiency, and provide specific skills and resources (Scheyvens et al. 2016).

The SDGs’ documentation clearly states the need for all stakeholders to collaborate to realise a transformation of society towards sustainability. Global partnership with all stakeholders in society is a basic principle of the SDGs, particularly for their implementation. Some targets of the SDGs require cooperation from the business sector. For example, Goal 12 (Ensure sustainable consumption and production patterns) cannot be achieved without cooperation from the private sector, including changes in “business-as-usual” business behaviour. Goal 12.6 specifically calls for companies “to adopt sustainable practices and to integrate sustainability information into their reporting cycle” (UN 2015). These examples indicate that multi-stakeholder governance is needed as a mechanism for sustainable development.

In fact, representatives of the business sector who were involved in the UN processes to develop the SDGs had expressed their opinions and proposals for what the SDGs should include. In the High Level Panel of Eminent Persons on the Post-2015 Agenda (HLP), initiated by the UN Secretary General in 2012, Paul Polman (CEO of Unilever) and Betty Maina (CEO of the Kenya Association of Manufacturers) joined in on the discussions on the SDGs. In the Open Working Group on Sustainable

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Development Goals (OWG), the Business Major Group (focal point: International Chambers of Commerce) participated in a series of meetings and contributed to the creation of the SDGs proposals. As seen in the designing phase of the SDGs at the international level, not only policymakers from UN member states but also the private sector worked together within the framework of multi-stakeholder governance. This trend should be continued in the implementation phase at the national level.

Despite these important precedents, few studies in literature have examined the role of institutional frameworks or governance that effectively promote the involvement of companies in SDG implementation. Rather, much of the existing literature focuses on analysis of the business sector in connection with the financial means for implementation. For instance, Sachs (2015) analyses the role of private financing and argues the need for establishing the necessary mechanisms requiring extensive investment by the private sector. Martin (2015) assesses the effectiveness and impacts of private financing for SDG implementation. Other research looks at the potential for the SDGs to guide “green competition” among businesses and stimulate environmentally friendly technologies that can contribute to sustainability (Hajer et al. 2015).

This paper sheds some light on two international initiatives to promote business engagement in SDG implementation. Both the Business Call to Action (BCTA) and the United Nations Global Compact (UNGC) provide frameworks for companies to engage in sustainable development. The UNGC calls for companies to agree with 10 principles that highlight the particular responsibilities of business, and the BCTA focuses especially on SDG implementation. This paper asks how the two initiatives can enhance business contributions to SDG implementation toward 2030, and what kinds of function are needed. To answer these questions, this paper compares the current services of the BCTA and the UNGC and actual needs as revealed by a survey conducted by the UNGC Network Japan (GCNJ) and interviews conducted with Japanese companies, and examines how closely their functions match with actual needs for addressing challenges companies are facing. Finally, some key factors needed for the BCTA and the UNGC to assist the business sector to be involved effectively in SDG implementation are mentioned in conclusion.

1. METHODS

To analyse international initiatives for promoting business engagement in SDG implementation, this paper asks about the importance of the BCTA and the UNGC, by evaluating whether these initiatives provide services that match the actual needs of companies. Furthermore, it identifies the key factors for encouraging businesses to be engaged in SDG implementation, by looking at barriers for companies to effectively implement the SDGs. The analysis is based on the GCNJ’s survey and interviews conducted with Japanese companies Kokusai Kogyo Co.1) and Daiichi-Sankyo Co.2) Both are members of the GCNJ but not of the BCTA, and already have clear visions for how to engage in the SDGs. Interviews with these companies provided some insights into the ways Japanese leading companies can implement the SDGs in their activities, as well as some challenges.

2. RESULTS

Figure 1 shows the main forums and networks that are expected to be utilised for business implementation of the SDGs, including the UNGC, the World Business Council for Sustainable Development (WBCSD), and the World Economic Forum (WEF). Meanwhile, the BCTA functions as the main implementation scheme in the business sector for the SDGs. Among these, the BCTA and the UNGC are the most prominent initiatives that aim to assist businesses in SDG implementation.

The BCTA was launched at the UN in 2008 and called for companies to promote inclusive business as well as to contribute to the achievement of the Millennium Development Goals (MDGs).3) As of January 2017, over 184 member companies around the world have initiatives to promote inclusive
business and the SDGs through their core business. To assist them, the BCtA provides a forum for spreading the world about their initiatives as good practices, offers guidelines as a reference to advance their initiatives, and shares relevant information about related global trends in inclusive business and sustainability.

The UNGC, initiated by then UN Secretary-General Kofi Annan in 2005, has a larger number of members, at over 8,000 companies and 4,000 non-business participants. The UNGC has been serving as a promoter of business for sustainability through 10 principles, involving human rights, labour, environment and anti-corruption. At the national level, 86 local networks promote the UNGC in countries or regions. In Japan, the GCNJ serves as a hub for networking among members through thematic working groups and as an information provider, by introducing guidelines and holding seminars to support members’ efforts to enhance their activities for sustainability.

Both the BCtA and the UNGC are voluntary initiatives whose members are already highly motivated to promote towards sustainability. Their challenges are to expand social awareness of the need for sustainability, as well as to engage with non-members, especially small and medium-sized enterprises, in order to achieve their missions towards global sustainability.

3. DISCUSSION

As discussed above, there appears to be some room for both the BCtA and the UNGC to consider more sufficient functions to encourage companies to engage in SDG implementation. The key question here is to identify what are the challenges for promoting business engagement in SDG implementation. This section outlines two challenges.

The first is dealing with the persistently low recognition of the SDGs in both the business sector and in society as a whole. According to a survey conducted by the GCNJ in 2015 about awareness of the SDGs, 114 GCNJ member companies responded that “people recognise the SDGs,” but 82 companies (about 72% of them) said “it is only staff in the corporate social responsibility (CSR) department who know about the SDGs,” and only 27 companies (about 24% of them) answered that “corporate executives also know the SDGs (Figure 2, n=134).

The survey pointed out that low public recognition of the SDGs is another challenge for companies who wish to engage in SDG implementation. If companies are uncertain about how citizens evaluate corporate efforts to contribute to the SDGs and how much their efforts enhance their corporate value, it may be difficult for companies to further augment their activities. In interviews, Kokusai Kogyo and Daiichi-Sankyo indicated that they face the same challenges.

The second challenge is dealing with a gap between the expected role of business, and companies’ approaches to the SDGs. A review of SDG-related documents and previous research turns up three key roles companies are called upon

Figure 1. Business Implementation Map for the SDGs

Figure 2. Awareness of the SDGs in the GCNJ members
to play in the shift towards sustainability. The primary role is to shift from “business-as-usual” to sustainable corporate behaviour. Among other things, Goal 12.6 calls on companies “to integrate sustainability information into their reporting cycle.” The second key role is as a provider of sustainability information into their reporting cycle. The next step for this research include more companies’ approaches to deal with the SDGs.

The business sector is expected to play various roles in SDG implementation, and many Japanese companies give the responsibility for the SDGs to personnel in the CSR division. A survey by the GCNJ in the previous paragraph, indicated that in most companies surveyed, only CSR personnel were aware of the SDGs, but Figure 3 also reveals that 61 companies attempt to reflect SDGs in their CSR targets, and 58 are working to raise awareness of SDGs within the company (n=134, spontaneous and multiple answers allowed). It is clear that a broader perspective on SDGs is best when the companies seek a way to engage, rather than focusing on them only in the context of CSR.

From the interviews, it appears Kokusai Kogyo has addressed these challenges. It specialises in geospatial information services, infrastructure, disaster and environmental management, and its core business involves public works projects, but the company does not differentiate between its core business and CSR.\(^1\)

Daiichi-Sankyo, which specialises in pharmaceuticals and healthcare, also utilises an integrated approach to include CSR in its core management strategy. Activities relating to the SDGs are generally conducted by the CSR division; however, a new collaborative structure has been established between CSR and management divisions to strengthen interlinkages between SDG activities and the company’s core business.\(^2\)

As seen in these two cases, the key for promoting companies’ further engagement in the SDGs is to construct a bridge between the core business and CSR activities. This integrated approach was already introduced in the “SDG Compass” (2015), jointly published by the Global Reporting Initiative (GRI), the UNGC, and the WBCSD.

It is clear that to achieve the SDGs by 2030, it will be important to further raise awareness and understanding of the SDGs. This appears to be a challenge for some companies to tackle alone, so the BCtA and the UNGC can play a valuable role in helping them overcome this challenge.

CONCLUSIONS

This paper sheds light on international initiatives for promoting business engagement in the implementation of the Sustainable Development Goals. The analysis through review of the surveys and interviews suggests that members of the BCtA and the UNGC are already well motivated to promote sustainable development, and that key issues now are to expand membership to include small and medium-sized enterprises, to promote a transition towards sustainability in markets of all sizes, and to enhance public awareness of the SDGs.

This paper also addresses two challenges for promoting business engagement in SDG implementation: (1) low awareness of the SDGs in companies and in society, and (2) a gap between what is expected as the role for business and companies’ approaches to deal with the SDGs. The
SDGs call upon the business sector to make active contributions in various fields. Companies need to recognise these expectations from society, and broaden their activities to include the SDGs not only in their CSR activities but also in their core business. Meanwhile, the BCtA and the UNGC, as promoters of SDG implementation, have an important role in identifying the challenges facing their members and providing assistance to address those challenges.

The next steps for this research include more interviews to identify differences in implementation approaches in different sectors. The year 2016 was the first year for implementation of the SDGs, so more companies can be expected to become involved over time, inspired by other companies’ activities or by public expectations. Further research can play a valuable role in tracking new trends for business engagement in sustainable development and implementation of the SDGs.

It may be a key to collaborate with other stakeholders for business to engage in SDG implementation effectively. As the UN called various stakeholders, not only business companies but also other civil society organisations and scientific community, for effective collaboration and building partnership for SDG implementation. In fact, the SDGs included various needs and ideas raised by continuous collaboration with stakeholder groups so called the Major Groups of the UN (Hayakawa, 2016). In Japan, the government organised the SDGs promotion roundtable and the stakeholder meetings with the members from business, non-governmental organisations, academia and others. Also, some activities for promoting stakeholders’ collaboration, such as OPEN 2030 PROJECT are already started. While social awareness of the SDGs is still low, these initiatives are expected to be promotors of SDG implementation. Multi-stakeholder collaboration would maximise impact of the activities in the multiple fields and contribute to enhance awareness and legitimacy of their efforts. They may work as more incentives for companies and generate virtuous cycles of SDG implementation in the whole society.

NOTES
1) Based on interview with Mr. Akira Doi, Executive Officer, Kokusai Kogyo Co., Ltd. Interview conducted on 18 December 2015, at headquarter, Kokusai Kogyo, Tokyo.
2) Based on interview with Mr. Shigemochi Dobashi, Senior Director, CSR Department and Ms. Asami Kokufuda, Associate Manager, CSR Department, Daiichi-Sankyo Co., Ltd. Interview conducted on 2 March 2016, at headquarter, Daiichi-Sankyo, Tokyo.
3) After the adoption of the SDGs in September 2015, the BCtA updates the MDGs to the SDGs in its purpose.
4) The UNGC principles were originally 9 when adopted in 1999, then, the principle 10 “anti-corruption” was added in 2004.
5) Mr. Toshio Arima, the Chairman of the board of the GCNJ, is a member of them.

REFERENCES


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