Fachgebiet: Kommunikationswissenschaft

JAPAN – LEADER IN CSR FOR THE 21ST CENTURY

Inaugural- Dissertation

zur Erlangung des Doktorgrades

der

Philosophischen Fakultät

der

Westfälischen Wilhelms-Universität

zu

Münster (Westf.)

vorgelegt von

Dominique Drausnick, MALS

Jakarta

2012

Tag der mündlichen Prüfung: 15. September 2008

Dekan der Philosophischen Fakultät: Prof. Dr. Christian Pietsch

Topic of Dissertation: Japan - Leader in CSR for the 21st century

Zusammenfassung

Corporate Social Responsibility (CSR), oftmals als ein anglo - amerikanisches Konzept angesehen, ist ein Kommunikationswerkzeug mit dem Unternehmen ihren Geschäftsinteressenten zusichern, dass sie verantwortlich innerhalb des Ihnen von der Gesellschaft gesetzten sozialen, politischen und rechtlichen Umfelds handeln. Dabei handelt es sich bei CSR nicht um eine neue Erfindung, sondern wird in seiner heutigen Begriffsbestimmung schon seit den siebziger Jahren zwischen Politik, Wirtschaft und Gesellschaft diskutiert.

Die hier vorgelegte Dissertation untersucht, ausgehend von den kulturellen und gesellschaftlichen Wurzeln, z.B. der Bedeutung des Konfuzianismus, die Stellung von CSR in japanischen Unternehmen. Wie die Analysen dabei zeigen sind die Ideen von CSR, gefördert durch die gesellschaftliche Bedeutung der Gemeinschaft im Gegensatz zu einer eher individualistisch zu bezeichnenden Sichtweise in der westlichen Kultur, schon seit langem in japanischen Unternehmen belegt, wenn gleich sie aufgrund großer Unterschiede in den Kommunikationsstilen zu den in den USA und Europa beheimateten Unternehmungen, nicht sofort offensichtlich sind und auch unterschiedlich bezeichnet werden. Bei Berücksichtigung dieser Unterschiede kann man heute sogar die Auffassung vertreten, dass Japan nach westlichem Standard eine Art Führungsrolle in CSR einnimmt.

Ausgehend von einem ersten kritischen Blick auf das Konzept von Corporate Social Responsibility durch Milton Friedman, der, vereinfacht ausgedrückt, die soziale Verantwortung der Unternehmung in erster Linie in der Verbesserung ihrer Gewinne sah, wird in Kapitel eins der Arbeit zu Beginn die Ausgangslage von CSR in Japan dargelegt und im Anschluss die Relevanz einer wissenschaftlichen Betrachtung abgeleitet, sowie eine Arbeitshypothese entwickelt. Der dritte Abschnitt im ersten Kapitel befasst sich mit den gebräuchlichen Definitionen von CSR und dessen Ausprägungen.

Das zweite Kapitel beinhaltet die je unterschiedlichen historischen Entwicklungen von CSR in Zentraleuropa, den Vereinigten Staaten und Japan. So wurde die Entwicklung von CSR in den USA zu einem bedeutenden Anteil durch die drei mächtigen Wirtschaftsführer Carnegie, Rockefeller und Ford beeinflusst. In Europa lassen sich als

Motor der Entwicklung zunächst religiöse Überlegungen erkennen, während in Japan die Umwälzungen und Begleiterscheinungen der Industrialisierung eine große Rolle spielten. Neben den kulturell - historisch bedingten Unterschieden wird in diesem Kapitel auch gesondert auf die erkennbaren theoretischen Ansätze von CSR eingegangen und die Motive und die international vereinbarten CSR Standards dargestellt.

Im dritten Abschnitt liegt der Focus auf den Kommunikationsarten in Japan und auf einem Einblick in die ethischen Grundsätze im Wirtschaftsleben in Japan. Die Art wie CSR den Interessensgruppen der Unternehmen gegenüber vertreten wird, unterscheidet Japan von z.B. den USA, so besonders erwähnenswert die hohe Bedeutung der nonverbalen Kommunikation in einem weit weniger offenen gesellschaftlichen Kontext. Im Anschluss führt der Autor die drei japanischen, global agierenden, Unternehmen, die er als Untersuchungsobjekte seiner Arbeit ausgewählt hat kurz ein und erläutert weshalb sie geeignet sind CSR in Japan zu verstehen.

Die CSR Ansätze von Mitsubishi, Toyota und Canon stehen im darauf folgenden Kapitel im Einzelnen im Vordergrund. Schwerpunktmäßig werden für jede Unternehmung das Engagement in CSR, die Formen und Ausprägungen wie CSR in den Gesellschaften gehandhabt wird, deren Wirkung auf nationaler und internationaler Ebene und das Verhältnis der Firmen zu Nichtregierungsorganisationen und offenen Interessentengruppen dargestellt.

Die Arbeit schließt mit einer Diskussion nicht gelöster CSR Gesichtspunkte und aktueller Gegebenheiten, welche auch zur weiteren Verbesserung im Bereich CSR aufgegriffen werden können. Diese finden sich zum Teil auch in den vom Autor vorgestellten möglichen Forschungsschwerpunkten. In der abschließenden Würdigung des CSR Konzepts wird deutlich gemacht, dass CSR nicht als Marketing Trick oder eine Taktik in der Öffentlichkeitsarbeit gesehen werden sollte, sondern als ein soziales Engagement von Unternehmen sich verantwortlich gegenüber dem gesamten Umfeld, in dem sie agieren, zu verhalten und somit CSR auch als ein immaterielles Wirtschaftsgut zur Ergebnisverbesserung zu nutzen.

CONTENTS

ABSTRACT

The diverse nature of Corporate Social Responsibility (CSR) makes it difficult to be clearly and specifically defined. It is a fact that how far one considers the scope of CSR to spread depends on region and time. The essence, however, of CSR activities is about the nature of management itself and business process. According to the European Commission, CSR integrates social and environmental concerns of business operations and in their interaction with their stakeholders on a voluntary basis. Furthermore, the International Labour Organization (ILO) perceives CSR to be incorporated and integrated into the business process.

The concept of CSR from a holistic viewpoint regards the relationship between business and society. In itself, CSR in a narrow sense can be defined as incorporating social fairness, ethics and considerations for environment, human rights and so forth, into the process of corporate activity and taking into account all stakeholders such as shareholders, employees, customers/consumers, environment and the community. In a broader sense, it also encompasses philanthropic activities and social businesses addressing social issues to create new comprehensive business.

My dissertation analyzes the development and perception of CSR in Japan. It can be said that CSR has always been present in Japanese businesses. The form and type of CSR practiced differ to that of present CSR activities, but nevertheless, their norms and ideas resemble to that of modern ethical and social responsible business practices. My thesis will outline differences in implementation and foci, problems related to cultural perceptions, as well as solutions to abridge these matters. The question of standardizing CSR practices to international regulations ought to be critically analyzed as they eliminate originality and creativity for the sake of homogeneity and bureaucracy.

CHAPTER ONE: INTRODUCTION

Corporate Social Responsibility (CSR) is not a new concept but has been an ongoing debate since the 1970s between government, corporations, and the society. Many business leaders and academics viewed the corporate social responsibility movement with concern. For them, this concern has mainly to do with the amount of government control or private economic decisions.

The most famous critic is Nobel laureate Milton Friedman, author of *Capitalism and Freedom*. Friedman's article on corporate social responsibility in the *New York Times Magazine* dated September 13, 1970, is the most controversial and widely cited in the past 30 years. He believes that the social responsibility of business is to increase its profits, businesses are simply groups of people and that only people have responsibilities. If a corporation makes a donation to a charity without the stakeholders' authorization, then it is the managers who are deciding where the money is spent. It would be better to return the money to shareholders as dividends or capital gains and let them decide which charities to support.[1]

In Friedman's view, the purpose of the corporation is clear: "There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." As a result, Milton Friedman's statement is often associated with the shareholder theory.[2]

On the contrary, R. Edward Freeman in his 1984 book *Strategic Management: A Stakeholder Approach* popularized the idea of stakeholder. The stakeholder theory holds that managers ought to serve the interests of all those who have a "stake" in (that is, affect or are affected by) the firm. Stakeholders include shareholders, employees, suppliers, customers, and the communities in which the firm operates—a collection that

---

[1] John Hood, "Ideas on Liberty," *The Freeman* 48 (November 1998); available from http://www.fee.org/publications/the-freeman/article.asp?aid=3702&print_view=true, accessed 4 September 2006.
[2] Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," *The New York Times Magazine,* 13 September 1970.

Freeman terms the "big five."[3] The very purpose of the firm, according to this view, is to serve and coordinate the interests of its various stakeholders. It is the moral obligation of the firm's managers to strike an appropriate balance among the big five interests in directing the activities of the firm.[4]

CSR is both critical and controversial. It is critical because the for-profit sector is the largest and most innovative part of any free society's economy driving social progress and influence. Companies interact with the societies in which they operate in mutually beneficial ways. Today, those interactions involve a far greater degree of complexity. Companies create most of the jobs, wealth, and innovations that enable the larger society to prosper. They are the primary delivery system for food, housing, medicines, medical care, and other necessities of life. Without modern day corporations, the jobs, taxes, donations, and other resources that support governments and nonprofits would dramatically decline, significantly affecting the wealth and well-being of society as a whole. Businesses are the engines of society that propel prosperity for the future.[5]

CSR is controversial as a means of protecting companies against potential risk. Just as companies keep an eye on which competitors are working on a cheaper or more attractive product, so they should try to keep tabs on which advocacy groups are planning campaigns that might damage their business.[6]

It is not enough for companies to persuade themselves that they have right on their side. They need to know enough about advocacy groups to know whether they are going to agree. Many managers object to this, even if they are reluctant to say so publicly: what right, they ask, do these unselected and unaccountable organizations have, to tell companies what they should be doing? The frustration is understandable but pointless.[7] It is the customers, equally unselected and unaccountable, who decide whether companies prosper or fail - and the customer trusts advocacy groups.

---

[3] Norman P. Barry, "Controversy: Do Corporations Have Any Responsibility Beyond Making a Profit?" *Journal of Markets & Morality* 3 (Spring 2000): 104.
[4] Alexei M. Marcoux, "Business Ethics Gone Wrong," Cato Policy Report 22 (May/June 2000), available from http://www.cato.org/pubs/policy_report/v22n3/cpr-22n3.html; Internet, accessed 4 September 2006.
[5] J. Kaler, "Evaluating Stakeholder Theory," *Journal of Business Ethics* 69 (2006): 254.
[6] Alan R. Freitag, "Staking Claim: Public Relations Leaders Needed to Shape CSR Policy," *Public Relations Quarterly* 52 (2007): 38.
[7] H. Gordon Fitch, "Achieving Corporate Social Responsibility," *Academy of Management Review* (January 1976): 42.

1. Background of the Problem

Corporate Social Responsibility (CSR) has become a major issue, especially after 9/11. Corporations are expected to actively participate in the well-being of the community in which they operate. In Japan, Corporate Social Responsibility is especially important as corporations face critical issues of corporate credibility. That credibility has been strained by four major factors: the end of lifetime employment, women entering the job market, corporate scandals affecting consumer confidence and the increased power and influence of NPOs and NGOs.

1.1. The End of Lifetime Employment

Since the rupture of the 'bubble economy' in the late 1980s, bankruptcies have increased relentlessly as a result of accumulated unpaid debt. The prolonged economic downturn has led to unprecedented job insecurity and the end of the era of the 'job-for-life salary man,' a system which most Japanese were proud of as well as reliant upon for decades. The unemployment rate reached 5.5% in October 2002, the highest in history.[8] Unemployment is a terribly difficult economic circumstance for any household. In Japan, household borrowing such as mortgage money has historically been granted on the assumption of life-long employment, and the loss of a job is simply not factored in. Also, unemployment carries tremendous cultural stigma in Japan; it has traditionally been seen as the result of one's laziness or inability.[9]

1.2. Women Entering the Job Market

Since 1986 when the Equal Employment Opportunity Law came into effect, the range of life choices has expanded for Japanese women. Companies finally began to grant women *Sogo-shoku* (comprehensive job) status, giving them the opportunity to be

---

[8] Kevin Lewis and Joost Vos, "Japan's Struggle for Recovery," *American Century*, (June 2002): 1-2, available from http://www.institutional.americancentury.com/institutional/pdf/in_japans_struggle.pdf; Internet, accessed 9 March 2004.

[9] Samuel Kidder, "Advocating U.S. Business Interest in Japan," *Japantoday*, 1 February 2008, available from http://www.japantoday.com/news/jp/e/tools/print.asp?content=executive&id=286; Internet, accessed 31 January 2008.

promoted to management positions, whereas they were previously limited to supportive role known as *Ippan-shoku* (general job) status.[10]

Later, legislation was introduced to support women's participation in the labor force, including the Child and Nursing Care Leave Laws and the Gender Equality Basic Law (which went into effect in April 1986). Thanks to these measures, the number of women who continue to work after marriage has increased.[11]

However, these legal protections have done little to advance the actual status of women in the workplace, and the speed with which they actually rise in companies is not in line with that of men. General public opinion still indicates that men have been favored in the workplace. The 2002 Cabinet *Office Opinion Survey on Gender Equality in Society* revealed that when granting workplace promotions, 59% felt men were given priority, 26% felt men and women were given equal priority, and only 3% felt that priority was given to women.

Moreover, many women still opt to leave their jobs after the birth of their first child. Colleagues do not appreciate the demands on women at home, causing difficulties in women's ability to take child or nursing care leave. Support for childcare in society and among companies is still poor; sufficient suitable nurseries are not provided.[12]

As a result, between 100,000 and 200,000 children have to wait for places in public nurseries nationwide. Alternatively, they are left in one of those 10,000 unauthorized nurseries (of these 3,000 are provided by employers in companies), that are used by 220,000 children. But safety concerns weigh heavily on parents' minds, as children in such facilities are more likely to meet with accidents. In June and July 2002, five children died in unauthorized nurseries.[13]

---

[10] Suvendrini Kakuchi, "Making It in Management," *ACC Journal* (August 2007): 32-36, available from http://www.acj.or.jp/document_library/Journal2006/August07.pdf; Internet, accessed 8 February 2008.

[11] Hiroyuki Takahashi, "Working Women in Japan: A Look at Historical Trends and Legal Reforms," *Japan Economic Institute Report* 42 (6 November 1998), available from http://www.jei.org/Archive/JEIR98/9842f.html#changing; Internet; accessed on 1 October 2003.

[12] Hiroya Nakakubo, "Should the Treatment of Regular and Part-Time Workers be Equalized? Discrepancies in Conditions and 'Focused' Legal Regulations," *Japan Labour Bulletin* 41 (1 October 2002): 6-7, available from http://www.jil.go.jp/bulletin/year/2002/vol41-10.pdf; Internet, accessed on 5 October 2003.

[13] Sachiko Hirao, "Bridging Support Gaps – NPO Champion Stresses Groundwork," *The Japan Times Online*, 31 December 2002, available from http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20021231b3.htm; Internet, accessed 18 December 2003.

1.3. Corporate Scandals

Japanese corporations have been tarnished by various scandals. One issue is corporate involvement with the underworld; the second pertains to corporate negligence in the area of product safety.

1.3.1. Sokaiya

The scandals linking executives of Japanese firms with *sokaiya* (corporate extortionists) revived public debate about Japan's approach to corporate governance. The speculative "bubble economy" of the late 1980s had raised questions regarding the adequacy of companies' systems of checks and balances and highlighted a deterioration of corporate ethics. In the early 1990s, the government and the business community attempted to crack down on executive malfeasance and mismanagement through new laws, strengthened internal oversight functions and reinvigorated corporate codes of conduct.[14] These reforms apparently were not very effective - or not implemented effectively - judging by the December 1997 guilty plea of a racketeer who admitted to extorting the equivalent of more than $100 million from the country's four largest brokerage houses and a major bank.[15]

1.3.2. Food Scandals

A range of food-related issues has recently been in the headlines in Japan, including genetically modified organisms, BSE (also known as 'mad cow disease') and chemical residues in foods. As a result, public confidence in food safety is declining at an alarming rate.[16] The food industry has been doubly damaged by a series of high-profile scandals and recession. In one such incident, milk contamination affected over 13,000

---

[14] Barbara Wanner, " Sokaiya Scandals, Economic Woes Spotlight Japanese Corporate Governance", *Japan Economic Institute Report* 3 (1998); available from http://www.jei.org/Archive/JEIR98/9803f.html; Internet; accessed on April 10, 2003.
[15] Sebastian Moffett, "The Nomura Nightmare," *Time Magazine*, 2 June 1997; available from http://www.time.com/time/magazine/1997/int/970602/asia.nomura.html; Internet; accessed on April 14, 2003.
[16] Mallen Baker, "Analysis 2002: A Year in Corporate Social Responsibility," *Ethical Corporation Magazine*, 16 December 2002, available from http://www.globalpolicy.org/reform/business/2002/year2002.htm; Internet, accessed 28 February 2004.

people (causing one death) in June 2000.[17] The incident generated public outrage and the subsequent resignation of executives and major scaling-down of the milk company's operation.[18] Anti-corruption and consumer protection laws have been instituted as a result.

1.4. Increasing Power and Influence of NPO/NGOs

The Kobe Earthquake in 1995 created ten trillion yen (2.5% of Japan's GDP at that time) in damage and 6,433 lives were lost.[19] The government proved to be highly inept in its relief efforts. However, the response by NPOs (Non Profit Organizations) and NGOs (Non Governmental Organizations) that normally engage in international activities) led the public to gain a new appreciation for the importance of NPO/NGO activities. As a result, 1995 is known by most Japanese as the "first year of volunteerism in Japan."[20]

Following the Kobe Earthquake, an opinion poll conducted in 1997 by the newspaper *Asahi Shimbun*, found that the largest response, 31 per cent of those surveyed, agreed with the statement that "NPOs and NGOs conduct activities that the nation and corporations are not able to," and agreed that "society is enlivened through citizen participation."[21] In contrast, only 3% agreed that "things can just be left up to the political system." The perceptions of Japanese citizens can be said to have evolved significantly.[22]

This heightened citizen awareness and appreciation for NPO/NGOs is having repercussions for Japanese corporations. Consumers are becoming better informed and more critical of corporate behaviour and its impact on the society.

---

[17] Anonymous, "Japan: Snow Brand Food Brought Down By Scandal," *Business Respect* 24, 23 February 2002, available from http://www.mallenbaker.net/csr/CSRfiles/page.php?Story_ID=323; Internet, accessed 5 February 2004.

[18] Anonymous, "Japan: Snow Brand Employees Get Suspended Jail Sentences," *Business Respect* 57, 27 May 2003, available from http://www.mallenbaker.net/csr/CSRfiles/page.php?Story_ID=954; Internet, accessed 5 February 2004.

[19] Yasuhide Okuyama, "Modelling Spatial Economic Impacts of An Earthquake: Input–Output Approaches," *Disaster Prevention & Management* 13 (2004): 298-299.

[20] Rajib Shaw and Katsuihchiro Goda, "From Disaster to Sustainable Civil Society: The Kobe Experience," *Disasters* 28 (2004): 20.

[21] Kichi Hasegawa, Chika Shinohara, and Jeffrey Broadbent," The Effects of Social Expectation on the Development of Civil Society in Japan," *Journal of Civil Society* 3 (September 2007): 184.

[22] The Japan Foundation Center for Global Partnership, *That's Bizarre! Comparison of Japan-U.S. Non-profit Sector* (Tokyo: CGP, 1999), 72.

1.5. Foreign Shareholding in Japanese Corporations

The decline of cross-shareholding due to the rupture of the so-called bubble economy in the 1990s, as well as new corporate governance regulation which promote more transparency, has attracted foreign investors to invest their capital in the *kereitsu*. *Kereitsu* is an enterprise group of Japanese corporations/network comprised of companies specialized in manufacturing, marketing, finance that operates at home and abroad in a closely harmonized manner. *Kereitsu* is considered to be the modern manifesto of the pre-1945 Zaibatsu.

What does this situation mean for Japanese corporations and stakeholders? Foreign shareholding generates a different constellation of stakeholders which in turn, results in Japanese companies conforming to existing international standards in order to generate capital for their operations.[23]

2. Statement of the Problem

Despite the challenges to corporate credibility discussed above, CSR does exist in Japan. In this dissertation, I will examine the implementation of CSR in Japan. Beginning with an examination of the communication styles, cultural values and especially the concept of *Kyosei*, I will attempt to define CSR as practiced in Japan. I will then explore how the various forms of CSR are implemented in Japan and what lessons there might be for the global community.

3. Preliminary Research Hypothesis

Corporate Social Responsibility does exist in Japan, but with a different focus. The types of CSR practiced in Japan differ to that of the Anglo-Saxon style due to the cultural heritage. Japan is a conforming nation which prides itself on homogeneity and solidarity. Throughout the years, Japan has been able to assume a leadership role in the field of sustainable technology.

---

[23] Sanford M. Jacoby, "Principles and Agents: CalPERS and corporate governance in Japan," *Principles and Agents* 15 (January 2007): 13.

4. Importance of the Study

One might ask why I would write a dissertation on CSR in Japan. As an Asian (Indonesian) educated in the West, I have a unique perspective on the Japanese approach to CSR. Through an analysis of both Japanese culture and CSR, I can provide both an understanding of CSR in Japan and recommendations to publicize those activities more effectively in the global community. Japan is an economic power and how Japan deals with "Western" concepts and transforms them, has repercussions for non-Western nations.

5. Definition of Terms

5.1. Corporate Social Responsibility (CSR) in General

There is no single, commonly accepted definition of the concept of corporate social responsibility (CSR) which contributes to the confusion about the issues and topics included within CSR.[24] Nevertheless, CSR can be defined as a concept whereby companies integrate social and environmental concerns in their daily business operations and in their interaction with their stakeholders on a voluntary basis.[25] The CSR concept is strongly linked with the 'Triple Bottom Line' approach, pioneered by John Elkington in 1997. The idea is that for an organization to be sustainable, it must be financially secure, minimize its negative environmental impact and act in conformity with societal expectations.[26] CSR can be understood as the business contribution to a sustainable development. In this context, social and environmental responsibilities are not separate but two sides of the same coin, i.e., the responsible business.[27]

---

[24] Marne-Arthaud Day, "Transnational Corporate Social Responsibility: A Tri-Dimensional Approach to International CSR Research," *Business Ethics Quarterly* 15 (2005): 9.
[25] *Corporate Social Responsibility – Chapter XX*, p. 251; available from http://www.un.org/esa/socdev/rwss/20%20Corporate%20social%20responsibilities.doc; Internet accessed on November 6, 2002.
[26] European Commission News Release: Memo 02/153, *Corporate Social Responsibility Main Issues*, available from http://www.cepaa.org/Documents/EU270602.htm; Internet, accessed on 15 August 2002..
[27] Felix Dresewski, Soziale Verantwortung von Unternehmen bewerten. Ausgewählte Informationsquellen zu Richtlinien, Standards, Bewertungsinstrumenten, Berichterstattung und Ethischem Investment, *Soziale Verantwortung und Wirtschaftlicher Nutzen: Konzepte und Instrumente zur Kommunikation und Bewertung von Corporate Citizenship und Corporate Social Responsibility*, (Hamburg: Bundesinitiative Unternehmen & Partner der Jugend (UPJ) beim Verband Kinder- und Jugendarbeit Hamburg e.V., 2002), 62.

Generally the first interest of any enterprise is its economic survival, simply because the economic sustainability of an enterprise is the first precondition for pursuing any CSR activities. A traditional business view has assumed that the main contribution of enterprise to society is made through the provision of employment and the creation of wealth. Any business involvement in social activities will have a trade-off effect against profitable activity. Additionally, this traditional perspective suggests that enterprises are in conflict with the good of society, so without external compulsory measures (i.e. regulation), enterprises will always be looking to shift to others the costs of the damage they cause and will always fail to accept a share of costs of social problems.[28]

This 'traditional' perspective is being surpassed by a growing theoretical and political debate that establishes a positive relationship between social responsibility and the enterprises' economic performance and protection of its long-term interests. As some authors suggest, social responsibility makes economic as well as social and ethical sense.[29]

5.1.1. Experts' Definition of CSR

Despite the disagreement concerning a common definition of CSR, numerous experts and international institutions have presented several acceptable alternative definitions, which are as follows:

- Philip Kotler and Nancy Lee in their book *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause* (2005) stated the following definition: "Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources."[30]

- The World Business Council on Sustainable Development defines CSR as: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the

[28] Jens Bergman, "Gute Firma = guter Bürger," *Brand Eins*, 10 December 2004, 74-75.
[29] Thomas J. Zenisek, "Corporate Social Responsibility: A Conceptualization Based on Organizational Literature," *Academy of Management Review* 4 (April 1979): 360-361.
[30] Philip Kotler and Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause* (Hoboken: John Wiley & Sons, 2005), 3.

quality of life of the workforce and their families as well as of the local community and society at large."[31]

- CSR Asia, a pan-Asian organization which promotes CSR initiatives, provides the following definition:" CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders."[32]

- International Finance Corporation, a member of the World Bank Group, defines CSR as: "Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development."[33]

- The European Commission defines CSR as: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."[34]

- Business for Social Responsibility, a leading non-profit business association specializing in providing businesses with sustainable and socially responsible business solutions and has its headquarters in San Francisco, states CSR as: "business-decision making linked to ethical values, compliance with legal requirements, and respect people and the environment."[35]

- *Keizai Doyukai* (The Japan Association of Corporate Executives) defines CSR as: "an active approach through which more competitive businesses and better

---

[31] World Business Council for Sustainable Development, *Corporate Social Responsibility: Making Good Business Sense* (Geneva: World Business Council for Sustainable Development, January 2000), 6, available from http://www.wbcsd.org/DocRoot/IunSPdIKvmYH5HjbN4XC/csr2000.pdf; Internet, accessed 29 October 2007.
[32] CSR Asia, Definition, available from http://www.csr-asia.com/index.php?linksid=1; Internet, accessed 29 October 2007.
[33] International Finance Corporation, Corporate Social Responsibility, available from http://www.ifc.org/ifcext/economics.nsf/Content/CSR-IntroPage; Internet, accessed 29 October 2007.
[34] European Commission, Enterprise and Industry, available from http://ec.europa.eu/enterprise/csr/campaign/index_en.htm; Internet, accessed 29 October 2007.
[35] Business for Social Responsibility, Working with Business to Build A More Just and Sustainable World, available from http://www.bsr.org/about/index.cfm; Internet, accessed 9 February 2008.

societies can be built as a mechanism for synergistic development between companies and the society."[36]

5.1.2. Author's Working Definition of CSR

In order to avoid any confusion and uncertainty, I have defined Corporate Social Responsibility, as follows: Corporate Social Responsibility is behaving ethically and responsibly towards all stakeholders (within and outside the corporation). 'Ethically or responsibly' means treating key stakeholders in a manner deemed acceptable in civilised societies. Social responsibility includes economic and environmental responsibility, and its wider aim is to create higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation.

5.2. Forms of CSR

Corporate Social Responsibility is often expressed in different forms depending on the corporate philosophy and culture. Following are the most common forms of CSR:

- *Cause-Related Marketing* can be defined as a strategic positioning and marketing tool which links a company or brand to a relevant social cause or issue for mutual benefit. The term is sometimes used more broadly and generally referred to any type of marketing effort for social and other charitable causes, including in-house marketing efforts by non-profit organizations. Cause-related marketing differs from corporate giving (or corporate philanthropy) as the latter generally involves a specific donation that is tax deductible, while cause marketing is a marketing relationship generally based not on a donation. An example of cause related marketing is the S.Oliver online shop cause-related marketing campaign. For each item sold online from January 16-January 22, 2010 €1 will be donated to earthquake victim in Haiti.[37] This offer does not include returned goods.

---

[36] Keizai Doyukai, Corporate Social Responsibility (CSR) in Japan: Current Status and Future Challenges 2003 – Selected Summary (Unofficial Translation) January 2004, p. 3, available from http://www.doyukai.or.jp/en/policyproposals/articles/pdf/040116.pdf; Internet, accessed 9 February 2008.
[37] Yvonne Georgi and Sandra Nolte, "S.Oliver und David Garrett Spenden für die Erdbebenopfer von Haiti," 15 January 2010, available from http://www.soliver.de/en/media/download/id/28102/file; Internet, accessed 13 February 2010.

- *Corporate Philanthropy* or *Corporate Giving* is the act of corporations donating some of their profits, or their resources to non profit organizations. Corporate giving is often handled by the company directly, or it may be conducted through a corporate foundation. Corporations mostly donate cash, but they also donate the use of their facilities, property, services or advertising support. They may also establish employee volunteer groups that then donate their time. [38] A good example for corporate philanthropy is Microsoft Foundation with its USD$34 billion asset and its various activities[39].

- *Corporate Governance* is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, management and the board of directors. Other stakeholders include employees, customers, creditors, suppliers, regulators and the community at large.

  Corporate governance is a multi-faceted subject. An important theme of corporate governance is to ensure the accountability of certain individuals in an organization through mechanism which tries to reduce or eliminate the principle-agent problem. A related but separate thread of discussions focus on the impact of a corporate governance system in economic efficiency, with a strong emphasis on shareholder's welfare. There are yet other aspects to corporate governance subject such as the stakeholder view and the governance models around the world.

  There has been renewed interest in the corporate governance practices of modern corporations since 2001, particularly due to the high profile collapses of a number of large U.S. corporations such as Enron Corporation, WorldCom, Lehmann Brothers, etc. In 2002, the U.S. federal government passed the Sarbanes-Oxley Act, intending to restore public confidence in corporate governance.

---

[38] Dr. Nick Li Hi, Corporate Philanthropy, available from http://wirtschaftslexikon.gabler.de/Definition/corporate-philanthropy.html, 12 February 2010.
[39] Jay Greene, "Philanthropy the Microsoft Way," *BusinessWeek*, 4 December 2009, available from http://www.businessweek.com/magazine/content/09_50/b4159054696253.htm; Internet, accessed 15 February 2010.

- *Corporate Sustainability* can be perceived as a new and evolving corporate management paradigm. The term 'paradigm' is used deliberately, in that corporate sustainability is an alternative to the traditional growth and profit-maximization model. While corporate sustainability recognizes that the corporate growth and profitability are essential, it also requires the corporation to pursue societal goals, specifically those relating to sustainable development – environmental protection, social justice and equity, and economic development refers to business operations which can be performed over a long term without degrading or sacrificing the ecological environment.

- *Social Marketing* is the systematic application, along with other concepts and techniques, to achieve specific attitudinal goals for social goods. Social marketing can be applied to promote merit goods, or to make a society avoid demerit goods and thus to promote society's well being as a whole. For instance, this may include asking people not to smoke in public areas, asking them to use seat belts, or prompting them follow speed limits.

  Although social marketing is sometimes seen only as using standard commercial marketing practices to achieve non-commercial goals, this is an over-simplification. The primary aim of social marketing is 'social good,' while in 'commercial marketing' the aim is primarily 'financial.' This does not mean that commercial marketers cannot contribute to achievement of social good. Increasingly, a social marketing is being described as having 'two parents' – a 'social parent' deriving from social sciences and social policy, and a 'marketing parent' deriving from commercial and public sector marketing approaches. Beginning in the 1970s, it has in the last decade matured into a much more integrative and inclusive discipline that draws on the full range of social sciences and social policy approaches as well as marketing.

  Social marketing must not be confused with Social Media Marketing. Social media interacts consumers and brands through blogs and social networks, such as Facebook and Twitter, etc. Social media marketing utilizes these interactive social platforms in order to create brand awareness as well as, to improve customer relations. Word of mouth plays an essential role in that users rely on an independent person to generate an honest assessment. Therefore, social media marketing is considered to be an earned media coverage rather than a paid media coverage. The difference between Cause-Related Marketing and Social Marketing lies primarily in the objective or purpose for implementation. Cause-Related Marketing is where for-profit corporations team up with non-profit corporations and create a win-win for both to build business and raise money and awareness. Social marketing can use social media as tactic. Social media and social marketing refer to two very different things. While social marketing and cause marketing are similar and both raise awareness, the former is about changing behaviour, the latter is about partnering to raise money for the cause and the corporate partner. An example for social marketing is the ADAC Safe to School with High Visibility Vest for Pre School Children which is to take place in Fall 2010. The German Automotive Club (*ADAC*), *Deutsche Post*, manufacturers of high visibility clothing, and *Bild Zeitung* are cooperating in this project. These high visibility vests are given free of charge to first graders nation wide and is part of the *Gelbe Engel* campaign.

- *Socially Responsible Investment* (*SRI*) or *Socially-Conscious Investment* or *Ethical Investment* is an investment strategy which seeks to maximize both financial return and social good. In general socially responsible investors favour corporate practices that promote environmental stewardship, consumer protection, human rights, and diversity. Some (but not all) avoid businesses involved in alcohol, tobacco, gambling, weapons, the military, and/or abortion. The areas of concern recognized by the SRI industry can be summarized as environment, social justice, and corporate governance.

5.3. Communication

Communication comes from the Latin word *communicare* which translates to doing and sharing things together. In most cases, communication is defined as the process by which information is transmitted and understood between two or more people. The communicational aspects of an organization have become increasingly important in that the emphasis of communication ought to be adjusted to the needs of the target audiences

5.3.1. Characteristics of Communication

According to Prof. Dr. Merten, communication has five characteristics which often possess difficulties in generating an adequate definition. The five characteristics are as follow:

1. *Profanity*. Communications can be performed by every one without much expertise as it is very much considered to be a daily routine.

2. *Universality*. Communication affects every segment of human life. For social scientists, this situation poses a problem due to the wide range of determinants which are enormous and unlimited. This situation is somewhat similar to that of CSR: there is no universally and commonly accepted definition of communications.[40]

3. *Superficial*. Communication science is neither human nor social. It is also not biological, natural, technical, applied, or pure science: It is a transversal discipline, crossing them all. It addresses creative processes along the whole extent of the knowledge scale—from logic (pure form) to history (pure content). It is both psychological and social. It accounts for universal and necessary as well as particular and contingent knowledge. If re-conceptualized around the assessment of the validity of formal and informal claims in popular and scientific knowledge through argumentation, communication science could become an important and useful tool. Such a tool would facilitate the understanding of the role of communication in solving serious human problems and ways to addressed them.[41]

4. *Relationship*. The communications process itself is dependent on multiple elements, which at various stages undergo several alterations in their meanings and functionalities. For instance, if I pick a book dated back to the early 1900s, where does the process of communications actually commences? Does the communications process starts when the author writes his or her first line, or is it during the printing of the book, or is it while reading the book?

---

[40] Robert Bostrom, "Theories, Data and Communication," *Communication Monographs* 70 (December 2003): 281.
[41] Milton N. Campos, "Ecology of Meanings: A Critical Constructivist Communication Model," *Communication Theory* 17 (2007): 404.

5. *Heterogeneity.* Communications manifest itself in numerous forms of expression and symbols. Human beings communicate via different channels, whether mechanically (e.g. telephone, Internet, etc.), life matters (e.g. pets, facial expressions and body language) at which the receiver do not necessarily respond verbally). Within the last years, the term "communications" has generated a total of 160 definitions, all of which are geared towards different situations and responses.[42]

Nevertheless, we need to insert another characteristic to that of the five mentioned above by Dr. Merten, which is self-determinant. When we communicate we stimulate and create a process of communication with the intention of getting our message across to the receiver. In other words, we are actually aware of our action and intention when we engage in a process of communication.[43] Compare this situation to that of a biologist when analyzing an organism and providing a report on his or her research results. The biologist functions as an "unaffected" third party in that she or he reports the results and observations. Although this idea can be contested in that the biologist when disseminating his or her information conveys his or her ideas along with his or her observations and is therefore, considered to be "attached" or "affected" by the situation.

We communicate our feelings, thoughts or messages through this medium with the goal that the receiver responds by performing the desired action. As a result, we can conclude that communication is an interactive process which involved at least two parties, namely sender and receiver, whereby the form of communication may also be non-verbal. Dr. Merten states eloquently towards the end that communication is considers effective when ideas or useful solutions are generated from this process.

At last but not least, we can use Dr. Merten's definition of communications which is "the smallest social system which is timely, socially, and factual reflexive in which through interaction with recipients enables the differentiation in dealing with numerous social structures."[44]

---

[42] Klaus Beck, *Kommunikationswissenschaft* (Konstanz: UVK Verlagschaft, 2007), 15-16.
[43] Cliff McGoon,"Still Searching for Excellence," *Communication World*, October 1989, available from http://findarticles.com/p/articles/mi_m4422/is_n10_v6/ai_7754502/print; Internet, accessed 21 September 2006.
[44] Klaus Merten, *Einführung in die Kommunikationswissenschaft Band 1/1: Grundlagen der Kommunikationswissenschaft* (Münster: LITVerlag, 1999), 108-109.

5.3.2. Types of Communication Practiced by Companies

Most companies in managing their communications policies strategically divide their actions into two different channels, namely internal and external communications.

1. *Internal Communication*. Internal communication assists companies in building and maintaining improved relationships with their employees. This in return, enables employees to identify themselves with organizations' vision, values and cultures. Furthermore, internal communication when implemented efficiently can be crucial in a time of crisis, providing employees with not only strategies to handle a crisis, but facts surrounding such an event.[45] By maintaining open lines of communication between management and employees, effective internal communication can promote stronger relations throughout all levels of the organization, forge a sense of community and, foster loyalty.[46]

2. *External Communication.* The definition of external communication is often interchangeable with that of stakeholder dialogue, public affairs/public relations, or even community relations. External communication functions as the so-called corporate gate keeper and the traditional representative role as well as one of political/community coalition building.[47]

   Due to the variety of stakeholders, corporations are forced to customize their communication needs to the needs of their audiences. This action involves translating brochures and newsletters as well as corporate websites to local languages.[48]

5.4. Public Relations (PR)

---

[45] Hanna K. Kalla, "Integrated Internal Communications: A Multidisciplinary Perspective," *Corporate Communications: An International Journal* 10 (2005): 306.
[46] Austrian Standards Institute, *Corporate Social Responsibility. Handlungsanleitung zur Umsetzung von gesellschaftlicher Verantwortung in unternehmen „CSR Leitfaden*" (Vienna: ON Österreiches Normungsinstitut, 2004), 41-42.
[47] J. David Johnson and Hui-Jung Chang, "Internal and External Communication, Boundary Spanning, and Innovation Adoption: An Over-Time Comparison of Three Explanations of Internal and External Innovation Communication in a New Organizational Form," *Journal of Business Communication* 37 (2000): 253.
[48] Fang Wu and Yi-Kuan Lee, "Determinants of E-Communication Adoption: The Internal Push Versus External Pull Factors," *Marketing Theory* 5 (2005): 26.

Grunig and Hunt define public relations as: “the management of communication between an organization and its public. Communication is a behavior of individuals, groups, or organization.”[49] Günter Bentele defines PR similarly to Grunig & Hunt except that he extends the definition to include both internal and external environments. The job of a public relations practitioner is to inform, persuade, and to enhance and maintain corporate reputation, as well as, to establish continual trust between the corporation and its stakeholders.[50]

Professional organizations, such as the Public Relations Society of America (PRSA) defines PR as a mechanism which helps the complex, pluralistic society to reach decisions and function more effectively by contributing to groups and institutions. It serves to bring private and public policies into harmony.[51]

The *Deutsche Public Relations Gesellschaft* or DPRG (a German chapter of the International Public Relations Association) defines PR as having the function of communicating the company’s standpoint as well as orientating the political and social outlook of individuals and organizations. The goal of PR activity should be building and maintaining corporate standpoint by implementing responsible measures and adhering to agreed upon codices.[52]

5.5. CSR Communication

The fundamental idea embedded in CSR is that corporations have an obligation to work for social betterment. The same view is shared by the World Business Council for Sustainable Development, which perceives CSR management to mean acting responsibly with other stakeholders and ethically towards society.

Several communication experts have applied this conceptual framework to CSR communication by emphasizing that CSR communication aims to provide information which legitimizes an organization’s behaviour by trying to influence stakeholder’s and

---

[49] James Grunig and Todd Hunt, *Managing Public Relations* (New York: CBS College Publishing, 1984), 6.
[50] Leipziger Public Relations Studenten E.V., PR-Definitionen, available from http://pr-definitionen.de/wissen/pr-definitionen, Internet, accessed 13 January 2008.
[51] Public Relations Society of America, Official Statement on Public Relations, available from http://www.prsa.org/aboutUs/officialStatement.html; Internet, accessed 13 January 2008.
[52] Deutsche Public Relations Gesellschaft, Berufsbild, available from http://www.dprg.de/statische/itemshowone.php4?id=39; Internet, accessed 13 January 2008.

society's image of the company. Based on the concept, one can conclude that CSR communication contributes to a company's corporate social disclosure, which is dissemination of information to advocate and enhance a corporate image in order to promote customer and community relations and indirectly promote products to customers.[53]

To attain this objective, transparency is essential. Nevertheless, transparency in the field of CSR is a difficult matter. In fact, data in this area cannot easily be verified. Additionally, communicating CSR means communicating not only about a company's behaviour through codes or standards of conduct, but also about extended long-term projects whose potential outcome are problematic to assess.

5.5.1. Key Elements for Effective Communications

The intrinsic problems encountered in achieving transparent CSR communication can be solved by devising an appropriate definition of the communication objectives and channels as well as comprehending the communication context. The following paragraphs outline the phases for constructing an effective CSR communication strategy or plan.

- *CSR Communication Objectives*. Objectives must be defined according to present situation and stakeholder expectations. The issues covered by CSR communication are broad and include mission, vision and values, workplace climate, social dialogue, human rights, community involvement, development of local economy, environment market relations, and ethics. Recent literature focuses on the importance of defining clear communication objectives for each stakeholder. Particular attention is paid to three particular types of stakeholders: clients, employees, and shareholders. The term shareholder refers to the owners of the company, stressing the financial objectives, the bottom line of a company performance within a particular time frame. The term stakeholders signify a wider perspective in terms of meeting expectations and the time frame to do so. A traditional and brief list of stakeholders, besides the shareholders, could be consumers, workers, investors, suppliers, distributors, media, general society,

[53] Ilan Alon and others, " Usage of Public Corporate Communications of Social Responsibility In Brazil, Russia, India and China (BRIC)," *International Journal of Emerging Markets* 5 (2010): 18.

and NGOs. These stakeholders' demands and expectations may imply conflicting needs and interests. Companies that strive to satisfy the needs of the different groups of stakeholders will face a cumbersome challenge. One way of addressing this issue is to cluster stakeholders in accordance to similar interests in order to accommodate to each group's interests.[54]

The three types of objectives characterized CSR communication addressed to clients are: reputation, product differentiation, and customer loyalty. Social and environmental responsibility is one of the dimensions of the Reputation Quotient developed by Fombrun et al. and other communication experts assert that consumers consider socially responsible firms to have a good reputation. Thus, improving reputation through CSR is an important objective since a good reputation influences customer satisfaction.[55] For instance, products are considered more reliable and of a higher quality. CSR communication supports the ability to market a product, allowing for better differentiation and premium prices. Thus, product differentiation is an important objective addressing clients. Finally, companies use CSR communication to enhance customer loyalty. Socially responsible organizations attract more customer loyalty because such organizations relate to clients with greater respect, monitor client satisfaction by providing timely responses to their claims, and have high standards of security as well as transparent communication about their products.[56]

Meanwhile, companies promote CSR communication among employees mainly through internal communication. The first goal is to create publicity and a solid reputation through word-of-mouth. The MORI study in 2000 (a study conducted by CSR Europe) revealed that employees represent a powerful channel through which to convey positive messages about the company; 85 % of employees are more likely to initiate spontaneous word-of-mouth promotion when they are involved in the CSR initiatives of the company, while 65 % are more likely to do

[54] Cecilia Mark-Herbert and Carolina von Schantz, "Communicating Corporate Social Responsibilty-Brand Management," *Electronic Journal of Business Ethics and Organization Studies* 12 (2007): 6.
[55] Stewart Lewis, "Reputation and Corporate Social Responsibility," *Journal of Communication Management* 7 (2003): 357.
[56] Russell Lacey, Angeline Close, and R. Finney, "The Pivotal Role of Product Knowledge and Corporate Social Responsibility in Event of Sponsorships Effectiveness," *Journal of Business Research* 11 (2009):5

so when they are informed about such corporate initiatives.[57] The second objective of CSR communication with regard to employees is to increase employees' satisfaction and commitment. Indeed, employees working in an ethical and socially responsible company are committed to the company. This objective is linked to the first one since higher satisfaction and commitment resulting from CSR engenders publicity through word-of-mouth. The third objective with regard to employees is the ability of CSR communication to enhance the appeal of the company as a future employer. Potential employees are more attracted by employers with ethical integrity and socially responsible behaviour. Finally, CSR communication can reduce employee turnover. When employees perceive their organization to be socially responsible, they are less likely to leave since they believe they have similar values to those of the organization for which they work.[58]

CSR communication objectives involving shareholders support the overall financial communication objectives, for instance, achieving and maintaining share price, and increasing the volume of share trading. The first objective aims at increasing the awareness that the company represents an actual opportunity for investing in a socially responsible way. Investors make decisions by analyzing the corporate conduct in terms of responding to multiple stakeholder expectations. Socially Responsible Investment (SRI) has grown substantially in the last years, persuading companies to present themselves as socially responsible. The second communication objective with regard to shareholders is communicating the tangible advantages of the company's CSR strategy. It is believed that socially responsible companies produce more profit than non-socially responsible corporations and depict less volatility in their earnings due to the reduced activist action.[59]

- *Channels of CSR Communication.* According to CSR Europe, companies use a wide range of channels for CSR communication, including social reports,

---

[57] J. Dawkins and S. Lewis, "CSR in Stakeholder Expectations and Their Implication for Company Strategy," *Journal of Business Ethics* 44 (2003): 185-193.
[58] John Meyer and Brian Rowan, "Institutionalized Organizations: Formal Structure As Myth and Ceremony," *The American Journal of Sociology* 83 (September 1977): 350.
[59] Merita Mettila, "Corporate Social Responsibility and Image in Organizations: For the Insiders Or the Outsiders?" *Social Responsibility Journal* 5(2009): 541.

thematic reports, codes of conducts, web sites, stakeholder consultations, internal channels, prizes and events, cause-related marketing, product packaging, interventions in the press and on TV, and points of sale. Nevertheless, three channels in particular, social reports, web sites, and advertising, seem to play the prominent role.

Social reports are the main channel for communicating the social and environmental effect of organizations' economic actions to particular interest groups within society and to society at large. In the past (especially during the 1990s) Western European companies published social reports which functioned more as marketing and publicity utensil as opposed to factual publication. Stakeholders were dissatisfied with this type of channel since companies were often accused of writing arbitrary reports not based on quantifiable data. In response to this situation, companies have increasingly relied on international reporting standards and third-party certification for their social reports.[60]

Although reporting on social actions is voluntary, some European governments are implementing mandatory laws on reporting (e.g. France and Spain) while in other countries the adoption of international reporting standards is growing fast, even though no mandatory regulations exist in the EU at the moment. Three categories of standards exist. The first provides guidelines on the structure and contents of social reports; one example is the Global Reporting Initiative (GRI), which is being adopted by an increasing number of companies. The second category comprises the certification standards that address specific social issues, such as SA8000, which deals with environmental management issues. Finally, the auditing and stakeholder involvement standards represent the third pillar of the CSR standards system; AA1000 has grown increasingly popular as the reference framework in this field as it provides guidelines on how to engage stakeholders effectively in CSR management processes. This assurance standard is of particular importance when it comes to corporate credibility. In fact, it is

[60] Mette Morsing, "Corporate Social Responsibility as Strategic Auto-Communication: On the Role of External Stakeholders for Member Identification," *Business Ethics: A European Review* 15 (April 2006): 175.

largely acknowledged that social reports without actual stakeholders' involvement fail to meet the expectations of transparency and accountability.[61]

A social report that is not regulated by standards or external guidelines risks becoming merely a marketing device and not meeting the requirements of stakeholders such as investors, lobbyists, and NGOs. The best way to convince stakeholders that a company is as good as its corporate citizenship report is to have the report audited by an independent consultant. Most opinion leaders perceive that third-party independent certification gives credibility to the social report. Standards like SA8000 and ISO1400 can be implemented only through third-party certification. Other standards, such as GRI and AA1000 are constantly developing services aimed at providing external certification regarding the appropriate application of these standards.[62] The web has the potential to play a prominent role in CSR, particularly as a means to influence agenda. Another function of the web and Internet is providing customers with actual information and interactive platform of communication, mainly through blogging and chat forums.[63]

Finally, advertising has been mostly used in the last decades to communicate social responsible themes, but the effectiveness has been quite controversial. Several communication experts have outlined several shortfalls of CSR advertising. On the one hand, this type of campaign is often criticized by the public: companies are actually accused of making use of social problems for business purposes. On the other hand, such campaigns often have to face management distrust of CSR advertising outcomes and processes. These campaigns are often accused of not having short-term economic results, although they clearly have long-term objectives; moreover management considers the creative process to be too long and complex, consequently resulting in the need

---

[61] Michael Hopkins, *Corporate Social Responsibility and International Development: Is Business the Solution?* (London: Earthscan, 2007), 161.
[62] Lorraine Sweeney and Joseph Coughlan, "Do Different Industries Report Corporate Social Responsibility Differently? An Investigation Through the Lens of Stakeholder Theory," *Journal of Marketing Communication* 14 (2008): 117.
[63] Debra Basil and Jill Erlandson, "Corporate Social Responsibility Website Representations: A Longitudinal Study of Internal and External Self-Presentations," *Journal of Marketing Communications* 14 (2008): 130.

for too much time for development. Finally, management believes the measurement of results to be problematic.[64]

- *Cultural Context of CSR Communication*. Comprehending the context is also an important element in effectively managing CSR communication. Organizations from different countries have diverse perspectives on the importance of being perceived as socially responsible by the public. The approach mostly depends on the cultural context in which an organization operates as well as the demonstrated relationship between culture and social disclosures.[65] According to Tixier, organizations have two alternatives for communicating CSR: total discretion and "high-risk" communication. The former is typical in Japanese companies, while the latter is typical in Anglo-Saxon countries.[66] Interpreting Tixier's discussion on this dichotomy, three elements emerge to help determine if an organization operates in an Anglo-Saxon context:

    1. *Integration of CSR into the Corporate Strategy*. In an Anglo-Saxon context, a corporation separates CSR activities from business and considers them to be discreet and disinterested generosity; in an Anglo-Saxon context, a company integrates CSR activities within its strategy, considering them a win-win approach.[67]

    2. *Media Context and Companies' Reaction to It*. In the Japanese culture of humility and group oriented mentality, management perceives publicizing CSR initiatives as inappropriate move because companies fear media's criticism as well as Japanese society's negative perception of general corporate altruism; in an Anglo-Saxon context, the media tend

---

[64] Gregory Birth and others, eds.,"Communicating CSR: Practices Among Switzerland's Top 300 Companies," *Corporate Communications: An International Journal* 13 (2008): 186-188.
[65] Jeremy Galbreath, "Corporate Social Responsibility Strategy: Strategic Options, Global Considerations," *Corporate Governance* 6 (2006): 180.
[66] Maud Tixier, "Note: Soft vs. Hard Approach in Communicating on Corporate Social Responsibility," *Thunderbird International Review* 45 (2003): 79-80.
[67] Fredric Swierczek and Jun Onishi, "Culture and Conflict: Japanese Management and Thai Subordinates," *Personnel Review* 32 (2003): 198.

to support business which communicate CSR and consequently, companies do not fear criticism.[68]

3. *Management Tendency to Take Risks.* Japanese management style enforces long-term strategy and paternalistic outlook.[69] Building a solid corporate image on CSR activities is considered to be risky because of the boomerang effect emerging as soon as a problem arises; in an Anglo-Saxon context, management thinks that CSR can have a positive effect on corporate image since full-disclosure is an important part of CSR strategy when facing problem as well.

Tixier's research provides a background into understanding the cultural complexity issues involved when devising CSR activities. Cultural issue is often a barrier for communication CSR On one hand, managers do not want to take risks, as CSR is not considered a value for the corporate strategy as a whole; on the other hand, the media and public opinion are culturally reluctant to recognize the positive aspects of social actions taken by the companies. In the Anglo-Saxon context, the so-called high risk approach is much more diffuse.[70] Here, social corporate responsibility generates value, just as other policies of Anglo-Saxon companies do, and socially responsible activities carried out by firms are perceived by the media as beneficial for organizations and society. Additionally, even if the media watch over organizations' behaviour, there is a higher tendency to take risks on the part of the management.[71]

Other researchers have asserted that it is worth taking the risk of implementing CSR communication because, even if a lack of esteem for companies' actions exist among stakeholders, it is also true that organizations acting responsibly

---

[68] Frances Drew and David Cairns, "Style of Managing Interpersonal Workplace Conflict in Relations to Status And Face Concern: A Study with Anglos and Chinese," *The Interactional Journal of Conflict Management* 15 (2004): 32.
[69] Lorna Heaton, "Preserving Communication Context: Virtual Workspace and Interpersonal Space in Japanese CSCW," *AI & Society* 13 (1999): 362.
[70] John Kidd and Frank-Jürgen Richter, "CSR – A Virtuous Circle. But Which Circle? And Whose 'Virtue'?" in *Corporate Social Responsibility in Asia*, ed. Kyoko Fukukawa (Oxon: Routledge, 2010), 152.
[71] Anne Ellerup Nielsen and Christa Thomsen, "CSR Communication in Small and Medium-Sized Enterprises. A Study of the Attitudes and Beliefs of Middle Managers," *Corporate Communications: An International Journal* 14 (2009): 179-180.

have a better chance of winning the trust of the public, which is becoming more and more demanding about information on CSR.[72]

5.5.2. Phases and Steps within the CSR Process

The CSR process is considered to comprise of two distinctive phases: strategy development and strategy implementation. The strategy development phase (which is viewed as the first ore preliminary phase) encompasses the following factors:

- *Values* which drive the strategy and include vision or mission, objectives, and scope;
- *alternatives* which encompass numerous ranges of options available to decision makers. These aspects include stakeholder priorities (external and internal), causes supported (NGOs cooperation), methods of support (or form of CSR used to raise a cause), and practices or policies (regulations and measures regarding employee contribution financially and non-monetary);
- and the *strategy* (or action) which is ensuing result from the decisions taken in the two previous steps of phase development strategy. The strategy part encompasses selection and type of strategy utilized, combination (strategy and other forms of marketing tools), and strategy alignment (complementary functions of NGO and company in order to achieve competitive advantage).[73]

The strategy implementation phase is the second phase of the CSR process and can be perceived as the execution and feedback phase. It encompasses the following factors:

- *implement and control* which involves the technical aspects of implementation at a more tactical level. This step is crucial because of the feedback loop generated during this phase, provides the company with control over the effectiveness of the process. At this stage, communicating with stakeholders

[72] Jarol Manheim and Cornelius Pratt, "Communicating Corporate Social Responsibility," *Public Relations Review* 12 (Summer 1986): 15.
[73] Som Sekhar Bhattacharyya, "Exploring the Concept of Strategic Corpoprate Social Responsibility For An Integrated Perspective," *European Business Review* 22 (2010): 91-94.

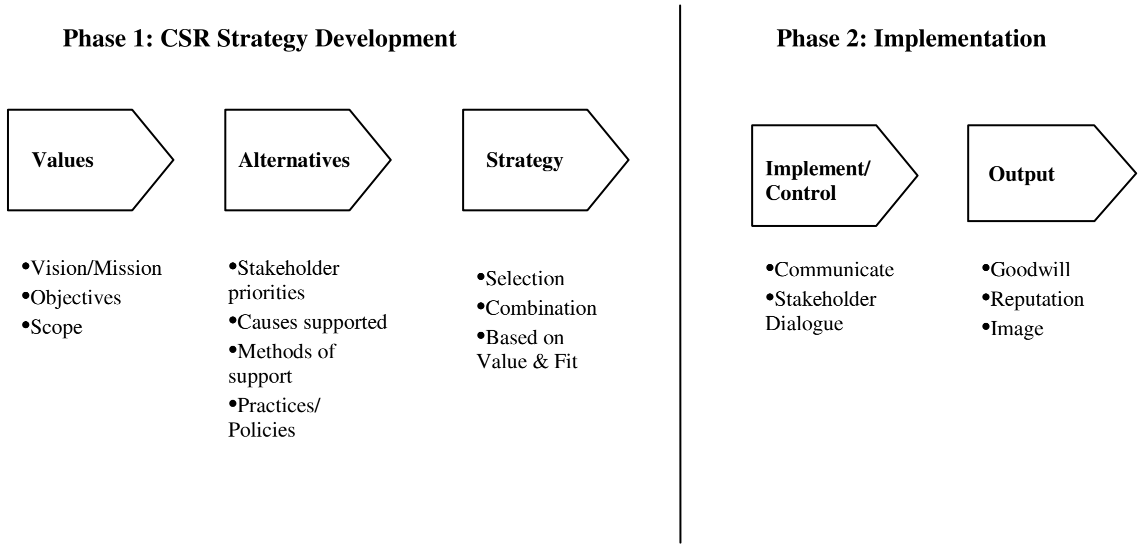
(also known as stakeholder dialogue) is essential in clarifying unresolved issues and addressing concrete aspects of the campaigns to validate the company's objectives.[74]

- Finally, the *output* step involves the results of CSR campaign obtained which may provide the company with results which are beneficial to ensure effective allocation of managerial resources. A good indicator for evaluating the success of a campaign is to track the company's reputation and image through sales and media coverage. This task can be performed by agencies who can track news coverage professionally and neutrally by browsing through internal news agencies feeders and conducting online research. The most crucial aspect ought to be the fact that the goodwill of a company is to be accepted and not questioned for its motives.[75]

The diagram below summarizes this idea adequately:

[74] André Nijhof and Ronald Jeurissen, "The Glass Ceiling of Corporate Social Responsibility. Consequences of A Business Case Approach Towards CSR," *International Journal of Sociology and Social Policy* 30 (2010): 622.
[75] Linda O'Riordan and Jeremy Fairbass, "Corporate Social Responsibility (CSR) Models and Theories in Stakeholder Dialogue," *Journal of Business Ethics* 83 (2008): 754.

Phases & Steps within CSR Process



Source: Linda O'Riordan and Jeremy Fairbass, "Corporate Social Responsibility (CSR) Models and Theories in Stakeholder Dialogue," in the Corporate Responsibility Research Conference, *Congress Held in Dublin 4-5 September 2006* (Trinity College Dublin, Irland, 2006), 12, available from http://www.crrconference.org/downloads/fairbrass.pdf; Internet, accessed 22 March 2010.

5.5.3. CSR Communication Approaches

There are three different perspectives on CSR communication, namely: management communication, marketing communication, and organizational communication (the latter includes PR, public affairs, investor relations, environmental communication, corporate advertising and internal communication).

- *The Management Communication Perspective on CSR Communication.* Management communication can be defined as the communication of managers at different levels with internal and external target groups. Research has shown how important the role of managers is in the realization of a positive communication climate and a positive reputation. One main problem encountered is the fact that not all managers are aware of the role as communicators. Instead they believe that departments such as marketing and public relations can assume this role alone.[76]

---

[76] Andrew Pharoah, "Communication Strategies in the Age of Accountability," *Handbook of Strategy* 7 (2006): 364.

Researchers generally acknowledge the role of leaders in organizations as very important in ethical issues; especially because of their key influence on the organizational culture. Leadership shapes and orients the organizational climate so that the expectations of organizational constituents match more socially accepted norms. Leaders must embody CSR values, promote and support them through their own behaviour and attitude.[77] Consequently, leadership is required at more than one level in an organization, which suggests that not only top executives but also middle managers and further must fully endorse the values of the organization.[78]

- *The Marketing Perspective on CSR Communication*. Marketing communication can be identified as direct sales-supporting communication aimed at influencing customers and increase sales. Several researches in the past have confirmed that corporations perceive CSR not only as ethical imperative but as a business case.[79] This emphasis on ethics is enforced by a survey on the most recent survey performed by Boston College Center for Corporate Citizenship and The Hitachi Foundation in 2009. Most U.S. senior executives believe that executives believe that business should be more involved than presently in addressing public issues including health care, product safety, education, and climate change. Surveyed in June 2009, just as the national debate on health care began to intensify, approximately 65 percent said that businesses should increase its involvement in this issue.[80] Based on current economic conditions, 15 percent of companies are increasing Research & Development for new sustainable products; 11 percent are increasing corporate citizenship marketing and communications; and 10 percent are increasing local and/or domestic sourcing or manufacturing.[81]

---

[77] Caroline Ditlev-Simonsen, "From Corporate Social Responsibility Awareness to Action?" *Social Responsibility Journal* 6 (2010): 464.
[78] Terje Vaaland and Morten Heide, "Managing Corporate Social Responsibility: Lessons from the Oil Industry", *Corporate Communications: An International Journal* 13 (2008): 214.
[79] Anonymous, "Case Studies in CSR," *Strategic Direction* 24 (2008): 13.
[80] Chris Pinney, *Weathering the Storm: The State of Corporate Citizenship in the United States 2009* (Boston: Boston College Center for Corporate Citizenship, 2009), 20, available from http://www.hitachifoundation.org/pdfs/socc_report_2009.pdf; Internet, accessed 8 March 2010.
[81] Jeff Cornwall, "Results Tagged 'Hitachi Foundation' from The Entrepreneurial Mind," *Corporate Citizenship Report*, 29 September 2009, available from http://www.drjeffcornwall.com/cgi-bin/mt4/mt-search.cgi?tag=Hitachi%20Foundation&blog_id=1&IncludeBlogs=1; Internet, accessed 8 March 2010.

In terms of strategic marketing approach, one should critically study the use of sales supporting material for consumer oriented CSR communication. Studies focusing on communication channels reflect on the effectiveness of CSR communication vehicles. According to Schlegelmilch and Pollach it appears that due to lack of credibility, corporate advertising does not prove to be the most effective channel for conveying CSR messages, particularly not in cases where the CSR issue is not part of or is in contradiction with the core business, e.g. the USD$100 million anti-smoking campaign launched by Philip Morris.[82] Media coverage, corporate websites and corporate reporting are connected with higher credibility than advertising and can handle more complex information. However, the media content is out of control for organizations and corporate web communication suffers from its status as pull information (download source of information).[83] In conclusion, all communication channels seem to have both positive and negative CSR communication potentials, but they should be adapted in each case to the contextual environment and the CSR issue and the goal to be achieved.

- *The Public Relations Perspective on CSR Communication*. Public relations aims at creating mutual understanding between an organization and its constituents, but public relations can also be conceived as an indirect sales-promotional tool based on image and reputation-enhancing activities. [84]

  During the last two decades of public relations bear witness to a shift from a functional towards a relational framework, where relationship building through relational communication and dialogue as a means to understand and interact with the public has replaced a utilitarian and instrumental approach to public relations research and practice.[85]

---

[82] Michael Polonsky and Colin Jevons, "Global Branding and Strategic CSR: An Overview of Three Type of Complexities," *International Marketing Review* 26 (2009): 330.
[83] B. Schlegelmilch and I. Pollach, "The Perils and Opportunities at Communicating Corporate Ethics," *Journal of Marketing Management* 21 (2005): 278.
[84] Stewart Lewis, "Reputation and Corporate Responsibility," *Journal of Communication Management* 7 (2003): 364.
[85] C. Botan and M. Taylor, "Public Relations: State of Field," Journal of Communication 54 (2004): 645-661.

- *The Stakeholder Management Perspective on CSR Communication*. Stakeholder theory as it has evolved in recent years has begun to focus attention on the importance of the relationships that companies have with stakeholders. Modern companies must move from reactive compliance-oriented management of social issues through proactive boundary-spanning functions which cope more efficiently with external matters and into operating policies and interactive engagement strategies with a range of stakeholders. Stakeholder engagement can thus be perceived as a process for managing a company's social risk and connect with stakeholders. Such collaborative strategies depend on the establishment and maintenance of social capital (e.g. meeting stakeholder demands and expectations) as well as the creation of a network of ongoing relationships. In this way, stakeholder engagement can also potentially provide critical strategic information.[86]

  Another insight derived is that stakeholder engagements and partnerships are trust-based collaborations between actors with various objectives. The basis for successful partnerships is an agreement about rules for co-operation. A higher consensus or agreement, achieved through interaction, means less regulated partnering because of minimized conflict potential and can best occur when social capital exists.[87]

5.5.4. CSR Communication Issues and Challenges

From a theoretical point of view, the greatest challenge for companies in respect to CSR communication is to make decisions about how to manage CSR from a strategic perspective, including which insight to select (management, marketing, public relations or stakeholder perspective) and which CSR issues to integrate in the overall strategy and communication planning. The big question for corporations is how to communicate consistently and reliably about CSR. In line with this matter, issues taken up in the literature on CSR communication are for example whether corporations should at all communicate CSR externally, and whether CSR communication ought to be one-way or

---

[86] Soo Yeon Hong, Sung-Un Yang and Hyejoon Rim, "The Influence of Corporate Social Responsibility and Customer-Company Identification on Publics' Dialogic Communication Intentions," *Public Relations Review* 10 (2009): 3.
[87] James Noland and Robert Phillips, "Stakeholder Engagement, Discourse Ethics and Strategic Management," *International Journal of Management Reviews* 12 (2010): 41.

two-way, personally or mass oriented, direct or indirect. CSR communication is a delicate issue. It needs to be handled in a subtle manner that may prove traditional marketing and PR tools insufficient, the problem being that corporations are encouraged to engage in CSR to establish strong reputations, but at the same time stakeholders are reluctant to receive too much information about their CSR engagements.[88]

Firstly, stakeholders have different types of interests and engagements in corporations' activities and are not equally concerned with CSR. Investors, NGOs, financial experts, and so forth, may pay particular attention to corporate accounts, whereas consumers and the public as such are not necessarily attracted by this genre of information. Secondly, a scrupulous selection of CSR communication is crucial.[89] Adopting a false CSR strategy in terms of scope of interest and issues can do more harm than good if it is not an integrated part of the core business. Gaps between the walk and the talk may arise and cause CSR to be perceived as window dressing.[90] Organizational values such as 'human respect' or 'trust' become hollow if they are not practiced by fair treatment of employees, clients, suppliers, etc. Thirdly, communication form and channels should be adapted to contextual parameters such as: situation, message, target group/stakeholder, goals to be targeted, etc. One-way mass communication may provoke or create awareness about an issue among unaware stakeholders, but it is instrumental and inappropriate for creating attitude change or debate. As stated above, lack of credibility is also connected to mass communication, which calls for a third party endorsement channels in order to reach public stakeholders.[91]

The less controlled an information flow is, the more credible the message conveyed and vice versa. Stakeholders will likely to perceive the company as more self-interested than other non-corporate sources in CSR communication. Since individuals are often more critical of messages from sources they perceive to be biased or self-interested, CSR communication via corporate resources will trigger more scepticism and have less

---

[88] Valérie Swaen and Joelle Vanhamme, "The Use of Corporate Social Responsibility Arguments in Communication Campaigns: Does Source Credibility Matter?" *Advances in Consumer Research* 32 (2005): 590.
[89] Peggy Simcic Bronn, "A Reflective Stakeholder Approach: Co-orientation As A Basis for Communication and Learning," *Journal of Communication Management* 7(2003): 293.
[90] Jon Burchell and Joanne Cook, "Confronting the Corporate Citizen*," International Journal of Sociology and Social Policy* 26 (2006) 131-132.
[91] Mette Morsing and Majken Schultz, "Corporate Social Responsibility Communication: Stakeholder Information, Response, and Involvement Strategies," *Business Ethics: A European Review* 15 (October 2006): 326-327.

credibility than non-corporate resources.[92] Numerous researches have indicated that consumers reacted more positively to a company's CSR activities when they learned about its activities from a neutral source (e.g. an independent organization that provides unbiased ratings of corporate activities than from a corporate source).[93]

Finally, the organization of CSR communication within organizations should be considered in order to attribute a strategic and measurable function to CSR conceived as a fundamental value embedded in the management of the organization. In other words, corporations utilizing CSR as a promotional instrument without integrating it in their value set and overall strategy cannot expect that CSR can have an increasing impact on their image and reputation.[94]

Another key challenge in designing effective CSR communication is how to reduce stakeholder scepticism as well as conveying favourable corporate motives in a company's CSR activities. Stakeholders are likely to refrain from making positive inferences about corporate identity when they suspect ulterior, self-serving motives.[95] Nevertheless, there is a growing tolerance on the part of stakeholders for accepting corporate extrinsic motives (profit generating entity) in that win-win perspective can mutually benefit society and business bottom line profits. The more consumers and stakeholders learn about CSR initiatives and company's genuine motives for the championed issue, trust and dialogue can be fostered.[96]

Also importantly, companies should encourage informal yet credible communication channels such as word-of-mouth by stakeholders. For instance, companies should not underestimate the power and reach of employees as CSR communicators. Employee advocacy plays an essential role in advocating or championing company CSR activities. Since employees typically have a wide reach among other stakeholder groups through their social ties, and are often considered a source of credible information, companies

---

[92] Mette Morsing, Majken Schultz, "The 'Catch 22' of Communicating CSR: Findings from A Danish Study," *Journal of Marketing Communications* 14 (2008): 107.
[93] Khosro Jahdi and Gaye Acikdilli, "Marketing Communications and Corporate Social Responsibility (CSR): Marriage of Convinience or Shotgun Wedding?," *Journal of Business Ethics* 88 (2009). 111.
[94] Soo-Yeon Kim and Bryan Reber, "Public Relations' Place in Corporate Social Responsibility: Practitioners Define Their Role," *Public Relations Review* 34 (2008): 341.
[95] Shruti Gupta and Julie Pirsch, "The Company-Cause-Customer Fit Decision in Cause Related Marketing," *Journal of Consumer Marketing* 23 (2006): 319.
[96] James Noland and Robert Philips, "Stakeholder Engagement, Discourse Ethics and Strategic Management," *International Journal of Management Reviews* 12 (March 2010): 43-44.

should 'tune up' their internal CSR communications strategy and find ways to engage employees and convince them into becoming companies CSR advocates.[97]

In particular, the power of consumer word-of-mouth has been greatly magnified given the popularity and vast reach of Internet communication platforms such as blogs, chat rooms, and social media sites (i.e. Facebook, Twitter). Companies can be proactive in using social media to engage consumers to be their CSR advocates.[98]

5.5.5. Critical Elements of CSR Communication

CSR cannot be perceived as a fixed tool script or tool which can be utilized by companies to generate concrete results such as legitimacy. But rather, it represents a dynamic continuum of competing meanings. It is part of public discourses, a construct and symbolic resource, which is alternatively often competitively used by a variety of players, such as corporations or non-profit organizations, and for a variety of purposes.[99]

Organizations adhere to regulations in order to attain legitimacy for their actions. The process by which a given set of units and a pattern of activities come to be normatively and cognitively held in place and practically taken for granted as lawful is called institutionalisation. Within the institutionalisation, organizational action is not limited to one institutional norm only. Institutions such as rationality, bureaucracy or efficiency sometimes have to be effectively combined, even though they may be conflicting. Beneath such divergent rule and institutional environments, organizations operate in relational networks that also encourage efficiency. From the background of this double structure and resulting conflicts between ceremonial rules and efficiency, organizations implement two strategies, decoupling and trust building. Organizations may risk may risk external support if they use methods of control, decision-making or production which do not conform to external values and norms; and they can gain external support

---

97 Shuili Du, C. Bhattacharya, and Sankar Sen, "Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication," *International Journal of Management Reviews* 12 (March 2010): 14.

98 W. Timothy Coombs and Sherry Holladay, "The Negative Communication Dynamic: Exploring the Impact of Stakeholder Affect on Bahavioral Intentions," *Journal of Communication Management* 11 (2007): 303.

99 Anne Ellerup Nielsen and Christa Thomsen, "Reporting CSR – What and How To Say It?" *Corporate Communications: An International Journal* 12 (2007): 29.

if they do conform.[100] Organizational structures, in particular formal structure presented by organizations to their environment, are often better understood as ways of signalling conformity to external values and norms, rather than ways of coordinating and controlling production.[101] In other words, companies protect their core activities by establishing facade of legitimacy within a symbolic field (e.g. creating corporate myths) – a theory propagated by Meyer and Rowan in 1977.[102]

What seems to be missing in the process of institutionalizing CSR is the role of communication and the sense-making of actors as interpreters and the way meaning connects actions to actors is not frequently discussed in literatures. Communication is fundamental to the process of institutionalisation: organizational knowledge is communicated in corporate settings and corporate philosophies. Later on, PR reflects prevailing institutional settings. Moreover, institutions become manifest in corporate guidelines, manuals or handbooks that are designed to guide new employees' actions. This perspective, however, remains communicator-centred: it focuses on practices carried out by human relations and/or PR departments and underscores the reception processes, which are central to communication.[103]

On a very fundamental level, communication can be defined as symbolic interaction. Actors, in their interactions, use the symbolic to display, which means objects or things have for them. In turn, they act based on their interpretations of the symbolic world; on their definition of situations, expectations and reality constructions. Therefore, meaning itself cannot be determined or controlled. Actors interpret messages by utilizing different codes (dominant, negotiating or oppositional) and do not necessarily accept the intended version.[104]

---

[100] Nicole Darnall, Irene Henriques, and Perry Sadorsky, "Do Environmental Management Systems Improve Business Performance in An International Setting?" *Journal of International Management* 14 (2008): 366.
[101] Nils Brunsson, "Organizing for Inconsistencies: On Organizational Conflict, Depression, and Hypocrisy as Substitutes for Action," *Scandinavian Journal of Management Studies* 2 (May 1986): 166.
[102] Joel Podolny, Rakesh Khurana, and Marya Hill-Popper, "Revisiting the Meaning of Leadership," *Research in Organizational Behavior* 26 (2004): 10.
[103] Roy Leper, "Moral Objectivity, Jurgen Habermas's Discourse Ethics, and Public Relations," *Public Relations Review* 22 (1996): 136.
[104] Tyler Harrison and Marya Doefel, "Competitive and Cooperative Conflict Communication Climates: The Influence of Ombuds Processes on Trust and Commitment to the Organization," *International Journal of Conflict Management* 17 (2006): 130.

Organizational members construct their environment in and through interactions with others. The basic idea behind sense-making is that reality is a permanent accomplishment which emerges from effort to create order and make retrospective sense of what occurs. By doing this, they construct accounts which enable them to understand the world and to act collectively. From this perspective, even companies with long-standing tradition and reputation must constantly reaffirm themselves to accommodate present needs. This procedure can be considered as a bottom-up sense-making process. Based on this argument, social structures and cultural rules are not cognitive constraints. Human beings are symbol processing entities and not trivial machines, institutions are not fixed scripts with fixed meanings and do not determine sense-making process automatically in a sense-giving way. They always require interpretation, translation into practices and as a result often modified for the sake of adaptation and acceptance.[105]

To summarize, institutionalisation can be described as the interplay between communicative actions, meanings, and actors and the mutual observations and expectations. What triggers institutionalisation processes within organizations is the interaction of external conditions, negotiated definitions of problems and mutual constructions of expectations between corporations and other organizations. Although socially constructed, institutions are gaining power to a certain extent, since they lead actions prospectively and legitimize them retrospective.[106]

The institutionalisation process is affected numerous factors or conditions, such as competition, regulation and professional norms, and public pressure. The first condition, institutionalisation by competition, can often be observed since numerous corporations publish environmental and social reporting to demonstrate responsibility publicly without being forced by law and without knowing whether it is something they will benefit from. Corporations that act in turbulent environments tend to follow innovators and branch leaders. The institutionalisation of CSR can be triggered by the development of financial indexes mirroring the behaviour of corporations and specific stock indexes,

---

[105] Stephen Reicher, S. Alexander Haslam, and Nick Hopkins, "Social Identity and the Dynamics of Leadership: Leaders and Followers As Collaborative Agents in the Transformation of Social Reality," *The Leadership Quarterly* 16 (2005): 552-554.
[106] Raymond Hogler and others, eds., "Meaning in Organizational Communication: Why Metaphor Is the Cake, Not the Icing," *Management Communication Quarterly* 21 (2008): 402.

like the Dow Jones Sustainability-Index, the KLD Global Climate Index and the KLD Global Sustainability Index. At the same time, other external actors are making sense of the concept by relating it to improved financial performance, thereby enforcing mimesis. The more European companies source their capital worldwide, the more they have to comply with the requirements of international investors, particularly of those in the USA. PR agencies also push CSR forward as a topic, claiming that it increases the financial value of the company in the long run. Another form of mimetic institutionalisation occurs through rating systems, guidelines and models for the implementation within the companies. This platform, however, is only very weak form of self-regulation; in no way it is a law-like regulation.[107]

Regulative institutionalisation of CSR takes place if organizations are forced by law to behave responsibly. Examples are established measures in occupational health as well as prescriptive values for the emission of CO2 in the automotive market. Law-like activities such as strong self-enforcement in special branches, might foster not only the institutionalization of CSR, but also expectations on possible legal consequences. Political institutions, such as the European Commission, demonstrate strong interest in CSR by promoting a framework for its implementation within corporations, hereby putting pressures on corporations. Although CSR seems to be related to ethical values, as terms like 'voluntary,' 'responsible' or 'social' reveal the concept shall serve to improve the European Union's competitiveness, social coherence and the growth of communities of value creation and employment in that area.

Institutionalisation by professional norms is fostered by the discussion of CSR in academia and beyond. There are numerous scientific organizations which produce legitimating accounts for the mimesis process by presenting CSR to students and professionals as a means to enhance financial performance and competitiveness. There are also businesses and communication schools that teach the ethical basis of CSR in a more reflexive way. They are interdisciplinary think tanks that set international standards in the field of CSR by analyzing the topic from different theoretical perspectives like philosophy, anthropology, business economics, organization theory and discourse analysis.

---

[107] Karin Buhmann, "Corporate Social Responsibility: What Role for Law? Some Aspects of Law and CSR," *Corporate Governance* 6 (2006): 190-191.

The institutionalisation of CSR is also triggered by the membership of associations or mutual contact with non-governmental organization working in the field. Organizations, like Global Compact, try to bridge the gap between United Nations and business and initiatives, like Globalreporting.org, set international standards for sustainability reporting.

Institutionalisation through public pressure: since social reality is mainly mass medial constructed reality, mass medial discourses play a crucial role within these processes of definition and recognition. Public expectations of corporations, of social responsibility and of CSR are negotiated and themselves institutionalized through the interplay between corporate and media communications. This kind of institutionalisation is especially triggered by NGOs like Greenpeace or Attac that regularly create public awareness by utilizing powerful campaigning strategies and often claim to advocate the general public interest and ethical concerns. Such organizations can be described as 'moral' corporations: They aim at dealing with good conscience and reputation. The mass media itself can also bolster up trends, not only by observing, reporting and criticizing in media articles, but also through CSR rankings that are created by the media based on their own methods.[108]

The process of institutionalisation of CSR within a corporations and corporate communications can be described as the 'translation' of such perceived triggers and institutional rules. But this so called translation cannot be perceived as guided by a kind of overall concept of CSR. In contrast, it can be described as a multilevel process in various organizational spheres (corporate communications, politics and society) and as a so called messy affairs – it is based on a series of (non) intentional actions and choices made by changing internal and external actors, that are constantly struggling with the translation trying to devise a more encompassing understanding of the concept as an entity, while instantly implementing bits and pieces that they consider important.[109]

In line with this formal translation, the concept is related to certain fields of action such as economic, social and environmental sustainability, and these terms, in turn, are

---

[108]Sheldon Krimsky, "Risk Communication in the Internet Age: The Rise of Disorganized Skepticism," *Environmental Hazards* 7 (2007): 160-161.
[109] Kamel Mellahi and Geoff Wood, "Variances in Social Partnership," *International Journal of Social Economics* 31 (2004): 671-672.

translated into concrete practices. They are strategically institutionalised CSR practices, whereby CSR is related to the core business. Furthermore, there are department-related practices that are not always interpreted as CSR activities initially, but are seen as thus afterwards, such as local, social and culturally sponsored activities. Finally, there are spontaneous practices, driven by single actors, for instance, the initiative of board members to collect money for natural disasters.

- *Symbolic CSR Communication and Moralization of Corporate Communications.* Although this process of institutionalisation can be perceived as 'messy affair,' there are dominant strategies, for example, trust building, which finally lead to the translation of CSR into formal and informal understandings. According to institutional theory, the process of institutionalisation can be regarded as the result of the double structure of institutional and material environments and as based on the strategies of 'decoupling' and trust building. To shield their main activities and to avoid public pressure, organizations try to establish trust through a symbolic facade that provides evidence that the demands of various actors must be dealt with. This facade consists of ritualized justifications in social balance sheets and CSR reports, organizational philosophies and the concept of corporate citizenship, moral advertisement and, finally in the institutionalisation of CSR departments and managers. This, in turn, can be described as 'moralization' of corporate communications: corporations develop idealistic definitions of CSR within their self-presentations and refer to ethical or civic accounts and general social or environmental ills, such as climate change.[110]

  In contrast to this formal understanding and communication of CSR (as an end in itself) and based on the assumed shielding effect, CSR is informally translated and interpreted as a solution to a complex range of specific corporate problems, such as reputation problems. It is regarded as a way of saving profitability by repairing the corporation's image in the external dimension and by enhancing employee motivation and identification with the corporation in the internal dimension. Accordingly, the 'moralization' of corporate communication can be

---

[110]Hanjoon Lee and others, eds., "Corporate Philanthropy, Attitude Towards Corporations, and Purchase Intentions: A South Korea Study," *Journal of Business Research* 62 (2009): 940-941.

accompanied by an 'amoralization' of corporate culture. Internally and through the assistance of external organizations, the public's understanding of social responsibility is often translated into more functionalist concepts, such as brand loyalty, social investment, and community empowerment. Furthermore, there is a great lack of moral meaning for organizational members, since individual morality is subjugated to the functionally specific rules and roles of the organization. Interestingly, both meanings are intertwined, wherein CSR is perceived as a win-win solution for both formally and informally defined problems.[111]

- *Dialogic CSR Communications.* The idea of building trust by using symbolic or ceremonial practices and communications that claim, in a more idealized and less reasoned way, that the corporation would behave in a socially responsible manner, needs to be criticized. It is mainly based on a simplistic and rationalist model of communication, which focuses on information transmission, thus corresponding to the idea of 'mechanical' fabrication of trust and the one-way communication model. PR researchers, in particular, doubt the assumed effects of such symbolic communication and stress the necessity of stakeholder involvement and dialogue in order to build trust.[112]

  By building on the Grunig and Hunt model of asymmetric and symmetric two-way communication, Morsing and Schultz develop dialogic models for CSR communication. The asymmetrical two-way strategy (or stakeholder response strategy) serves as an evaluative mode to determine the comprehension and commitment to the company. Since public feedback is only used to serve the corporation in allocating improved persuasion strategies, this strategy remains sender-oriented.[113] The symmetric model, in turn, is about consensus finding, rational agreement and mutual understanding. CSR communication adhering to the stakeholder involvement strategy enables concurrent negotiation and

---

[111] Jeffrey Unerman and Mark Bennett, "Increased Stakeholder Dialogue and the Internet: Towards Greater Corporate Accountability Or Reinforcing Capitalist Hegemony?" *Accounting, Organizations and Society* 29 (2004): 688-689.
[112] Betteke van Ruler, "The Communication Grid: An Introduction Model of Four Communication Strategies," *Public Relations Review* 30 (2004): 128.
[113] Mette Morsing and Majken Schultz, "Corporate Social Responsibility Communication: Stakeholder Information, Response and Involvement," *Business Ethics: A European Review* 15 (October 2006): 332-333.

exploration of concerns while also accepting changes, if necessary. This approach permits a more subtle and indirect and, therefore, effective communication. The dialogue strategy also fits well with the theory of public trust. Here it is claimed that trust can be built if, for instance, the actions and public communication of an organization are congruent or if the organization speaks with a unified voice or if the organization performs transparently in public and is reactive towards external demands.[114]

- *Paradoxes and Pitfalls of Moral Communication.* In general, the one-and-two-way approaches of internal and external PR communications, as well as the common trust building approaches need to be questioned because they are based on the rationalist paradigm that argue both in a linear and casual manner. If, for instance, discrepancies between corporate talk and corporate action are avoided, trust is built up. As a consequence, trust is regarded as something that can be manufactured by organizations in a rational sense-giving process.

  However, building on sense-making and communication perspectives, meaning is neither transferable nor controllable, but is negotiated within sense-making process on the micro level. The consequence is an enhanced horizon of indeterminacy and contingency. Especially, in such value-laden fields of communication as CSR, there is much room for indeterminacy.[115] Communication activities can be translated by internal and external stakeholders, not just with the dominant code (the corporation is seen as responsible only in some concerns) or the oppositional code (the corporation is seen as irresponsible and its communications are viewed as manipulation). Researchers have argued that dominant codes are utilized by recipients who, for instance, have a low involvement or interest in social concerns, in order to avoid disruptions and discrepancies in their social constructions of reality.[116] Oppositional or negotiating codes, in turn, are particularly used by recipients

[114] Shannon Bowen, "Autonomy in Communication: Inclusion in Strategic Management and Ethical Decision-Making, A Comparative Case Analysis," *Journal of Communication Management* 10 (2006): 332-333.
[115] James Taylor, "Organizing from the Bottom Up? Reflections on the Constitution of Organization in Communication," in *Building Theories of Organization: The Constitutive Role of Communication*, ed. Linda Putnam and Anne Maydan Nictora (New York: Routledge, 2009), 170.
[116] Craig Summers, "Realities of Decision-Making And Social Issues: Implications For Developing And Implementing Ethics Guidelines," *The Science of the Total Environment* 184 (1996): 19-20.

who feel suppressed by corporations trying to develop a dominant frame of their action. Dominant frames are sense-giving frames that evolve in using rationalist communication strategies, like integrated communication and trust building through avoidance of discrepancies. Building or regaining trust through consistency in all corporate communication arenas is somewhat unnatural because corporations consist of many voices which cannot be disciplined in all departments and over time. Speaking with one voice might appear necessary to the PR department, but organizations who limit themselves to being consistent in all terms are inflexible. This, especially, is a license to fail in an age of global markets and fast life cycles.[117]

First, taking this into account, the one-way communication model will not automatically lead to legitimacy and trust. A too simplistic mirroring, recitation or translation of social expectations in the dominant code easily leads to mere symbolic communication. A too intensive claiming of legitimacy is easily seen as very idealized and increases distrust, especially if today's recipients of corporate communication know the informal corporate motives and do not really expect corporate altruism. Legitimizing attempts will be perceived more sceptically when the general is perceived as very low. In these cases, external and internal public opinion sometimes re-translate the corporate communications opportunistically. Watchdog organizations, in particular, implement strategies of negating.[118]

Second, there are also pitfalls within dialogue communication. The asymmetrical model, in particular, shares the assumption of fixed meanings that are transmitted from one actor to the other (sense-giving). In addition, the model of two-way symmetric communication cannot be regarded as a blueprint for corporate communications and can be criticized as idealized.[119] Social reality is rarely negotiated through rational argumentations in the Habermasian way, but is

---

[117] Charles McMillan, "Five Competitive Forces of Effective Leadership and Innovation," *Journal of Business Strategy* 31 (2010): 15.
[118] Robert Beckett, "Communication Ethics: Principle and Practice," *Journal of Communication Management* 8 (2003): 48.
[119] Klaus Merten and Joachim Westerbarkey, "Public Opinion und Public Relations," in *Die Wirklichkeit der Medien. Eine Einführung in die Kommunikatiosnwissenschaft*, ed. Siegfried Weischenberg, (Opladen: Westdeutscher Verlag, 1994), 210-211.

often constructed through emotionalized and moral communications. Such emotionalized communication is often used by protest movements and does not aim at finding a consensus, but breaking up dialogue and therefore, the mutual negotiation of social reality. From this perspective, involvement and dialogue with stakeholders might lead to paralyzing effects on organizations and their stakeholders, preventing them from reaching consensus and action. Furthermore, this strategy is very time consuming and expensive. And finally, it can also lead to cynicism and distrust when it is instrumentally and superficially employed and not genuinely adopted.[120]

There are also problems from the background of the macro-level analysis. As argued elsewhere, linear and casual models might be of value in environments of low complexity, where the involved stakeholders can be possibly being determined. In turbulent environments, however, these models might fail because corporations act in complex environments. The future of the relations between a corporation and its environment is only probabilistic. When conditions change at a fast pace or when corporations are facing antagonistic expectations, balancing all stakeholder and having mutual dialogic relationships with all relevant public turns out to be illusionary, if not paradoxical.[121]

To summarize, the internal and external moralization of corporate communication as one-way communication or asymmetric or symmetric two-way communication does not, consequently foster more legitimacy or higher financial performance. On the contrary, corporations are taking enormous risk of increasing delegitimization. By assuming that they could control meanings and perceptions among stakeholders through CSR communication; they will invest in CSR and incorporate CSR communication, thereby binding themselves to certain rules. This confronts them with rising and exaggerated public expectations and produce distrust. As a result, this process can become a vicious

---

[120] Mark Reed, "Stakeholder Participation for Environmental Management: A Literature Review," *Biological Conservation* 141(2008): 2422-2423.
[121] J. Graham Spickett-Jones, Philip Kitchen, and Jon Reast, "Social Facts and Ethical Hardware: Ethics in the Value Proposition," *Journal of Communication Management* 8 (2003): 72.

circle: the downward spiral of legitimacy leads to an upward spiral of further institutionalisation of CSR which, in turn, might produce less legitimacy.[122]

- *Coping with Complex and Conflicting Demands.* Based on these possible consequences of CSR communications, the question at hand is how organizations might be able to deal with such complex and partly antagonistic demands.[123] One way to deal with situation like these is to adhere to the concept of organized hypocrisy. Organized hypocrisy means a difference between words and deeds, the eventuality that organizations may talk in one way, decide in another and act in third.[124] Organizations can meet conflicting demands by implementing various approaches and by oscillating between talk, decision and action. While some demands are answered by symbolical or dialogical talk (saying that the organization will do something in the future), others are answered by decision (presenting a new CEO as a symbol for a new beginning) and some by (a rise in price). Hypocrisy already commences within the process of translating CSR formally and informally and could end in such fragmented communications. However, management by hypocrisy cannot be aligned with strategic response process with which companies can adopt or implement. It can be associated with a situation in which a company involved in a crisis is trying to manoeuvre its way out of the mess.

  Especially, when it comes to such sensitive programs as CSR, simply being good might be more appropriate than being good and talking about it. Defaulted communications is, therefore, a valuable communication option for avoiding a downward spiral of legitimacy. The term 'defaulted communication' is introduced here to portray silent CSR as used often by Scandinavian companies. Silent communications strategies avoid sense-giving and, possibly sceptically regarded approaches. They also avoid making promises and communicatively constructing fixed future realities that might never be achieved. By doing so, disappointments can be avoided. On the contrary, it opens the process of

---

[122] Ellen Harshman and Carl Harshman, "Communicating with Employees: Building On An Ethical Foundation," *Journal of Business Ethics* 19 (1999): 7.
[123] Joseph Lozzano, "Towards the Relational Corporation: From Managing Stakeholder Relationships to Building Stakeholder Relationships (Waiting for Copernicus)," *Corporate Governance* 5 (2005): 66.
[124] Dean Spitzer, "Perspective: The Seven Deadly Demotivators," *Management Development Review* 10 (1997): 51.

institutionalisation for stakeholders' interpretations and sense-making processes. Co-constructions of multiple social realities might evolve that, in turn, can trigger even more involvement. Furthermore, corporations can strategically combine all communication strategies according to the perceived triggers and the recipient's social constructions of reality. Symbolic communication can be used to address target groups' attentions but not to convince. Dialogue might be utilized to answer concrete criticism (public pressure) and defaulted communication should be chosen while implementing CSR practices which are perceived as matter of course (regulative and professional norms).[125]

Another problem that needed to be addressed is the problem of communication and representation of interests. These stakeholder forums are often orchestrated events in that communication is often geared towards achieving general consensus as opposed to addressing personal interests which in return generate conflicts. The lack of voice, even with appropriate forums, results from constrained decisional contexts, inadequate or distorted information, socialization and colonialization activities, and the soliticitation of consent where stakeholders choose to suppress their own needs and internal value conflicts. Even team-based decision-making is often filled with self-generated limits to open participation. Overcoming these problems requires a collaborative constitutive view of communication based in conflict rather than consensus model.

Nevertheless, managers are often badly-prepared to engage in alternative forms of democratic communication. Not only are managers hesitant to include employees, let along other stakeholders, in crucial decisions by disclosing information, sharing power, or granting autonomy, they lack the concepts and skills needed to do so even if they could. Clearly managers lack the critical skills of democratic communication necessary for coordinating divergent interests, let alone the ability to facilitate interaction that can lead to creative satisfying outcomes.[126]

---

125 Robert Beckett, "Communication Ethics: Principle and Practice," *Journal of Communication Management* 8 (2003): 47-48.
126 Fred Robins, "Why Corporate Social Responsibility Should Be Popularized But Not Imposed," *Corporate Governance* 8 (2008): 338-339.

But what strategies should managers refer to when dealing with conflict? Several suggestions have emerged from the increased use and discussion about team decisions, dialogue, forms of participation generally. Often, however, these alternatives have not been empirically investigated and have been presented in a vague unproblematic method as simply 'democratic' communication or 'dialogue.' And often, these communication practices have been seen as requiring minimal training or development. Rather than facilitating a complex process interaction which engages multiple values and perspectives, they seem to operate on the premise that if we establish a trusting team, members will communicate well; or if we create participatory attitudes, appropriate skills will automatically arise. If a critical approach is required to motivate CSR, then a more appropriate mode of participatory stakeholder communication is needed.

Some critical theories of communications, most of which originated from Habermas have revived discussion of communication in public decision-making and may provide guidance for corporate processes of stakeholder participation. The description of an ideal speech situation provides scholars and managers with minimal conditions for stakeholder involvement in decision-making discussions. At minimum, one expects reciprocity of opportunity for expression, some equality in expression skills, the setting aside of authority relations, organizational positions, and various external sources of power, the open investigations of stakeholder positions and 'wants' to more freely ascertain their interests, open sharing of information and transparency of decision processes, and the opening of fact and knowledge claims to re-determine based on contestation of claims and advantaged modes of knowledge creation (e.g. accounting).[127]

Communication problems occurs from communication practices which ignores value debate and conflict, which substitute images and imaginary relations for self-presentation and truth claims, which results in reduced interaction and creates decisions based on arbitrary authority relations. Critical theories of

---

[127] Timothy Kuhn and Stanley Deetz, "Critical Theory and Corporate Social Responsibilitzy. Can/Should We Get Beyond Cynical Reasoning?" in *The Oxford Handbook of Corporate Social Responsibility*, ed. Andrew Crane and others, eds., (Oxford: Oxford University Press, 2009), 188.

communications are useful in that they identify the main issue as the nature of the discussion itself as opposed to the profiles of the attendants. Nevertheless, Habermasian concepts of communication are based more finding a common ground and obtaining consensus instead of generating a future beyond present cultural constraints. Additionally, most of these theories are aimed at participants understanding each other rather than the need to make decisions together. Critical theory alone does not offer a theory or practice of dialogue accepting difference and facilitating decision-making on the behalf of stakeholders.[128]

If stakeholder models and more specifically CSR, need communicative process of value inclusion, then appropriate concepts and practices of communication are required to move beyond mere common understanding toward generating quality decisions together. First, design a strategic CSR communication model which informs stakeholders about CSR initiatives while at the same time invites participatory reaction with stakeholders on CSR corporate activities.[129] Second, membership based on the diversity of interests of those at the table and discussion processes which encourage emergent solutions are of greater value than those whose members represent external groups and are committed to maintaining positions held by those not at the table. Third, as indicated by conflict resolution experts focusing on outcomes and interests in the interaction is more rewarding than focusing on the problems or wants and bargaining over preferred solutions. This is especially the case when stakeholder problems are defined as the absence of their preferred solutions. Fourth, maintaining conflicts and differences as a positive energy towards creativity is important than seeking a common ground and value consensus.

To wrap things up, managers should keep in mind when devising CSR activities that: (1) do not conspicuously celebrate CSR efforts; (2) do not expect stakeholders to be positively welcoming your CSR communication, even if they

---

[128] Mary Welch and Paul Jackson, "Rethinking Internal Communication: A Stakeholder Approach," *Corporate Communications: An International Journal* 12 (2007): 190-191.
[129] Juan-Gabriel Cegarra-Navarro and Aurora Martínez-Martínez, "Linking Corporate Social Responsibility With Admiration Through Organizational Outcomes," *Social Responsibility Journal* 5 (2009): 502-503.

expect your CSR efforts; (3) do not underestimate the power of engaging internal and external stakeholders in local articulation; (4) do not think that there is by quick fix to handle the managerial challenge of displaying a company as a socially responsible organization. CSR communication is a long-term process which requires a concurrent organizational awareness of internal and external stakeholders' changing expectations.[130]

[130] Mette Morsing, "Strategic CSR Communication Telling Others How Good You Are," in *Management Models for Corporate Social Responsibility*, ed. Jan Jonker and Marco de Witte (Berlin: Springer, 2006), 245.

SUMMARY

Communicating CSR effectively is a challenge for companies. Messages are interpreted differently by various target groups and are often accepted with mixed reviews and scepticism. Easier access to information and the speed of retrieval have enabled consumers to become active gatherers, selective and critical in processing information. Audiences have the ability to contribute, edit, and engage in a conversation as well as mobilizing supporters in a period of short time without restriction (geography, time, gender, class, etc.).

The persistent dilemma of how much information can be made public as well how this information is best conveyed (scope of neutrality) have been problems corporate communicators. The principle of being honest and open as possible is a double-edge sword which has negative consequences in that corporations are often under fire. Not responding to a critical inquiry generates suspicion and antipathy from stakeholders who believed that corporations are hiding something bad. Finding a common ground in which every one is satisfied with the result, is a utopia.

Nevertheless, concrete and sincere actions are considered acceptable by all means compared to empty words or false premises. Ongoing dialogue can enhance and establish rapport relationship in order to reduce ambiguities. Accepting the consequences for faulty actions taken is considered to be a responsible and mature gesture which in the long run produces favourable outcome.

CHAPTER TWO: REVIEW OF LITERATURE

This chapter will briefly review the roots of CSR (in Europe, the United States, and Japan), the prevalent theories and present international standards and norms.

6. Early Commercial Attitudes

In this section, we will primarily focus on the historical development of corporate social responsibility in Europe, the United States, and Japan.

6.1. Historical Origins of Corporate Social Responsibility in Europe

6.1.1. The Medieval Pattern (500-1500)

In reviewing the richly variegated tapestry of the Middle Ages, it is impossible to offer generalizations that do justice to the many nuances of medieval life. However, to gain an understanding of the role of social responsibility during this era of history, one can present three general statements about that long-ago period:

- it was a world of status;
- its commercial ethic placed a direct moral responsibility on the seller to establish fair prices and on the employer to pay living wages; and
- its primary institution, the Catholic Church, provided a set of values that defined the businessman's social role and served as a final court of appeals.

The medieval world, which was agrarian in nature, still relied on the farm technology of ancient Greece; hence, production was severely limited and scarcity was typical. Land was the symbol of status and the instrument for security. Those who lived on the lord's manor were engaged in generally understood and identifiable sets of relationships. The lord and serf had reciprocal obligations, which defined the social responsibilities of the propertied power group.

Starting in 1347, the "black death" swept Europe and created a labour shortage so intense that labourers, finding the towns an irresistible magnet, could easily break their feudal contracts. In the process, the masses surrendered security for liberty. They hastened the transformation of society from status to contract, only to find themselves powerless to push their contractual claims against employers.

During the Middle Ages, sellers and employers were under obligations that, while taking market factors into consideration, required them to seek, respectively, the just price and the living wage. Basically intolerant of the "caveat emptor" principle that permeates the market ideology of the modern period and hostile to Ricardian premises that treated workers as commodities, medieval philosophy invoked traditional principles from the Bible and the Ten Commandments to govern the personal, face-to-face business relationships of the times.[131] There was no conception that business could be operated other than in the public interest. Meticulous regulations prevented the outsider from competing with local merchants, except when annual town fairs were held. The quality of merchandise was controlled under local town regulations, and price fixing was generally practiced.[132]

Community expectations went beyond the market place. Social responsibilities activities were classified as the case of ideology which included: educating the poor, encouraging local artists, building hospitals and orphanages, and hosting ceremonial banquets for visiting dignitaries.[133] In return, the local merchants were assured protection against cutthroat competition from fellow merchants within the town and against competition from outsiders.[134]

Finally, it must be taken into consideration that during the medieval period the authority of the Church was such that, in times of conflict, appeals could be made to the canonist to supply distinctions to guide the secular society. Because there was little notion that money could beget money, interest was condemned as usury. The lender who demanded interest was subject to ecclesiastical and civil sanctions.

---

[131] The Center for Child Welfare Policy, "*Fundamental Values of Social Work: Social Responsibility*," available from http://www.ihs-trainet.com/Pages/CCWP7.html; Internet, accessed 7 January 2004.
[132] W.J. MacLennan, "Medieval Hospitals in Scotland: A Cure for Body or Soul?" *J R Coll Physicians Edinburgh* 33 (Supplement 12) (2003): 36, available from http://www.rcpe.ac.uk/publications/articles/history_supplement/F_Medieval_Hospitals.pdf; Internet, accessed 7 January 2004.
[133] Gary Karp, "The History of Disability," *Life on Wheels*, 1999, available from http://www.lifeonwheels. org/writings/history.html; Internet, accessed on 7 January 2004.
[134] Rama Krishnan, "Business Philosophy and Executive Responsibility," *Academy of Management Journal* 16 (December 1973): 659-660.

6.1.2. The Age of Mercantilism (1500-1800)

The first three centuries of modern history brought fantastic transformations. The flowering of the Renaissance apotheosized secularism over the spiritual culture of the Church; individuality was placed on a plane equal to collectivism; and medieval hostility to the businessman's search for wealth was eroded by John Calvin who, preaching the doctrine of predestination, declared that wealth could easily be interpreted as a sign of God's benediction on man. So long as wealth was also used to help the poor, Geneva's benevolent despot defended riches and saw to it that affluent merchants fulfilled this important responsibility.

Perhaps the most important creation was the nation-state, which began to emerge as kings in Spain, Portugal, Austria, France, Holland, and England subdued feudal nobles to bring unity and security to the political realm. But the nation-state was a jealous master that looked suspiciously on every other organization as a potential threat to its sovereignty. Jean Bodin (1530-1596) expressed the accepted philosophy when he declared that private associations could not exist without the king's explicit permission, could not meet without prior approval of their agenda by the king's agents, and could not depart one iota from the purposes approved by the state.[135]

The economic philosophy congenial to the nation-state is called mercantilism. Never a logically complete system, it was applied differently by each country. Nevertheless, its various forms show certain common denominators, including a confidence in bullionism (based on the theory that the acquisition of gold and silver determine a country's wealth), a belief in economic self-sufficiency, and a conviction that the government must actively encourage industrial growth and farm prosperity.[136] Mercantilism also contains a rather explicitly defined doctrine of social responsibility. During the age of mercantilism, the idea of status was replaced by the idea of contract, and contractual relationships were rigorously enforced. Theoretically, bargaining leading to a contract assumes a condition of equality among the negotiators; in actuality, however, the business negotiated with an omnipotent State that unilaterally determined

---

[135] Encarta World Book 1998, Mercantilism, available from http://www.essays.cc/free_essays/c4/cay89.shtml; Internet, accessed on 10 January 2004.
[136] Anonymous (pseud.), "*The Difference between Capitalism and Mercantilism*," available from http://www.geocities.com/muzamil_a/mercantilism_and_capitalism.htm; Internet, accessed 10 January 2004.

the public interest and assigned to the private agent specific roles designed to achieve the public good.[137]

Every corporation formed under mercantilist philosophy came under royal sponsorship and invariably was initially sustained through heavy investment from the public treasury. Hence, these corporations were quasi-public enterprises, founded primarily as instruments of the government to develop and exploit overseas territory. The public interest was described, quite simply, as the constant flow of money into the royal treasury. Mercantilism did advance business interests by eliminating local customs barriers, town tolls, and discriminatory practices arising out of variations in coinage, weights, measures, and taxation. It was during this period, also, that the prospects of national markets were finally opened. There is no doubt, however, that mercantilism was economic *étatisme* (a search for control and power), whose primary assumption was that a sovereign's quest for the public interest would automatically assure private gain.

6.1.3. The Age of Industrialism (1800-1950)

Although it represents only a fraction of the time encompassed by the Middle Ages, industrialism introduced more transformations within generations than the medieval period witnessed in centuries. Of its many-sided, sometimes contradictory, and always tension-creating aspects, three features are relevant to the problem of social responsibility.[138]

First, Adam Smith's market philosophy proved admirably suited to industrialism. Individualism supplanted collectivism as a social ideal. With this change came that remarkable inversion of values, whereby the presumption was made that the good of the totality would emerge automatically from the vigorous pursuit of self-interest.

Second, the idea of exploitation of foreign people, implicit in mercantilism, was now extended to nature itself. The medieval limitations on obtaining and using wealth were irrevocably shattered. Instead of viewing nature with awe and wonder, men sought to

---

[137] Richard M. Ebeling, "Democratized Privilege: The New Mercantilism," *Freedom Daily*, February 1991, available from http://www.fff.org/freedom/0291b.asp; Internet, accessed on 10 January 2003.
[138] T. Franklin Harris, Jr., "Corporate Social Responsibility A Dialogue," *The Freeman* 41 (September 1991), available from http://www.libertyhaven.com/theoreticalorphilosophicalissues/economics/freeenterpriseandentrepreneurship/corporatesocialresp.html; Internet, accessed 7 January 2004.

conquer and plunder her. This philosophy of exploitation, which deemed it proper to ransack the earth, would provide congenial soil for the later growth of Social Darwinism, which justifies ransacking the workers in the necessary struggle for survival.[139]

A third aspect of industrial civilization (and one ignored repeatedly in favour of concerns with the acquisitive spirit of capitalism or with the class struggle) was its emphasis on quantity. Precise measurements and statement of propositions in mathematical contexts became the major methods of scientific inquiry, and science itself became the handmaiden of industrial technology.[140] One can sense here the beginnings of a rationale, expressed so forcibly in the U.S. by Andrew Carnegie, that philanthropy must be geared to a scientific basis. Medieval philosophy held that charity was good in itself; industrial philosophy looked upon charity as a positive evil, unless a profitable return was quite certain.[141]

Even when mercantilism was at its zenith, the Protestant social ethic still operated to stress responsibility to others. This ethic was reinforced by the nation-state, which summoned a sense of pride—a national consciousness—and imparted a feeling of national obligation. To give or to leave something to the community came to be expected of the more prosperous Englishman.[142] In the early 1600s the failure of a London merchant to settle some conspicuous charitable trust or gift was generally regarded as little short of shocking, unless there had been a grievous wasting of the estate because of age, ill-health, or commercial misfortune. Yet a century later, when the industrial urban poor had become a striking feature on the British social scene, there came two important changes.[143]

---

[139] Roy Morrison, "Industrialism or Ecological Society: A Green Perspective on 'Free' Trade," *Synthesis/Regeneration* (Spring 1993), available from http://www.greens.org/s-r/06/06-33.html; Internet, accessed 10 January 2004.
[140] William C. Frederick, "Creatures, Corporations, Communities, Chaos, Complexities," *Business and Society* 37 (December 1998): 363.
[141] Jerry W. Anderson, Jr. *Corporate Social Responsibility: Guidelines for Top Management* (Westport: Quorum Books, 1989), 70.
[142] Sandra Logan, "Domestic Disturbance and the Disordered State in Shakespeare's Othello," *Textual Practice* 18 (2004): 355.
[143] Patrick O'Brien, "Mercantilism and Imperialism in the Rise and Decline of the Dutch and British Economies 1585-1815," *De Economist* 148 (2000): 475.

First, charities moved from a personal to a collective basis. They were administered under criteria that would appeal to the advocates of scientific management. Second, the English industrialist, echoing Calvinism, came to believe that poverty was mainly due to an individual's blemishes of character—thus freeing the system and those responsible for managing the system from primary responsibilities to others.[144] Thus, throughout Victorian England voluntary agencies assumed primary responsibility for philanthropy was especially for the poor.

Industrialists tended to support more pragmatic approaches such as education. Interestingly enough, urban universities like London fared far better than did Cambridge or Oxford in terms of financial support. It may be concluded therefore, that philanthropy by industrialists were motivated less by charitable impulse and more by a shrewd calculation that giving a little to the urban university, where the practical arts were taught, had greater likelihood of payoff than supporting the more traditional liberal arts centre at Oxford or Cambridge.[145]

6.2. Historical Origins of CSR in the United States.

For most of its history, the United States was much poorer than presently. It was enough for companies to produce goods as efficiently as possible, while obeying laws such as observing valid contracts and paying taxes promptly. Firms had the social responsibility of getting the productive job done, and the ultimate test was the market. If the firm could sell its goods or services at prices high enough to make a profit and survive, then its social obligation was fulfilled.

Larger companies began to appear in the 1870s. As they grew, the activities they engaged in to make money and produce goods and services began significantly to affect many parts of society. If a major corporation, as matter of policy, refused to hire blacks, then blacks were cut off entirely from many social and economic activities. When a major firm built a paper mill that dumped hundreds of tons of pollutants into the same

[144] Robert Ackerman and Raymond Bauer, *Corporate Social Responsiveness: The Modern Dilemma* (Virginia: Reston Publishing Company, Inc., 1976), 4-5.
[145] Clarence Walton, *Corporate Social Responsibilities* (Belmont: 1967), 27-30.

river every day, the social impact could be costly. If a few large firms conspired to raise prices, then a great many customers were exploited. [146]

Not long after large companies began to appear, furious debate began as to whether they were doing the right things. As early as the 1890s, the American government passed laws attempting to control major corporations. These laws dealt with, among other things, the formation of trusts, use of child labor, and safety in various industries. From 1900 through 1920 such legislation continued, often extending and refining the controls. The New Deal of the 1930s saw a major extension of social controls into many fields, including labour protection, banking reform and public utility controls. Each piece of legislation was accompanied by passionate debate on the issue itself, on the ethics of such, and on control.[147]

Corporate exploitation was extremely prevalent during the second half of the nineteenth century. It was during this period that wealthy individuals exercised their true economic, financial, and political power. No longer was the state asserting firm claim against the business community; under the prevailing laissez-faire ideology, the government was expected to respond to business needs. If the state was ineffective in pushing claims against the corporation, the church was even feebler. Social protests from ministers like Theodore Parker and later, Walter Rauschenbusch were lost in a sociological version of the Protestant ethic, which literally sanctified the status quo.

Corporate social responsibility in the United States was heavily influenced by three prominent industrialists—Carnegie, Rockefeller, and Ford—who took upon themselves active social responsibilities, although for different reasons. Each of these men may serve as a prototype when it comes time to build various models of social responsibility.

6.2.1. Andrew Carnegie and the Investment Model

Carnegie's philosophy is interlaced with the individualistic and quantitative strands found in American industrialism. It suggests what later will be called the investment model of social philosophy. The selection of Andrew Carnegie as one representative

---

[146] History Associates Incorporated, "Doing Well by Doing Good: Corporate Social Responsibility Today," *HAIpoints* (Summer/Fall 2003): 1.
[147] Richard N. Farmer and W. Dickerson Hogue, *Corporate Social Responsibility* (Toronto: D.C. Heath and Company, 1985), 1.

type is apt for two reasons. First, his article on wealth, published in the *North American Review* in June 1889, has become the most famous document in the history of American philanthropy. Second, Carnegie's fortune came as a result of the growth of the factory system, which in turn was made possible by the advent of railroads as spawners of national markets. Because railroads had been handsomely subsidized by government funds, certain regulations and precise claims had been made upon them by the state as a sort of quid pro quid. There existed a gnawing fear on the part of manufacturers that railroad owners would be held strictly accountable to society in terms of prices, labour relations, financial records, and the like. Quite obviously, such reasoning proved distasteful to Andrew Carnegie. [148]

Carnegie epitomized individualism and Social Darwinism. He believed it a waste of time to challenge the evolutionary processes implicit in the law of the survival of the fittest, and he hailed the concentration of wealth in the hands of the few.[149] Contemptuous of impulsive generosity, impatient with the non-business-like organizations of other charities, and aware that the truly destitute and helpless would have to rely upon the State, Carnegie urged the millionaire class to concentrate its efforts on the able and industrious. At a time when many business leaders thought higher education dangerous and detrimental, Carnegie praised Leland Stanford's plan to build a University in the far West—in part, because Stanford aimed to create a new kind of University that would give a practical rather than a theoretical education.[150]

Before public relations experts began to emphasize philanthropy as a means of breaking down enmity to big business, Carnegie had already developed a philosophy reflective of the adage that the alms-giver throws a starving man a fish, whereas the realist gives him a hook and line. Carnegie believed that a man of wealth should live modestly and should establish trust funds to advance community well-being, thereby keeping the government from assuming all social responsibilities. His position was clearly a throwback to Jacksonian individualism, yet his benefactions to libraries and universities or to the Foundation that bears his name did not escape the censure. In 1915, the

[148] Matthew Berglind and Cheryl Nakata, "Cause-Related Marketing: More Buck Than Bang," *Business Horizons* 48 (2005): 445.
[149] Atushi Noda, *Japanese Corporate Philanthropy* (Cambridge: Harvard University The Program on U.S.-Japan Relations, 1992), 4, USJP, Occasional Paper 92-10.
[150] Bryn Jones, "Citizens, Partners or Patrons? Corporate Power and Patronage Capitalism," *Journal of Civil Society* 3 (September 2007): 167.

Congressional Committee on Industrial Relations denounced Carnegie's and Rockefeller's benefactions as public menaces. The Committee held that such social responsibilities constituted an unwarranted intrusion into State affairs, were under the control of private power groups, and were sustained with tainted money gained by exploiting worker and consumer. Carnegie got and gave. But his giving was carefully selected.[151]

The investment model has been both applauded and condemned, but the fact remains that it encompasses the traditional rationale of enlightened self-interest while seeking realistically, to accommodate the principle to two developments: (1) the replacement of the individual competitor by the corporate entrepreneur and (2) the elongation of the time dimension for corporate life with the consequent need for corporations to be concerned more with long-term profits and survival than with short-term advances. One must deploy resources not to assure success in a predictable tomorrow but to sustain the corporation over unpredictable decades in times of accelerating change.

6.2.2. John Rockefeller and the Civic Model

A contemporary of Carnegie, the richer and equally legendary John D. Rockefeller, has been repeatedly called a "product of the age." In the context of ruggedly competitive business practices and rapidly amassed personal fortunes, this label has been taken to signify that Rockefeller was another example of the dog-eat-dog philosophy of Social Darwinism. Unlike Carnegie, Rockefeller rejected the "cosmic harmony" thesis implicit in Jacksonianism, and he favoured planning to mitigate the wastages of competition.

Rockefeller reflects—at least to a degree not discernible in others—a strain that comes close to the civic model of social responsibility. In the civic model, a distinction is drawn initially between ownership defined in terms of real property and ownership understood in terms of liquid property. In a money economy, liquid property (because of its flexibility, divisibility, and trans-activity) enters and leaves corporate conduits with remarkable speed. Because investment money does not represent ownership responsibility the way real property does, the corporation's total responsibility is not simply to the investor, as is advocated by the traditional rubric. In a sense, possessors of

---

[151] Roland Lindner, "Wer Reich Stirbt, Stirbt in Schande," *Frankfurter Allgemeine Zeitung*, 3 Januar 2004, p.11.

liquid property do not own the corporation, for they can withdraw it at a moment's notice, they do not nourish or care for any real property, and they seek only their own gain without concern for the social responsibility attached to all real property. Hence, the corporation has a responsibility to the industrial system and the political system, which is the formers' protective mantle.[152]

Thus, citizenship, as defined in the civic model, is not limited simply to a discharge of formally imposed obligations any more than citizenship for the individual is fully met by paying taxes or by voting. The civic model envisages a positive business commitment to the political system of democracy. It means willingness to help alleviate unemployment and to preclude chronic business cycles; it asks business to participate in public dialogues on important issues. Like every other citizen, the corporation is free to determine where and how it can best meet such commitments. Therefore, the civic model is sufficiently broad to accommodate the differing views of executives. The basic premise of corporate citizenship rests on the conception that business holds a particularly important franchise in an integrated society.[153]

6.2.3. Henry Ford and the Household Model

A third example of social responsibility is associated with Henry Ford. His policies reflect a pragmatic response to workers' needs that approximate the household model. The household model emphasizes the importance of companionship or what in management jargon is known as "team spirit". It should be stressed at the outset that there are important gradations in the "obligatory-voluntary" aspects of social responsibility encompassed by the household model. Legally, a corporation must recognize the rights of employees to organize and bargain collectively, must bargain in good faith, and must honour the collective agreements produced through such bargaining.[154]

This model rejects, however, the view that the ethical obligation of the corporate employers of consequence—those whose activities affect interstate commerce, thus

---

[152] Ellen Lanser May, "Corporate Citizenship," *Healthcare Executive* 19 (May/June 2004): 44-46.
[153] C. Daniel Batson, Nadia Ahmad, and Jo-Ann Tsang, "Four Motives for Community Involvement," *Journal of Social Issues* 58 (Fall 2002): 435-436.
[154] Craig Sasse and Ryan Trahan, "Rethinking the New Corporate Philanthropy," *Business Horizons* 50 (2007): 31.

subjecting them to federal law—is equated with their legal obligations. Advocates of this model insist that workers' rights cannot be covered completely by positive law or delineated fully by statute; they insist that managers must understand a "living" law in terms more commodious and more sensitive than the positive law.[155] The assertion of the claims may be vigorous in some industries and through some unions and relatively weak in others. But unemployment benefits, on-the-job training, and seniority are all part of the package.

Above all, the household model insists that workers be recognized, and this involves acceptance of the union as a necessary adjunct to the corporation. It rejects the notion that an employer who contemplates plant relocation has no obligation to the workers and to the community. If one aspect of social values is taken to represent steady work at good wages for more people, the household model clearly places social values above the economic values. To many people thinking in terms of pure economic theory, this model insults reason and assaults tradition.

6.3. Historical Origins of CSR in Japan

A slight difference between the U.S. and European CSR approach toward the Japanese CSR can be found. As previously mentioned, there were three charismatic individuals who supported the CSR growth in the United States. They were three extremely wealthy individuals who felt that they were obliged to do something for the society for different interests.

In Europe it was the Catholic Church who pushed the CSR movement and later on it was governments from the European Community as well as NGOs who promoted the idea of CSR. Nevertheless, in Japan CSR underwent three different phases for its present existence to take form and they are as follow:

6.3.1. Meiji Era (1867-1911)

In the Meiji Era, the government adopted a policy to form an industrial society and imported institutions from the West which included the legislation system as well as the

---

[155] Ming-Dong Paul Lee, "A Review of the Theories of Corporate Social Responsibility: Its Evolutionary Path and the Road Ahead," *International Journal of Management Reviews* 10 (2008): 54.

corporate system. This era marked the first period for the relationship between company and society. Before 1867, the Japanese society was considered to be a feudal society under the Tokugawa Shogunate. Although there was the Movement for Civic Rights and Freedom in 1880, one could not consider that Japan was a democratic state in those periods. [156]

Eichi Shibusawa is called the "founder of Japanese Capitalism." He took part in the foundation of approximately 500 companies and about 600 social works. He founded the Tokyo Stock Exchange in 1878. He presented his idea, 'The Analects of Confucius and abacus.' He reasoned that this would be the best way for Japanese business people to make success of their business. He believed that economy was consistent with morals and that business people should abide by a moral code. [157]

What was the reason behind Shibusawa's idea? There were the classes of warriors, farmers, artisans and tradesmen in Edo Period. In those days, tradesmen meant business people had lower standing. Some of them actually bribed government officials. After the Meiji Restoration, Shibusawa thought that the private profits were not inconsistent with the public interest in the right business. [158]

The Japanese government tried to make a lot of money by industrial development. The government founded national enterprises including the coal mines, the shipyards, the silk mills, the railway, and the steelworks. Later, the government sold many of them to the business people, like Yataro Iwasaki, at the relatively lower price. Iwasaki was the founder of Mitsubishi combine, *zaibatsu*. Business people were closely connected with the government. When the relationship weakened, some businesses declined to collaborate. Conclusively, the relationship between the government and business people was not always rosy. An example of this situation was when Mitsubishi Zaibatsu (which in the past had a good relationship with the government) lost a supporter in the government when the company got into trouble. The company was forced to leave the shipyard.

---

[156] *japan-guide.com,* Basic Information: Japanese History-Edo Period (1603-1867); available from http://www.japan-guide.com/e/e2128.html; Internet; accessed on April 16, 2003.
[157] Deguchi Masayuki, "Not for Profit," *Look Japan*, 16 January 2001; available from http://lookjapan.com/Lbecobiz/==JanEF.htm; Internet; accessed on March 15, 2003.
[158] Ann Waswo, "The Culture of the Meiji Period: A Review," *Journal of Japanese Studies* 13 (1987): 140-145.

After the Tokyo Stock Exchange was established in 1878, many companies, most of which belonged to Zaibatsu, did not list their stocks separately in the stock market and had not isolated management from ownership. The Zaibatsu families did not positively apply the limited liability system to their holding companies.[159] As of 1899 companies with limited liability were established which was approximately the same period when the Japanese Commercial Code was legislated.

As Japan became more industrialized, many factory labourers were forced to work in poor conditions, with low salaries and long hours. Many young females were employed at silk mills. On the other hand, educated young men were able to work in the Zaibatsu after graduating from colleges and universities. They were then promoted to executive level positions either within their companies or other holding groups for the next 30 years. At around this time, most companies had started to introduce lifetime employment systems to their employees.

It was also during this period of time that Japan suffered its first pollution, namely the Ashio Copper Mining pollution. The copper pollution damaged rice paddies in the Watarasse Valley which resulted in a farmers' protest.

6.3.2. Pre-war Period (1911-1945)

In the first half of this period, the society started to democratize. Numerous movements came into existence such as the Movement for Democracy and Liberalism in the Taishou Era. These movements were the factor behind the promulgation of the Universal Suffrage Law in 1925. The social movements encompassed labour and human rights movements. Unfortunately, the gap between the rich and the poor widened contributing to the development of a militarist society. Terror groups aimed their frustration at statesmen and business people. Numerous politicians and merchants were assassinated during this dark period of Japanese history. Zenjiro Yasuda, an influential banker in this period, was assassinated although he had silently contributed a huge sum to the building of an auditorium at Tokyo University. It was only years later that the auditorium was devoted to him because no knew where the funds came from.

---

[159] Takayoshi Amenomori, *Defining the Nonprofit Sector: Japan. Working Papers of the John Hopkins Comparative Nonprofit Sector Project No. 15*, edited by L.M. Salamon and H.K. Anheier (Baltimore: The John Hopkins Institute for Policy Studies, 1993), 4.

The death of politicians and businessmen sparked Zaibatsu in altering their priorities towards national interests as opposed to only commercial interests. Finally, the Zaibatsu decided that the group of companies were to be listed on the stock market along with their respective subsidiaries. This action resulted in frenzied stock purchases which later brought financial ruin for most people.

During this time, Mitsui Zaibatsu decided to contribute 2.5% of their profits to social institutions while at the same time it also built a hospital for charity purposes. However, as the military influence grew stronger, more businesses collaborated with the army. This period of time was considered to be a booming era for Japanese enterprises because new business opportunities emerged as the result of industrialization.[160]

6.3.3. Post-war Period (1945-1989*)*

After World War II the General Headquarters of the Allied Powers (GHQ) dismantled the Zaibatsu and disposed of all company shares. GHQ ordered numerous Japanese executives who collaborated with the Japanese military authorities to leave their posts. Thus, many of the founders and families left their companies which were founded prior 1945. GHQ organized seminars for new executives and the idea of corporate social responsibility was introduced.

Additionally, GHQ also reformed the agricultural land ownership system and gave more rights to the workers. In 1947 the Antimonopoly Law was legislated. These new policies set the frame for post war economic development and democratization for the Japanese society.

Many workers joined the labour unions and labour movements. A strong labour movement was registered at Toyota Motors which resulted in the president giving up his position. As a result, many Japanese companies adopted this capital-labour cooperation policy. The management gave priority to the welfare of its employees over those of their stockholders.

After the Second World War, many companies were short of funds. Banks and employees were considered to be the two most important stakeholders for Japanese

---

[160] Margaret A. McKean, *Environmental Protest and Citizen Politics in Japan* (Berkeley: University of California Press, 1981), 22.

enterprises back then. Many of the large companies would hold equal shares of other large companies, commonly referred to as cross-shareholdings. This tactic was considered to be a preventive measure against hostile corporate take-overs. Within this system, banks would finance numerous companies which belonged to the same group of cross-shareholdings. Consequently, this symbiosis created a dependency between banks and the various cross-shareholding groups. If a company within this system suffered financial difficulties, the bank would send its own executive to restructure and rescue the company.[161]

In 1956, the Japanese Association of Corporate Executives (Keizai Doyokai) issued a statement on social responsibility for corporate executives. They suggested that the corporation was a social institution and that corporate executives were no longer stewards of shareholders, but that they were stewards of the society in which their companies operated. The goal of social responsibility for corporate executives was to develop economy in harmony with society. In 1968 Japan's GNP was the second largest in the world after the United States.

However, the price of rapid economic growth was a steady increase in pollution. Two famous diseases resulted from heavy pollution, which are Minamata disease (mercury poisoning which was detected in the Kumamoto Prefecture) and *itai-itai* disease (extremely painful effects of cadmium poisoning found in Toyama Prefecture). After these two diseases became public knowledge, the Basic Law for Environmental Pollution was enacted in 1967. [162]

In the 1960s, the idea of consumerism was introduced which sparked the existence of various consumer movements. In response to the consumer movements, the Japanese government enacted the Basic Law for Consumer Protection. But the Product Liability Law did not come into effect until 1997. [163]

---

[161] James Brumm, "The Japanese Perspective," in *Corporate Social Responsibility. The Corporate Governance of the 21st Century*, ed. Ramon Mullerat (The Hague: Kluwer Law International, 2005), 337-338.
[162] Richard E. Wokutch and Jon M. Shepard, "The Maturing of the Japanese Economy: Corporate Social Responsibility Implications," *Business Ethics Quarterly* 3 (1999): 530-532.
[163] Masahiko Kawamura, "The Evolution of Corporate Social Responsibility in Japan (Part 1)—Parallels with the History of Corporate Reform," *NLI Research*, 24 May 2004, 4, available from http://www.nli-research.co.jp/eng/resea/life/li040524.pdf; Internet, accessed 16 December 2006.

In those days, various CSR concepts were imported from the United States. Some of the concepts focused on the interaction between business and society. In the early 1970s, the members of the Japan Society of Business Administration were faced with a CSR controversy at their national conference. Although several books were published on this topic and some universities offered courses on business ethics and CSR, little was done to address the issue of corporate social responsiveness. Corporate social responsiveness was basically social issues management with a distinctive focus on management process.

The oil crises brought about an economic recession. More companies were interested in economic recovery as opposed to CSR. In the mid-1980s, many Japanese companies invested in the United States due to the high Yen recession and the trade friction. The communities in which Japanese companies operated were forced to take part in philanthropic activities. Initially, Japanese corporations provided their communities with financial assistance then later on with volunteer activities. Many of the present philanthropic activities in Japan were brought over by their American subsidiaries during the 1980s. Especially during the so-called bubble economy, Keidanren (Japan Federation of Economic Organization) established the 1% Club which requested that corporations donate 1% of their profits in 1990.

Ryuzo Kaku, who was the chairman of Canon, presented the idea of Kyosei. A concise definition for Kyosei is "living and working together for the common good," but we can extend this definition by adding "all people, regardless of race, religion, or culture, harmoniously living and working together for the future." Unfortunately, the current state of worldwide trade imbalance and levels of income obstructed the achievement of Kyosei. Presently the idea of Kyosei is engrained in the corporate philosophy of Canon.

Many bribery incidents surfaced within this time frame. For instance, the Showa Denko Scandal which involved the chemical fertilizer industry, the Lockheed Scandal in 1976, and the 1988 Recruit Scandal (two former government officials were arrested after illegally providing information and services on job offers). As more Japanese companies expanded their international operations, affluence in Japanese society increased as well as the demand for more responsible measures especially in the environmental issues.

6.3.4. Present Time (1991-)

After the collapse of the "bubble economy," many corporate scandals were brought to light. Large security companies were forced to compensate for the losses due to the crash. The Japan Business Federation (Nippon Keidanren) published the Charter of Corporate Behaviour in 1991. After that many large Japanese companies established codes for corporate conduct. Another form of scandal was extortions. Some corporations had given large amount of money to *sokaiya* (trouble makers at stockholders' meetings).

In response to this situation, Japanese scholars started to introduce the term "business ethics" and described the situation in the United States. The Japan Society for Business Ethics Study was established in 1993.[164] During the economic chaos, most managers perceived restructuring their companies as a way out of the crises rather than implementing or introducing business ethics standards. Some managers even blame the Confucian ethic *Zhukyou* (strong adherence/bond/loyalty to the company) for the collapse of the bubble economy rather than stressing the importance of institutionalizing corporate ethics.[165]

In 2000, Snow Brand sold defective products to over 15,000 customers which resulted in food poisoning. In 2002, another food company was accused of product tampering after selling imported BSE-contaminated beef to Japanese consumers.[166] An executive at the Tokyo Electric Power Company was found guilty of bribery and cover-ups. He had managed to cover-up defects in nuclear power plants for years.[167]

Most of the cases mentioned above came to light as a result of whistle blowing or insider information. Whistle blowing, however, is in conflict with the Confucian busi-

---

[164] Hideaki Miyajima and Fumiaki Kuroki, The Unwinding of Cross-Shareholding in Japan: Causes, Effects, and Implications, (May 2005), p. 8-10, available from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=818346#PaperDownload; Internet, accessed 16 April 2007.

[165] Glen Whelan, "Corporate Social Responsibility in Asia. A Confucian Context," in *The Debate over Corporate Social Responsibility*, ed. Steve May, George Cheney, and Juliet Roper (New York: Oxford University Press, 2007), 112.

[166] CNN.com/Business, "Snow Brand Food to Liquidate," *CNN.com*, 22 February 2002, available from http://edition.cnn.com/2002/BUSINESS/asia/02/22/japan.snowbrand.biz/index.html; Internet, accessed 11 March 2004.

[167] BBC, "Snow Brand Mounts Scandals," *BBC News*, 8 February 2002, available from http://news.bbc.co.uk/1/hi/business/1808980.stm; Internet, accessed 17 January 2006.

ness ethics which stresses the importance of internal problem-solving and loyalty.[168] The Japanese Financial Services Agency first published its inspection manual in 1999. The word ‘compliance’ was used by the Business Ethics & Compliance Research at Reitaku University in 2000 when they published the Ethics Compliance Management Standard (ECS). Legal compliance was defined here as all internal activities of an organization which are subject to existing laws and regulations applicable to the types of products or services manufactured. Therefore, ethical legal compliance is defined in this context as compliance with applicable laws and regulations (including social norms) within their operations.[169]

In Japan there is no distinction between ‘business ethics’ and ‘compliance,’ but each term is classified separately in ECS2000. The purpose of ECS2000 is for practical use and has gained nationwide acceptance from various Japanese multinationals. Some corporations even adopted the principles of Global Reporting Initiative (GRI), UN Global Compact, and created new ethics departments within their companies – all of these activities were performed voluntarily. Furthermore, the scope of CSR had somewhat expanded to include environment and sustainability issues. Japanese companies are considered to be leaders in these two fields by independent reporting organizations.[170]

Japan Association of Corporate Executives (*Keizai Doyukai*) also cooperated with the European Community on CSR issues. Along the same line, the Keizai Doyukai published their 2004 survey results which indicated that Japanese companies ought to build effective compliance systems to monitor the companies’ operations.[171]

In the same year, Nippon Keidanren revised their Charter of Corporate Behaviour to include human rights and stakeholder communications. Not all Japanese companies

---

[168] Simon Deakin and D. Hugh Whittaker, “Re-embedding the Corporation? Comparative Perspectives on Corporate Governance, Employment Relations and Corporate Social Responsibility,” *Corporate Governance* 15 (January 2007): 3.
[169] Reitaku Centre for Economic Studies Business Ethics Research Project*, Ethics Compliance Management Systems ECS2000 Ethics Compliance Standard 2000*, 30 June 1999, available from http://www.ie.reitaku-u.ac.jp/~davis/html/ecs-eng-hdoc1.html; Internet, accessed 25 April 2003.
[170] Masahiko Kawamura, “The Evolution of Corporate Social Responsibility in Japan (Part 1)—Parallels with the History of Corporate Reform, *NLI Research*,” 24 May 2004, 4, available from http://www.nli-research.co.jp/eng/resea/life/li040524.pdf; Internet, accessed 16 December 2006.
[171] Nobuyuki Demise, “Business Ethics and Corporate Governance in Japan,” *Business & Society* 44 (2005). 212-216.

embrace the CSR concept on the same level, therefore, it is necessary for Keizai Doyukai and Nippon Keidanren (whose membership consists of upper-level management) to influence executives to communicate openly with the various stakeholders. [172]

7. Four Theories of Corporate Social Responsibility

Researchers have determined that CSR is based on for commonly-accepted theories. The arguments in favor of corporate managers having an ethical responsibility to society draw from four philosophical theories, which include:

7.1. Social Contract Theory

The central tenet of social contract theory is that society consists of a series of explicit and implicit contracts between individuals, organizations, and institutions. These contracts evolved so that exchanges could be made between parties in an environment of trust and harmony.[173] According to social contract theory (experts such as Carroll & Bucholtz), corporations as organizations, enter into these contracts with other members of society, and receive resources, goods, and societal approval to operate in exchange for good behavior.[174] Prominent philosophers of contractarianism are: Thomas Hobbes (1651), John Locke (1689), and Jean-Jacque Rousseau (1762) and are founding fathers of modern democracy.

Most Japanese corporations adhere to this theory. I will focus on this topic in-depth in the section on Japanese culture and communication.

7.2. Social Justice Theory

Social justice refers to conceptions of justice applied to an entire society. It is based on the idea of a just society, which gives individuals and groups fair treatment and a just share of the benefits of society. An example of a prominent social justice believer is

---

[172] Nobuyuki Demise, "Business Ethics and Corporate Governance in Japan," *Business & Society* 44 (2005): 212-216.
[173] Lance Moir, "What Do We Mean by Corporate Social Responsibility?" *Corporate Governance* 1 (2001): 19.
[174] MaryAnn Reynolds and Kristi Yuthas, "Moral Discourse and Corporate Social Responsibility Reporting," *Journal of Business Ethics* 78 (2008): 48.

John Rawls (1921-2002), a political philosopher who draws his ideas from Bentham and Mill (Utilitarianism), John Locke (Social Contract), and Immanuel Kant (Deontological).[175]

Social justice is both a philosophical problem and an important issue in politics. It can arguably be said that everyone wishes to live in a just society, but different political ideologies have different conceptions of what a "just society" actually is.[176]

7.3. Deontological Theory

Deontological theory deals with the belief that everyone, including corporate managers, has a moral duty to treat everyone else with respect, accommodating to their needs. This is sometimes referred to as the "Golden Rule." [177]

Immanuel Kant's theory of ethics is considered deontological for two reasons: (1) to act in a morally correct way, people must act according to their duty (*deon*) and (2) it is not the consequences of actions which make it wrong or right but rather the motive behind the action.[178]

7.4. Stakeholder Theory

As originally detailed by R. Edward Freeman (1984), stakeholder theory attempts to ascertain which groups are stakeholders in a corporation and thus deserve management attention. In short, it attempts to address the "principle of Who or What Really Counts."[179]

In traditional input-output models of the corporation, the firm uses the inputs of investors, employees, and suppliers to convert inputs into usable (salable) outputs which customers buy and thus, return to the firm some capital benefit. By this model, firms

---

[175] John Rawls, *A Theory of Justice (*Cambridge: Belknap Press of Harvard University Press, 1971), 14.
[176] James M. Buchanan, *The Limits of Liberty – Between Anarchy and Levuiathan* (Chicago: University of Chicago, 1975), 72.
[177] James J. Brummer, *Corporate Responsibility and Legitimacy: An Interdisciplinary Analysis* (Westport: Greenwood Press, 1991), 102-103.
[178] Susan Godar, Patricia O'Connor, and Virginia Anne Taylor, "Evaluating the Ethics of Inversion," *Journal Business Ethics* 61 (2005): 3.
[179] Kor Grit, "Corporate Citizenship: How to Strengthen the Social Responsibility of Managers?" *Journal of Business Ethics* 53 (2004): 102.

only address the needs and wishes of those four parties: investors, employees, suppliers, and customers.[180]

Stakeholder theory, however, recognizes that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, and associated corporations, to name a few. This view of the firm is used to define the specific stakeholders of a corporation (normative theory of stakeholder identification) as well as to examine the conditions under which these parties should be treated as stakeholders (the descriptive theory of stakeholder salience). These two questions make up the modern treatment of Stakeholder Theory. [181]

8. Motives for CSR

The benefits of CSR to businesses vary depending on the nature of the enterprise, and are typically very difficult to quantify. Nevertheless, the following are several reasons for businesses to accept CSR:

8.1. Human Resources

Corporate Social Responsibility can be an important aid to recruitment and retention, particularly within the competitive graduate market. Potential recruits are increasingly likely to ask about a firm's CSR policy during an interview and having a comprehensive policy can give an advantage. CSR can also help to build a "feel good" atmosphere among existing staff, particularly when they can become involved through payroll giving, fundraising activities or community volunteering.[182]

8.2. Risk Management

Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals

[180] Alexei M. Marcoux, "Business Ethics Gone Wrong," *CATO Policy Report* 22 (May/June 2000), available from http://www.cato.org/pubs/policy_report/v22n3/cpr-22n3.html; Internet, accessed 4 March 2008.
[181] Robert Philips, R. Edward Freeman, and Andrew C. Wicks, "What Stakeholder Theory Is Not," *Business Ethics Quarterly* 13 (2003): 483.
[182] Ronen Shamir, "The De-Radicalization of Corporate Social Responsibility," *Critical Sociology* 30 (2004): 684.

or environmental accidents. These events can also draw unwanted attention from regulators, government courts and media. Building a genuine culture of doing the right thing within a corporation can offset these risks.[183]

8.3. Brand Differentiation

In crowded marketplaces, companies strive for X Factors which can separate them from the competition in the minds of consumers. Several major brands, such as the Co-Operative Group and The Body Shop are built on ethical values. Business service organizations can benefit too from building a reputation for integrity and best practice.[184]

8.4. License to Operate

Corporations are keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps, they can persuade governments and the wider public that they are taking current issues like health and safety, diversity or the environment seriously and so avoid intervention. This also applies to firms seeking to justify eye-catching profits and high levels of boardroom pay. Those operating away from their home country can make sure they stay welcome by being good corporate citizens with respect to labour standards and impacts on the environment.[185]

8.5. Diverting Attention

Major corporations which have existing reputation problems due to their core business activities may engage in high-profile CSR programs to draw attention away from their perceived negative impacts. Thus, British American Tobacco (BAT) will take part in

---

[183] Ronald J. Alsop, "Corporate Reputation: Anything But Superficial – The Deep But Fragile Nature of Corporate Reputation," *Journal of Business Strategy* 25 (2004): 27.
[184] Ron Bird and others, eds., "What Corporate Social Responsibility Activities Are Value Added by the Market*,"* *Journal of Business Ethics* 76 (2007): 191.
[185] Ronald Paul Hill and others, eds., "Corporate Social Responsibility and Social Responsible Investing: A Global Perspective," *Journal of Business Ethics* 70 (2007): 166-167.

health initiatives and the petroleum giant BP has installed very visible wind-turbines on the roofs of some gas stations in the United Kingdom.[186]

9. International Standards for Corporate Social Responsibility

Below are present international CSR standards in which all multinational companies (including Japanese *kereitsu*) have agreed to participate.

9.1. The Global Eight

Among the myriad corporate social responsibility initiatives worldwide in recent years, eight have attained a high degree of recognition and a significant following. These are voluntary initiatives with a global constituency that can also be defined as multi-sector, in that they can be applied in a wide range of industries. They have all evolved through social partnerships involving elements of business, government, labour organizations and non-government organizations. They are explored here because of their usage, their reference to the United Nations Global Compact (an initiative developed by the UN Secretary General to align business with corporate citizenship measures) and their multi-stakeholder approach to corporate citizenship issues. These are voluntary and do not address issues of regulation, even though many derive some of their legitimacy by reference to international conventions and regulations. In this respect, they exemplify innovative organizational responses to the current socio-political business environment.

Each initiative is briefly described below. Many of the initiatives have a common starting point: either conventions of the International Labour Organization (ILO), the UN Declaration on the Human Rights of the Child or the Universal Declaration of Human Rights. Most of the 'Global Eight' reflect a northern perspective; this is balanced only partially by the inclusion of ILO conventions, which were developed in multilateral settings. While there are standards developed in the south, they tend to be national or regional in application. The Global Eight are:

1. ILO Conventions
2. The OECD Guidelines for Multinational Enterprises

---

[186] John T. Balmer, Kyoko Fukukawa, and Edmund R. Gray, "The Nature and Management of Ethical Corporate Identity: A Commentary on Corporate Identity, Corporate Social Responsibility and Ethics," *Journal of Business Ethics* 76 (2007): 13-14.

3. ISO 14000 Series
4. The Global Reporting Initiative
5. The Global Sullivan Principles
6. Social Accountability 8000
7. Account Ability 1000
8. The UN Global Compact

9.1.1. Principles and Standards of Global Eight

The Global Eight may be divided into principles and standards. Principles are a set of overarching values which underpin behaviour and by their very nature are non-specific in behavioural terms. Standards, on the other hand, are specific and advocate a set of benchmarks to be attained. There are several different types: process, performance, foundation and certification.

- Process standards define the procedures a company should put in place, such as how to conduct stakeholder dialogue, how to communicate with stakeholders or how to develop management systems.
- Performance standards define what a company should do or not do, such as pay a living wage or prevent discrimination.
- Foundation standards seek to lay the foundation for a new field, describing what constitutes best practice in an emerging area.
- Certification standards establish a system under which certificates of compliance are awarded to companies that comply and have passed an independent (third-party) audit.

It is possible for standards to have several of these characteristics:

- Principles (Global Compact and Global Sullivan Principles)
- Standards (GRI, OECD Guidelines, SA 8000, AA 1000S, ILO Conventions)
- Foundation (ILO Conventions, AA 1000S)
- Process (SA 8000, OECD Guidelines, ILO Conventions)

- Certification (SA 8000 and ISO 14000 Series)[187]

9.1.2. ILO Conventions on Labour Core Standards

The International Labour Organization (ILO) is the oldest UN agency and unique in one respect from other international organizations: its decision-making is tri-partite, with representation from governments, labour organizations, and employers' organizations. Its tri-partite nature enhances the credibility of the ILO and therefore its conventions, but makes decision making a lengthy and at times difficult process. One of the weaknesses of the ILO Conventions is the lack of implementation and enforcement, even by governments that have formally ratified them as part of their national law.

9.1.3. OECD Guidelines for Multinational Enterprises

The Organization for Economic Co-operation and Development (OECD) is an association of 30 member countries in which governments 'discuss, develop, and perfect economic and social policy'. Thirty-four governments have signed up to the Guidelines, giving them a critical mass and notionally global application.[188] The Guidelines are more comprehensive than any other of the Global Eight, covering competition, financing, taxation, employment, as well as industrial relations and environment, science and technology. Like the ILO Conventions, the OECD Guidelines are for governments to promote among the private sector. Since their revision in 2000, the OECD Guidelines now include all of the core labour Conventions of the ILO.[189] Japan is a donor member of OECD.

9.1.4. ISO 14000 Series

The International Standards Organizations (ISO) has developed an extensive range of standards. Among those that are directly related to corporate social responsibility are those that refer to quality, health and safety and the environment through ISO 9000 and ISO 14000 Series. These standards are used at several hundred thousand facilities

---

[187] McIntosh and others, eds., *Living Corporate Citizenship: Strategic Routes to Socially Responsible Business* (Harlow: Pearson Education Limited, 2003), 98-99.
[188] Organization for Economic Co-operation and Development (OECD), Guidelines for Multinational Enterprises – About, available from http://www.oecd.org/about/0,2337,en_2649_34889_1_1_1_1_1,00.html; Internet, accessed on 24 April 2004.
[189] Organization for Economic Co-operation and Development (OECD), *Corporate Social Responsibility: Partner for Progress* (Paris: OECD Publications, 2001), 15.

worldwide. Of all of the Global Eight initiatives, ISO standards have attained the greatest dissemination and adoption by companies.[190] Another feature of ISO1400 used commonly by Japanese companies, is the ISO 14001, which is described briefly below.

ISO 14001 is one of a range of voluntary industry standards, launched in 1996. The 14000 Series, to which ISO 14001 belongs, provides a framework for the private sector and others looking to manage their environmental issues. The standard focuses on organizational processes, not necessarily their products or environmental impacts. Specifically, the standard describes how a firm might manage and control its organizational system so that it measures, controls and continually improves the environmental aspects of its operations.

9.1.5. The Global Reporting Initiative

The Global Reporting Initiative (GRI) was conceived in 1997 by the Boston-based Coalition for Environmentally Responsible Economies (CERES) in collaboration with the Tellus Institute. Over the past five years the GRI has evolved into a set of reporting criteria on all aspects of a company's performance. The initial draft standard was 'field tested' in 1999 by over 20 companies and released in June 2000. A revision was published in 2002.[191]

9.1.6. The Global Compact

The Global Compact is an initiative of UN Secretary General Kofi Annan, which includes nine basic principles on environment, labour, and human rights. The Compact is seen as a major milestone since for the first time a substantive global institution, and the only global political body, has articulated a position on corporate social responsibility. By contrast, most other initiatives are seen as "sectoral", having originated from think tanks or consortia of trade unions and NGOs. The Global Compact has the potential to bring credibility and legitimacy to corporate citizenship,

[190] Global Reporting Initiative, GRI and ISO, available from http://www.globalreporting.org/about/iniiso.asp; Internet, accessed on 23 April 2004.
[191] mallenbaker.net, The Global Reporting Initiative, available from http://www.mallenbaker.net/csr/CSRfiles/GRI.html; Internet, accessed on 23 April 2004.

and perhaps eventually to develop a global governance structure to manage CSR issues.[192]

9.2. Additional Relevant Norms Pertaining to Japanese CSR

An additional CSR standard which simply cannot be overlooked when discussing CSR in Japanese corporations is the Caux Round Table. It was at this meeting that the concept of *Kyosei* was first introduced by the former of CEO of Canon.

9.2.1. The Caux Round Table

The Caux Round Table (CRT) was founded in 1986 by senior business executives from Japan, Europe, and North America. Initially the group came together in an effort to lessen trade tensions. The Round Table is named after Caux, the town in Switzerland where it meets annually.[193] The Steering Committee of the Caux Round Table is made up of executives from Siemens, Chase Manhattan Bank, Canon, Matsuhita, Ambrosetti Group, 3M, Dana, Nissan, Ciba-Geigy, Philips Electronics, Sumitomo, and others.

The CRT is an international network of principled business leaders working to promote a moral capitalism by advocating the implementation of CRT Principles for Business. Sustainable and socially responsible prosperity can become the foundation for a fair, free and transparent global society. The CRT Principles apply fundamental ethical norms to business decision-making. A specially designed process for incorporating the CRT Principles into the culture of a corporation, the Self-Assessment and Improvement Process, is available for companies to use. Ethical training for corporate boards of directors and new ethics curriculum for business schools are being developed.[194]

To promote better outcomes for globalization, the CRT is working to raise the level of awareness of senior business leaders, thought leaders and elite opinion around the world about new opportunities to attack global poverty. These include legal and regulatory changes in developing countries that will improve the environment for productive

---

192 mallenbaker.net, The United Nations Global Compact, available from http://www.mallenbaker.net/csr/CSRfiles/GobalCompact.html; Internet, accessed on 23 April 2004.
193 Kenneth Goodpaster and Laura Nash, *Policies and Persons. A Casebook in Business Ethics* (Boston: McGraw Hill, 1998), 536.
194 Allan Wallace, Two Models of Corporate Social Responsibility to Communities, available from http://www.mountainplains.org/articles/mpa4.htm; Internet, accessed on 28 October 2002.

investment of foreign and domestic equity capital. Working in alliance with global business leaders, international institutions and policy makers, the CRT is suggesting certain Principles for Governments and the adoption of the 12 core "best practice" standards for transparent management of national financial institutions.[195]

9.2.2. The Caux Roundtable Principles for Business

This is a comprehensive set of principles for world business developed by business leaders from Europe, Japan, and the United States and announced in 1994.[196] At the urging of Ryuzaburo Kaku, then Chairman of Canon, Inc., the CRT began focusing attention on the importance of global corporate responsibility in reducing social and economic threats to world peace and stability.

The CRT Principles for Business emerged from a series of dialogues catalyzed by the Caux Round Table during the late 1980's and early 1990's. They are the product of collaboration between executives from Europe, Japan, and the United States, and were fashioned in part from a document called "The Minnesota Principles." The CRT Principles for Business were formally launched in 1994, and presented at the United Nations World Summit on Social Development in 1995. The CRT Principles for Business articulate a comprehensive set of ethical norms for businesses operating internationally or across multiple cultures. Published in twelve languages, reprinted in numerous textbooks and articles, and utilized in business school curricula worldwide, the Principles are recognized by many as the most comprehensive statement of responsible business practice ever formulated by business leaders for business leaders.[197]

The CRT Principles call for transparency, abandonment of bribery and money laundering, and the responsibility to serve all stakeholders.[198] The CRT Principles are rooted in two basic ethics ideals: *kyosei* and human dignity. The Japanese concept of *kyosei* means living and working together for the common good enabling cooperation

---

[195] Caux Round Table, About Us, available from http://www.cauxroundtable.org/about.html; Internet, accessed on 18 April 2004.
[196] Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (Boston: McGraw-Hill, 2003), 125.
[197] Caux Round Table, Founding, available from http://www.cauxroundtable.org/history.html; Internet, accessed on 18 April 2004.
[198] Junko Takahashi, "Corporate Responsibility Not Just to Shareholders," *The Japan Times Online*, 7 April 2002, available from http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nb20000407a4.html; Internet, accessed on 1 November 2002.

and mutual prosperity to coexist with healthy and fair competition. "Human dignity" refers to the sacredness or value of each person as an end, not simply as a mean to the fulfilment of others' purposes.[199]

One major advantage that the CRT has over other voluntary initiatives is that the Principles were written by business executives themselves and as a result, enjoys a broader base of support. Moreover, business executives recognize that it is only with some common understanding of the ethics of business relationships that global business can be successful.[200]

SUMMARY

In chapter two we discussed the historical development of CSR in three various regions – Europe, the United States and Japan. The difference in CSR for all three regions lies in the cultural history, motives, as well as religious aspects. In the U.S. there were three extremely wealthy individuals who each had different motives for the existence of CSR. In Europe, it was a religious concern (Catholicism) which was the motor behind CSR and later, the EC governments along with NGOs are the responsible CSR drivers.

In Japan, it was the environmental pollution as the result of rapid industrialization in the post-war era and numerous scandals in the 1990s which led to the existence of the CSR movement. It can also be said that the Japanese society has grown autonomous and vocal in their concern for the effects of globalization.

[199] Caux Round Table, Principles for Business, available from http://www.cauxroundtable.org/principles.html; Internet, accessed on 21 April 2004.
[200] Maxwell Brem, "Mapping Corporate Citizenship: A Survey of Global, National, and Local Initiatives," in *Promoting Corporate Citizenship: Opportunities for Business and Civil Society Engagement*, ed. Laurie Regelbrugge (Washington, D.C.: CIVICUS, 1999), 54.

CHAPTER THREE: INSIDE THE JAPANESE CORPORATIONS

Most of today's major multinational commercial enterprises and major financial institutions in the world are Japanese. They have been quite successful and compete on equal standing with western multinationals and financial institutions. Their names are household words—Sony, Panasonic, Toyota, Mitsubishi. As successful multinationals, Japanese companies have been met with the same challenges as western multinationals and have faced the challenge of developing and applying concepts of corporate social responsibility.

In order to understand the role of CSR in Japan, we need to understand how culture and communication styles influence business ethics and management practices.

10. Japanese Communications Styles

There is a significant difference between Japanese and American styles of communication. In the American system, downward communication predominates and horizontal communication is a distant third. In the Japanese company, upward communication is dominant, followed closely by horizontal communication.[201] Also, because the informal system in Japan (the *habatsu)* is semi-organized and extremely influential in the Japanese organization, it is included on formal charts of the Japanese system.[202] On the American charts of formal communication, the informal system—the grapevine—is omitted because it functions separately and totally randomly.[203]

The differences between Japanese and American corporate communications can be described as the "logic of adaptation" and the "logic of choice." The Western pattern is to specify the possible alternatives for choice and then to choose one strategy. The Japanese pattern of communication or negotiation is to adapt its attitude depending on

---

[201] Milton J. D. Bennett, "Developing Intercultural Competence for Global Leadership,"in *Interkulturelles Management*, ed. Rolf-Dieter Reinecke and Christine Fussinger (Wiesbaden: Gabler, 2001), 214.
[202] Ray T. Donahue, *Japanese Culture and Communication* (Lanham: University Press of America, 1998), 65
[203] Alan Goldman, *Doing Business with the Japanese* (State University of New York Press, 1994), 240.

the attitude of other parties. The system of *ringisho* (group decision based on consensus) illustrates well the Japanese approach. [204]

In Japanese society in general, communication flows far less freely than it does in America. However, though they say less and say it less directly, the Japanese are constantly sending and receiving nonverbal messages. Americans tend to overlook that part of the communication process.[205] A great deal of pressure is placed on the Japanese because of this need to be continually attuned to others' messages. A Japanese manager once described his communication as a three-act play which is: premeditation, rehearsal, and performance. Each encounter is planned in advance, message rehearsed, and remarks offered according to plan.[206] The aim is to anticipate disagreements and avoid any challenges that could embarrass or harm others. No outsider could really understand the burden of such a system.[207]

In Japan, an important part of the message is transmitted without words. To the Japanese, language is a means of communication whereas to the people of many other cultures it is the means itself. If given a choice, the Japanese would prefer not to use words.[208] A proverb says, "Not to say is better than to say." To the Japanese, nonverbal communication is often more important than verbal communication. For them, the verbal message accompanies the nonverbal cues instead of the other way around. The Japanese communicate through unspoken understanding, a type of telepathy, because for them truth is in the implicit rather than in the stated. They call it *ishin-denshin* or communication by the heart. Many important aspects of Japanese life are rarely, if ever verbalized.[209]

In Japan, responsibility for communication is given to the personnel department; however, in this system which emphasizes human relations, that responsibility is easily

---

[204] Naomi Sugimoto, "Norms of Apology Depicted in U.S. American and Japanese Literature on Manners and Etiquette," *International Journal of Intercultural Relations* 22 (1998): 269-271.
[205] Helmut Morsbach, "Aspects of Nonverbal Communication in Japan," *The Journal of Nervous and Mental Disease* 157 (1973): 262.
[206] Richard G. Dillon, "Boundary Work: American Ethnographers as Intercultural Communicators in Japan," *International Journal of Intercultural Relations* 26 (2002): 64.
[207] Alan Goldman, "Intercultural Training of Japanese for U.S.-Japanese Interorganization Communication," *International Journal of Intercultural Relations* 16 (1992): 200.
[208] Rotem Kower, "Japanese Communication in Intercultural Encounters: The Barrier of Status-Related Behavior," *International Journal of Intercultural Relations* 26 (2002): 343.
[209] William V. Ruch*, Corporate Communications. A Comparison of Japanese and American Practices* (Connecticut: Quorum Books, 1984), 65-66.

relayed to each employee. Ask a Japanese employee which department he considers most important in his company and he will invariably specify the personnel department, an answer that almost certainly would not be offered by an American employee.[210]

Even more important than the pervasiveness of communication in Japanese corporations is the type of communicating which takes place. The Japanese recognize the importance of communication in general and of upward communication in particular.[211] The Japanese do not communicate because they believe it is the right thing to do to build a better system or procedure. They communicate because they know that by doing so they will improve productivity, and that if productivity is improved, the individual worker's lot in life will be improved.[212] Table one, located in the appendix, reveals differences in communication styles between Japanese and Western corporations (see Appendix).

10.1. Japanese Public Relations (*Koho)*

There is a common view among Western critics that Japan has no tradition of public relations. Such a view may give the impression that public relations are an activity that is alien to Japan, but this is far from being the case. The concept of public relations was first introduced by the U.S. Occupation administration after the end of World War II as part of public administration policy.[213] The Japanese translation of the word 'public' at that time made it appear that public relations was part of a government's publicity campaign. Since the rise of a mass consumer society during the era of rapid economic development, the term 'PR' in Japanese has generally been used in the context of marketing communication. Given this background, in Japanese, it is generally understood to mean advertising, whereas Japanese translation *koho* has been used to mean public relations as opposed to marketing or advertising.[214]

---

[210] Kiyoko Sueda and Richard L. Wiseman, "Embarrassment Remediation in Japan and the United States," *International Journal of Intercultural Relations* 16 (1992): 170.
[211] Rotem Kowner, "Japanese Communication in Intercultural Encounters: The Barrier of Status-Related Behavior," *International Journal of Intercultural Relations* 26 (2002): 359.
[212] Hiroyuki Fujimura, "Current Situation of and Issues in Labour-management Communication," *Japan Labour Review* 4 (Winter 2006): 75.
[213] Takashi Ito, "Public Journalism and Journalism in Japan," *Keio Communications Review* 27 (2005): 43.
[214] Anne Cooper-Chen, "Public Relations Practice in Japan: Beginning Again for the First Time," in *International Public Relations: A Comparative Analysis*, ed. Hugh M. Culbertson and Ni Chen (Mahwah: Lawrence Erlbaum Associates, 1996), 228-229.

The *koho* division within a company is involved in a continuous dyadic relationship with the public so that the corporation or organization can transmit its goals and sincerity by various communications means in order to receive support and understanding from the public. *Koho* activities have to be based on the idea of service and benefit to the public and their function is to make it possible to actualize policies. An experienced consultant defined public relations in Japan as the corporate expression of policies and philosophies through special communication techniques in order to maintain the society's receptivity to their products and services. [215]

Although the narrow definition of *koho* is similar to public relations in English, it has the strong nuance of publishing newsletters or other kinds of information resources including advertisements within recent years. In most Japanese companies there are three divisions related to *koho* activities: *koho-bu* (Public Relations), *senden-bu* (Advertising), and *somu-bu* (General Affairs). Although it varies depending on the size and type of corporation, three patterns have existed in Japanese corporations engaged in public relations. First, the *somu-bu* performed public relations and advertising functions before the concept of public relations was recognized as important. Second, during the era of rapid economic development, most corporations established a *koho-bu* separate from the *somu-bu*; however; it also was common to have public relations and advertising together as *koho-senden-bu*. Third, because of the rapidly increasing significance of public relations, there are some companies that locate *koho-shitsu* (public relations office) next to the president's or another top manager's office. In this case, the public relations office is smaller than the public relations department and its role is that of serving purely as a spokesperson of the corporation.[216]

10.2. *Koho* and Media Relations

The relations between the media and the *koho* division of a company are similar to those between advertisers and the media, since a Japanese corporation releases information to the public through media in the same fashion as advertisements. Advertising is restricted and regulated by government, while *koho* experiences much social pressure to

---

[215] Ha-Yong Jang, "Cultural Differences in an Interorganizational Network: Shared Public Relations Firms among Japanese and American Companies," *Public Relations Review* 23 (Winter 1997): 330.
[216] William Kelly, Tomoko Masumoto, and Dirk Gibson, "Kisha Kurabu and Koho: Japanese Media Relations and Public Relations," *Public Relations Review* 28 (2002): 270.

release any relevant information to the media. Even information that would affect a corporation negatively must be released because both corporations and media are expected to carry out their social responsibilities. If a company failed to disclose important information concerning key areas such as safety and environmental protection, the discovery of such failure would lead to adverse publicity that would damage the company's social standing over the long run.[217]

The relations between the media and *koho* have been changing for the past 30 years in Japan. In the 1960s during the period of rapid of economic growth, the media tended to serve corporations by announcing new products and services. For example, media publicity partially contributed to the dramatic increase of automobile consumption in the 1960s in Japan. Television stations covered new announcements of new automobiles, and newspapers as well as magazines had special articles on new automobiles. During this time, the *koho* division and media functioned as promotion tools for the corporations.

As the public became very concerned about pollution in the late 1960s, corporate media relations underwent significant change. This change was instigated by an article about car recalls that appeared in the *New York Times* in 1969. In the U.S., it is the automobile industry's responsibility to announce automobile defects. Whereas in Japan, the automobile industry as well as the Ministry of Transportation did not have any such regulations since the required safety inspection of cars was stricter in Japan. The article in the *New York Times* criticized the Japanese automobile companies for their ignorance of safety concerns.[218] The Japanese media responded to the *New York Times* and criticized the attitudes of the Japanese automobile industries. This incident altered the relationship between the media and corporations from the media servicing corporations' advertising needs to the media taking responsibility to inform the public of the truth.[219] Companies whose activities impinged on safety and environmental concerns had no

---

217 Michel Mestre and others, eds., "Visual Communication – the Japanese Experience," *Corporate Communications* 5 (1999): 40.
218 Adam Gamble and Takesato Watanabe, *A Public Betrayed: An Inside Look at Japanese Media Atrocities and Their Warnings to the West* (Washington, D.C.: Regnery, 2001), 89.
219 Sam Jameson, "A Veteran American Journalist Looks at the Japanese Media," *Japan Policy Research Institute Working Paper* 40 (November 1997), available from http://www.jpri.org/publications/workingpapers/wp40.html; Internet, accessed 16 February 2008.

choice but to pay careful attention to dealing with the press when emergencies occurred.[220]

Almost all Japanese corporations have recognized the importance of *koho* and media relations. Since Japanese media decide which information is to be released, expectation gaps occur between the media and *koho*. Even if *koho* wants to release some information, the media may not be interested in it. The media even may decide to report detailed information in a way that is opposed to a corporation's interests and may place the corporation in a negative light.[221]

It is useful to examine the survey results which the Japan Economic Public Relations Center (JEPRC) announced in 1993. The people in charge of *koho* answered that maintaining good relationships with the mass media was their major responsibility, followed by gaining the understanding of society concerning their corporations' management philosophies and policies. Next came sharing information within corporations and then dealing with emergent situations. The results indicate that regardless of the size of the organizations, gaining societal and stockholder understanding of the corporation through media is the most important activity for the *koho* division.[222]

In similar research conducted by the International Association of Business Communicators in the United States, respondents mentioned developing a reliable relationship with the public and sending targeted messages to stockholders as the top two priorities of public relations. Maintaining good relationships with the media, which was the top priority for *koho* activities in the JEPRC survey, was in third place.

10.3. Japanese Culture and Public Relations

According to the concept of United States anthropologist Edward Hall on high and low context, he characterized Japan as being a high context one. This implies that the level of cultural codes that is implicitly held among communicators in Japan is high, resulting

---

[220] Maggie Farley, "Japan's Press and Political Scandal," in *Media and Politics in Japan*, ed. Susan J. Pharr and Ellis S. Krauss (Honolulu: University of Hawaii Press, 1996), 135.
[221] David Watson and Lynne Sallot, "Public Relations Practice in Japan: An Exploratory Study," *Public Relations Review* 27 (2001): 395.
[222] Michel Mestre, Alan Stainer, and Lorice Stainer, "Employee Orientation – the Japanese Approach," *Employee Relations* 19 (1997): 447.

in a proportional limit on the volume of tangible information that is exchanged.[223] In particular, over the past 2,000 years, Japan has treasured the concept of *wa* (harmony) in which people of a single race live together in an island country. In such a society, objectives are not achieved by individuals competing against each other, but rather people are skilled at achieving objectives through group cooperation.[224]

Furthermore, the entry of Confucianism into Japan in the seventh century created a society in which people did not make excuses when they did something wrong. This led to an inability to take responsibility and an inability to explain one's actions or express oneself to others clearly. As a result, misunderstandings and friction often occur when Japanese interact with people from other countries and cultures.[225]

The Japanese have traditionally placed priority on corporate and organizational profit rather than personal profit, and the image of the Japanese has been that of an "economic animal" with an unseen face. The information technology boom of the 1990s brought about a true globalization of many aspects of the culture, and there was a demand for individual strength and creativity in which the individual role was greater than that of the group.[226] Many believed that for Japan to obtain the know-how for creating high value-added properties (intellectual property) ahead of China and other Asian countries, it must develop a doctrine that respects an individual's free thoughts and actions. Educational reforms are currently underway to achieve this, stressing the inculcation of sound values (morality) at the high school level, creativity rather than rote learning, and a renewed emphasis on English as an international language to help young people live in the global village.[227]

Although this may be a characteristic of an island nation's culture, when two individuals first meet each other in Japanese society, whether through work or on a

---

[223] Lisbeth Clausen, *Intercultural Organizational Communication. Five Corporate Cases in Japan* (Denmark: Copenhagen Business School Press, 2006): 53.
[224] K. Sriramesh and Mioko Takasaki, "Public Relations in Three Asian Cultures: An Analysis," *Journal of Public Relations Research* 11 (1999): 279.
[225] Akira Tsujimura, "Some Characteristics of the Japanese Way of Communication," in *Communication Theory – Eastern and Western Perspectives*, ed. D. Lawrence Kincaid (San Diego: Academic Press, 1987), 115-125.
[226] Japan Echo Editorial, "Watching America Watch Japan," *Japan Times*, 18 August 1997, available from http://www.japanecho.com/sum/2000/270216.html; Internet, accessed 16 February 2008.
[227] K. Sriramesh and Mioko Takasaki, "The Impact of Culture on Japanese Public Relations," *Journal of Communication Management* 3 (1999): 342.

more personal level, a lot of time is spent in getting to know that person. The relationship rests only on a surface level until one party develops sufficient knowledge about the other; in time, an *amae* (over-dependency) structure is developed in which each party tries to depend on the other. Drinking with friends and colleagues after work is one ritual that promulgates this structure.[228] The building of mutual trust with an individual within an organization sometimes leads that relationship to take precedence over the organization. There is also the influence of Confucian thought, which causes this tendency to be even stronger when there is a hierarchical relationship built around deference to authority.[229]

For example, the surprise attack on Pearl Harbor created a negative image of the Japanese. For a long time after World War II, the country was referred to derogatively as "sneaky Japan." In fact, it was due to a delay caused by Japanese incompetence: the declaration of war was transmitted after the actual start of hostilities in Pearl Harbor. Such a fact has been published in some recent books on the war in the Pacific. The fact that this mistake was covered up by the Japanese and never explained to the international community reflected the prevailing value system of the nation. This value system encouraged a tendency for the intra-organizational hierarchy to submit to authority and a cultural sense of value in which domestic interests or of the interests of one's organization (to protect one's own comrades) is placed over international interests.[230] This is based on the Japanese cultural concepts of *haji* (or embarrassment—when one refrains from notifying outsiders of facts when a mistake is made), *amae* (over-dependency), and *wa* (harmony). Consequently, these Japanese cultural traits militate against the openness and speediness that is part of the preferred environment of the public relations world.[231]

---

[228] Ray T. Donahue, *Japanese Culture and Communications: Critical Cultural Analysis* (Lanham: University Press of America, 1998), 150.
[229] Andrea L. Simpson, "New Rules for Courting Business in Asia," *International Public Relations Review* 17 (1994): 33.
[230] Hiroshi Kosaka, "Japanese Managerial Behavior in Strategic Planning. Case Analyses in Global Business Context," *Journal of Business Research* 57 (2004): 292.
[231] Takashi Inoue, "An Overview of Public Relations in Japan and the Self-Correction Concept," in *The Global Public Relations Handbook: Theory, Research, and Practice* (Lawrence Erlbaum Associates, 2003), 77-78.

11. Understanding Japanese Cultural Values , Management, and Ethics

11.1. Confucianism

It is generally accepted that Confucianism was transmitted through the ancient Korean kingdom of Kudara. As individuals traveled extensively between the two countries, new developments in Confucianism were transmitted to Japan without cease, resulting in great influences on Japan.[232]

Following the first transmission of Confucianism to Japan, it not only underwent a long process of assimilation, study and development, but it also experienced its own vicissitudes within the ongoing process of adaptation to the Japanese society and economy. During the Tokugawa period, Confucianism received the support and patronage of the two influential thinkers Fujiwara Seika (1561-1615) and Hayashi Razan (1583-1657), and it became independent from contemporary "three-part unity" of Buddhism, Taoism, and Confucianism, thus leading to the genuine Japanization of Chinese Confucianism. In addition, Confucianism received the patronage of the Tokugawa government to become the sole orthodoxy of the period (approximately early seventeenth to mid-nineteenth century).[233]

Confucianism is the cultural DNA of Japanese societies. The deep undercurrent of the Confucian worldview in Japan becomes manifest as it spread through ethics taught in the family, in schools, and by the government. Although Confucianism did not form "churches," its pervasive moral, social, and political influence in Japan is undisputed.[234]

Below are four of the most prevalent features of Confucianism, one particular component of Confucianism which is the idea of giving, is probably the source of contention of inter-cultural misunderstanding. The four important components of Confucianism are as follow:

---

[232] Shuji Hayashi, *Culture and Management in Japan* (Tokyo: University of Tokyo Press, 1988), 86.
[233] Randy K. Chiu, May M. Wong, and Frederick A. Kosinski, Jr., "Confucian Values and Conflict Behavior of Asian Managers: A Comparison of Two Countries," *Social Behavior and Personality* 26 (1998): 12.
[234] Catherine B. Silver and Charlotte Muller, "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the United States," *Research in Stratification and Mobility* 15 (1997): 163-164.

11.1.1. Stereotypes of Individuals

Japanese are said to be characterized by self-denial, frugality, patience, fortitude, self-discipline, dedication, rote learning, and aptitude for applied sciences and mathematics. They are thought to excel in tasks that require unstinting effort over a long period in which gratification or reward is delayed. Persistent devotion to memorization or repetition of a task finally results in a skill becoming well learned. This predisposition prevails whether the skill is mathematical computation, musical performance, artistic craftsmanship, or applied industrial.

Numerous observations on how youths are socialized reinforce these stereotypes. In the formative years, the child is taught to be dependent, to submerge the self within the group, and to learn to serve the group. He or she learns to conceive of the self not as an abstraction, but in reciprocal terms appropriate to specific relationships. There is no independent ideal of an individual prepared to conquer a succession of worlds. Instead, one's identity is changeable, depending on the others who are present. Linguistically, in Japanese, this flexibility is reflected in the many terms employed to designate "I" and "you." In Japan individualism is portrayed negatively, as a cause of selfishness and anarchy—as a barrier to the achievement of the goals of the community or the state.[235]

Following a family upbringing that downplays individualism, years of schooling assume great importance for inculcating Confucian behaviors. The school insists on diligence—intensive rote learning often accompanied by chanting in unison or regurgitation of detailed knowledge on tests. Parents and teachers make the child conscious of difficult examinations far in the future to which preparation must be geared.[236]

Individuals grow up mindful of the approved lessons of history, proud of the glorified achievements of their country's past, alert to the future obstacles to collective and individual goals, pessimistic about the prospects for easy success, and convinced that extraordinary commitment is necessary to prevail. Competition reaches a peak; virtually all students who show promise are drawn into the frenzy. While observers have noted

---

[235] Kaji Nobuyuki, "Japan and the Confucian Sphere," *Japan Echo* 24 (1996): 72.

[236] Bor-Shiuan Cheng and others, eds., "Paternalistic Leadership and Subordinate Responses: Establishing a Leadership Model in Chinese Organizations," *Asian Journal of Social Psychology* 7 (April 2004): 96.

pathological consequences, and some of the material memorized seems to be of little long-term value, the attitudes formed have lasting significance.[237]

11.1.2. Stereotype of Group Relations

Individual traits are learned in the context of groups. The willingness of individuals to subordinate themselves to the group, determine what they will learn from the group. Especially the family, the school, and the workplace (or rural community) shape the individual's development.

Japanese group members are noted for the following qualities: group orientation, acceptance of authority, deference, dependence, conflict-avoidance, interest in harmony, seniority consciousness, and dutifulness. More specific manifestations of these qualities are found in various types of groups. Within the family, Japanese are famous for filial piety, ancestor reverence, patriarchal authority, female subordination, elderly respect, intergenerational continuity, long-term planning, and fear of collective dishonour. These characteristics are commonly lumped together as "familism" or the extraordinary preoccupation with family solidarity and interests. Within the workplace, Japanese have become identified with enterprise paternalism, lifetime employment, organized recruitment from schools and communities, corporate spirit, seniority wages, and enterprise unions. Analogues have been discerned between these group characteristics of modern enterprises and both family and rural community organizational traits.[238]

Group members are expected to make a commitment more exclusive and binding than in other societies. Whether a new bride or a new salaried employee, a member is chosen with care based on clearly stated criteria. Community sentiment stands in the way of easy departure from the organization, with the possible exception of those who have joined for a short-term or trial period. Even in non-family groups relations are relatively diffuse; the organization may make broad claims on its members without worrying about contractual agreements that require members to perform only specified tasks.

---

[237] Wei-Lee Lu and others, eds., Developing Awareness of Professional Military Ethics at the Chinese naval Academy in Taiwan, available from http://www.usafa.af.mil/jscope/JSCOPE01/Luera101.html; Internet; accessed on 5 June, 2003.
[238] Christopher J. Robertson, "The Global Dispersion of Chinese Values: A Three-Country Study of Confucian Dynamism," *Management International Review* 40 (2000): 266.

Groups organized in this manner have the potential to make long-range plans and to adapt quickly to changing circumstances by redirecting labour and revising goals. They count on a carefully chosen, loyal membership or workforce to make them competitive. Once in the organization, new members find themselves deeply embedded in hierarchical relationships, where business and personal obligations overlap. This overlap can be traced back to the tradition of family businesses.[239]

Contemporary large Japanese corporations provide secure employment for the relatively well-educated males who are offered jobs on the preferred track. Hired directly out of school, most male employees of large firms remain with one firm until the formal retirement age. Wages are based largely on education and seniority. A paternalistic ideology equates enterprise loyalty with family solidarity. The extension of kinship terms to non-kin organizations can be found in many contexts.[240]

Westerners are quick to condemn the extreme signs of individual submission to the group, such as the samurai's willingness in the pre-modern Japan to die in defence of his lord's honour, or the requirement that the *danwei* approve decisions about marriage, divorce, and child birth in contemporary China. On the whole, they criticize the lack of recourse to individual rights as a way to limit group authority. Nevertheless, they may also praise the concern shown for vulnerable group members, such as the elderly, within the family and the secure environment provided for most individuals. [241]

11.1.3. Confucian Thoughts and Modern Japanese Management

With the development of Japanese capitalism and the introduction of Western culture in the Meiji period, Confucianism once again came under attack in Japan. But the Meiji government finally came to the decision to promote national development under the motto "Japanese spirit and Western technology." The result was that Confucianism received its baptism to modernity, but the crisis was transformed into rejuvenation. At that time, the industrialist and "grand man of Meiji" Eiichi Shibuzawa (1840-1931)

---

[239] Charles Mitchell, A Short Course in International Business Culture (Novato: World Trade Press, 2000): 14-15.
[240] Keedon Kwon, "Economic Development in East Asia and A Critique of the Post-Confucian Thesis," *Theor Soc* 36 (2007): 60.
[241] S. Prakash Sethi, "Why Japanese Business Is Losing Its Halo," *Business and Society Review* 12 (Winter 1974-1975): 38-39.

proposed slogans such as "the Analects plus the abacus," and "the union of economy and morality," slogans which can be considered products of the age.[242]

Following World War II, Japan experienced three great democratic reforms, resulting not only in the purging of the old social order and establishment of a new orientation toward modernization, but also in the opening of a broad path for Confucianism to promote the national economic development and the reform of corporate management. The melding of Confucianism and Japanese business management is evidenced in the following ways:

- *Establishment of Management Ideals Based on Confucian View of the Nation*. At the same time the "Imperial Rescript on Education" was promulgated in October of 1890, the central Confucian ethics of loyalty and filial piety were already established as the essence of the Japanese national polity.[243] These ethics expressed that all Japanese subjects must exhibit loyalty to the sovereign and patriotism to the nation. Following World War II, there were changes to the relationship of sovereign, ministers, and people, but the concept of the "priority of the national good" remained unchanged as the basis for national prosperity. The corporate economic ideals established on the basis of the guiding principle of "orientation toward the good of the nation" are evidenced in the spirit of slogans like Matsuhita's "industry for repaying one's debt to the nation" and Toyota's "never forget Japan." These management ideals can be summed up as a spirit of "corporate patriotism."[244]

- *Setting Management Strategies Based on Confucian Philosophy*. With the high development of Japanese capitalism and increasingly turbulent competition between corporations, it is becoming increasingly important that corporations possess the correct corporate strategies, or risk the loss of their foothold in the world. In the arena of international business, Japanese management strategies are superior to their Western counterparts in the following way: in general, when

---

[242] Harukiyo Hasegawa, "Developing Management Studies as a Social Science: Globalization and Japanese Management Studies," *Asian Business & Management* 5 (March 2006): 68.
[243] Byron K. Marshall, "Academic Freedom and the Japanese Imperial University," *History of Education Quarterly* 34 (Autumn 1994): 359-361.
[244] Catherine B. Silver and Charlotte Muller, "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the Unites States," *Research in Social Stratification and Mobility* 15 (1997): 162.

Japanese companies establish their management, they do not only use ordinary methods practiced by Western corporate management, but they also emphasize the use of ancient Chinese philosophy (including Confucianism) in setting those strategies. For example, management strategy may take into consideration the "imperial councils" recommended in the "Art of War" by Sun Zi (or Sun Tzu), or the Confucian concept of "fairness first, profit second."[245] In the development of increasingly fierce competition between Japanese and Western corporations, the utilization of the Confucian concept of "fairness first, profit second" makes it possible for corporations to realize the maxim, "when hard times appear, to respond with even greater steps."

- *Organization of Human Relationships on the Basis of Confucian Family Concepts*. Japanese corporations are familistic communities, and the relationship between the constituent members of the company, are like the human relationships between members of a clan. Such human relationships have likewise received the strong imprint of Confucian views on the family.[246] The Confucian view of family relationships runs through Japanese corporate culture, and this fact has given its shape to Japanese corporations' familistic management patterns. Following its post-war baptism of democratic reforms, the familistic pattern of business management was purged of the blood relationships characterizing the feudal family, but it preserved the family's close-knit atmosphere. Within Japanese corporations, even people of different statuses possess the spirit that they are "all members of a single family." The great majority of Japanese corporations display scrolls bearing the motto "value harmony above all." Familistic business management or, in other words, group-oriented management, forms a clear contrast with the individualistic management of Western corporations.[247] Table Two located in the Appendix summarizes the role of individuals within their families as well as, members of a Confucian society.

---

[245] The Economist, "The Ancient Art of Making Money," *The Economist Print Edition*, 5 April 2001, , available from http://nhh.no/geo/chinese/reading/EconomistSurvey/asian3.htm; Internet; accessed on 5 June, 2003.
[246] Fujikazu Suzuki, "Corporate Governance Reform and Industrial Democracy in Japan," *Japan Labour Review* 2 (2005): 82.
[247] Catherine B. Silver and Charlotte Muller, "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the Unites States," *Research in Social Stratification and Mobility* 15 (1997): 159.

- *Use Confucian Morality to Cultivate Employee Talents.* "The company is people." "People are the foundation." These slogans are ideals well known by Japanese corporate managers. The art of the manager is in knowing how to best mobilize the aggressive spirit of employees. In this sense, too, Japanese corporations form a clear contrast with their Western counterparts, particularly in the sense that Japanese corporations stimulate their employees' spiritual dimension without encouraging their materialistic drives.[248]

  Japanese corporations basically use two methods to imbue their employees with a long-lived positive drive and a sense of responsibility. One is by using the various Confucian "values" such as benevolence, righteousness, propriety, knowledge, and trust, thus training the employee from the root up, and cultivating the employee's core character. The other way is by using Confucian morality to stimulate the strengthening of morality and personal cultivation. Examples might include the emphasis on Confucian maxims like "if you wish to be elevated, elevate others and if you wish to attain, help others to attain," and "do not unto others what you would not want done to yourself." Also, to wait for an individual's warmth, goodliness, modesty, frugality, and conciliation, thus making the person modest, generous, trusting, charitable, and clever.[249]

  When employee training is based on these fundamental standards, employees attain a relatively high level of character and talent. "In good times, live with self-control and do not forget what disorder is like; in bad times, provide mutual aid."

  The post-war period has provided numerous examples of the use of Confucianism by Japanese corporations. Of all the countries in the Confucian culture sphere, Japan has been, overall, relatively more successful in applying Confucian thought to the stimulation of economic development and reform of

248 Margarethe Wiersema and Allan Bird, "Universalizing Upper Echelon Theory: Contrasting U.S. Theory with Japanese Firm Performance," *Journal of Asian Business* 12 (1996): 9.
249 Damodar Suar, "Institutionalization of Ethics in Business," in *Human Values Management*, ed. Ananda Das Gupta (Aldershot: Ashgate Publishing Limited, 2004), 30.

corporate management. The numerous examples from Japan should provide a source for edification to other countries.[250]

11.2. Features of Japanese Management Style

There several dominant features which distinguishes Japanese management from Western management style. Here are some brief examples:

- *Seniority-based System.* The essence of present Japanese-style management is based on the seniority system, which has always existed in Japan but was perfected in the Tokugawa period (1603-1868) following precepts set down by the Ishida school of thought. During the Tokugawa era, the employees of larger retail stores and wholesalers were divided into carefully prescribed ranks. These ranks were *detchi* (general employees), *tedai* (supervisors), *bantoh* (section chiefs) and *O-banthoh* (department managers)—all of whom lived on the premises. The next highest rank was *yado-iri* (general manager), who did not live in, and the highest was *norenwake*, the head of a subsidiary shop or company.

  There were three ranks in factories: *kozoh* (apprentice), *shoku-nin* (journeyman), and *shoku-cho* (foreman). After many years of service, foremen were allowed to establish subsidiaries, acting as subcontractors to their parent companies. Both *norenwake* and *shoku-cho* could become independent by repaying the parent company for stock and any investment, as long as they didn't compete directly with the parent firm.

  Apprentices received no salary, but their needs were looked after. Eventually they would move up the system and have the opportunity to go out on their own as independent workers or as bosses of subsidiaries. This provided them with the motivation to work hard, learn the trade, and to be loyal to the company.[251]

---

[250] Wen Xia Ren, "Confucianism and Business Management," in Economic and Social Development in *East Asia: Policies, Management and Population: Proceedings of the Nihon University International Symposium in Nihon University, January 26-29, 1993*, by the University Research Center Nihon University (Japan: Nihon University, 1993), 306-309.

[251] Abhoy K. Ojha, "Can Japanese Management Practices be Successfully Transferred to Other Countries?" in the *Asian Management Matters*, ed. Chung-Ming Lau, Kenneth K. S. Law, David K. Tse, and Chi-Sum Wong (London: Imperial College Press, 2000), 408-409.

This system encouraged the proliferation of companies, all tied together in communal groups. The communal companies, as well as their employees, were bound by the principle of seniority.

In today's setting, seniority is determined by the year an employee's class enters the company. New workers enter companies as a group on April 1 each year. Career progression is highly predictable, regulated, and automatic. Compensation for young workers is quite low, but they accept low pay with the understanding that their pay will increase in regular increments and be quite high by retirement. Compensation consists of a wide range of tangible and intangible benefits, including housing assistance, inexpensive vacations, good recreational facilities, and, most important the availability of low-cost-loans for such expenses as housing and a new automobile. Regular pay is often augmented by generous semiannual bonuses. Members of the same graduating class usually start with similar salaries, and salary increases and promotions each year are generally uniform. The purpose is to maintain harmony and avoid stress as well as jealousy within the group.

Individual evaluation, however, does occur. Early in workers' careers, by age thirty, distinctions are made in pay and job assignments. During the latter part of workers' career, another weeding takes place, as only the best workers are selected for accelerated advancement into upper management. Those employees who fail to advance are forced to retire from the company in their mid-to-late fifties. Retirement does not necessarily mean a life of leisure. Poor pension benefits and modest social security means that many people have to continue working after retiring from a career. Many management retirees work for the smaller subsidiaries of the large companies, with another company, or with the large company itself at substantially lower salaries.[252]

- *Community (Conformity) versus Self (Entrepreneurialism).* At the root of Japanese national culture is a concern for the protection and perseverance of the society as a whole. Certainly genetic makeup of the Japanese people is a matter

[252] Malcolm Warner, "Japanese Culture, Western Management: Taylorism and Human Resources in Japan," *Organization Studies* 15 (1994): 510.

of pride. When comparisons are made between Japanese and American societies, one of the first differences uncovered is the Japanese pride in bloodline. Americans are proud that their society promises equal opportunity. It is a melting pot of many different races, cultures, and traditions. This is not the case in Japan. The outsider (or *gaijin*) is exactly that—a non-Japanese who is not really welcome. Japanese are proud of their uniqueness, which would be diminished if outsiders were allowed to access their culture.[253]

This basic cultural element is clearly seen in the Japanese characters (*kanji*) for the words "public" and "private." The character for "public" evolved from a pictogram of many people eating from a common rice bowl. "Public" carries with it the connotation of community well-being. The character "private" evolved from a pictogram of a single individual eating from a rice bowl. "Private" or "self" has a negative connotation in Japan. This can also be seen in the Japanese corporation. In Japan, when individuals join a firm, they become a part of that firm's family or community. A popular corporate slogan that depicts this mentality is: "A nail that sticks up is hammered down."[254] A good example which underlines this proverb is the idea behind secret giving or *intoku-youhou*.

Intoku-youhou is a proverb which means "good deeds done without recognition (*intoku*) will bear good results known to society." This concept, derived from ancient Chinese thought, reflects the view that if one secretly performs a good deed, a social result will surely occur later.[255] This concept was transmitted to Japan through Buddhist and Confucian teachings and the phrase has been used commonly since the medieval period. This has led to the view that it is a good thing to perform a good deed without recognition, but that it is a negative thing to deliberately inform people of one's good deeds. [256] A common expression meaning "to build up one's secret good deeds" (*intoku wo tsumu*), used to

---

[253] Alan Goldman, *Doing Business with the Japanese - A Guide to Successful Communication, Management, and Diplomacy* (Albany: State University of New York, 1994), 240.
[254] Stephen Marsland and Michael Beer, "The Evolution of Japanese Management: Lessons for U.S. Managers," *Organizational Dynamics* (Winter 1983): 52-55.
[255] Ikujiro Nonaka and Nigel Holden, "A Made-in Japan Theory with Help from Aristotle: Nigel Holden Interviews Ikujiro Nonaka," *European Journal of International Management* 1(2007): 5, available from http://www.inderscience.com/storage/f275113416981012.pdf; Internet, accessed 19 April 2007.
[256] Michiyo Takeyasu, "The Gift of Giving," *American Chamber of Commerce in Japan*, (October 2002): 41, available from http://www.acq.or.jp/document_library/1065594588.pdf; Internet, accessed 12 December 2003.

describe performing many good deeds without recognition, has further promoted this notion.[257]

Employees do not just sign a contract with the corporation; they sign what many have alluded to as a "kin tract." The employee dresses in the corporate uniform and participates in group activities (morning exercises, team competitions, cultural festivals). In some cases, lifetime employment is still guaranteed. The loyalty of the employee is assured, and the firm becomes a stronger unit.[258]

The concern for the welfare of the whole is seen in the business practice of consensus decision making (*ringi*: the formal mechanism; *nemawashi*: the informal process).[259] The decisions made by the group are better than a decision made by a single person. The basis for this perspective is that "two heads are better than one." If everyone agrees to a decision, then there is a unity of thought. This unity reflects the importance of harmony in Japanese religious training. A divergent opinion disturbs the harmony of the group.[260]

This also relates to the Confucian aspect of "face" (or *tatemae*), which deals with the reputation of the individual. The Japanese have a word to describe overt behaviour, especially verbal behavior. *Tatemae* which figuratively means a "face" or "facade" of something and is primarily used by the Japanese in reference to masking one's real thoughts or intentions. *Honne*, on the other hand, literally means "honest voice" and refers to one's real intentions.[261]

Tatemae can be thought of as the most important social lubricant in Japan. It is the gentle substitute for the harsh words one might be thinking, or for the refusal or disagreement that would hurt or offend if put bluntly. *Tatemae* makes the

---

[257] Akira Matsubara and Hiroko Todoroki, "*Japan's Culture of Giving and Non-Profit Organizations*," Coalition for Legislation to Support Citizen's Organizations (May 2003), available from http://www. npoweb.gr.jp/english/cgp.html; Internet, accessed 20 January 2004.
[258] John P. Alston, *The American Samurai –Blending American and Japanese Management Practices* (Berlin: Walter de Gruyter & Co., 1989): 9.
[259] Kenichi Ohbuchi, "Conflict Management in Japan: Cultural Values and Efficacy," in *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures*, ed. Kwok Leung and Dean Tyosvold (Singapore: John Wiley & Sons (Asia) PTE LTD, 1998), 53.
[260] John B. Ford and Earl D. Honeycutt, Jr., "Japanese national culture as a basis for understanding," *Business Horizons* 35 (November/December 1992): 32.
[261] Boye Lafayette De Mente, *Japanese Etiquette and Ethics in Business* (Lincolnwood: NTC Business Books, 1994), 18.

Japanese world go around and includes putting on a good face, white lies, and dressing things up nicely for public consumption.[262]

The Japanese are very sophisticated about the matter of face or appearance versus reality. While they take great pains to ensure that their own and others' faces are not "lost," they are also aware of hypocritical behavior.[263] Japanese sophistication about face can be appreciated by considering one of the commonest expressions used in Japanese business: "Deferential to his face, but abusive behind his back." A "face friend" to a Japanese person is, unsurprisingly a "fair-weather friend." But face is not always sacrosanct, even among the Japanese. Another common proverb says, "Tear off the surface face." This is used when it is felt that some persons ought not to have their faces protected, and that it is acceptable or necessary for them to be attacked and exposed for the scoundrels they presumably are. The Japanese also say, "Look at both sides of the shield!" In other words, do not look only at the lustrous and splendid face of things but also at the back, which might be quite different.[264]

In its best sense, *tatemae* is used to maintain good relationships and avoid trouble in a society hinged upon a well-voiced philosophy of harmony and goodwill. To do otherwise, to the extent of brutally calling a spade a spade, is effectively antisocial behavior in Japan. The Japanese are exceptionally sensitive to criticism and rebuffs, and have an open conspiracy to ensure others as well as themselves are protected and shielded from psychological injury. It is proper behavior to say only good things about others, and to have nothing ill to say about one's own team or colleagues. To maintain a good tone (the right sentiment) in human relations, *tatemae* extends to apologies and feigning sincerity and contrition.[265]

The nature of the Japanese CEO also demonstrates this orientation. The leader of a Japanese corporation must embody the spirit of the organization so that he can

---

262 Chong Ju Choi, "Contract Enforcement Across Cultures," *Organization Studies* 15 (1994): 677.
263 John A. Reeder, "When West Meets East: Cultural Aspects of Doing Business in Asia," *Business Horizons* 30 (January-February 1987): 69-70.
264 Robert M. March, *Reading the Japanese Mind – The Realities Behind Their Thoughts and Actions* (Tokyo: Kodansha International, 1996), 28.
265 Edward T. Hall and Mildred Reed Hall, *Hidden Differences – Doing Business with the Japanese* (New York: Anchor Books, 1987), 124.

represent the company accurately. The maverick free-spirit entrepreneur found in the United States is rarely seen Japan. The closest Japanese equivalents of American business leaders are Akio Morita and Ryazaburo Kaku of Canon. These leaders make it clear, however, that they have the very best interests of their companies in mind when they make decisions, even though they claim to be atypical Japanese leaders.

- *Japanese Decision Making Process (Ringi).* Decision-making in Japanese organizations is based on the culture of collectivism and shared responsibility. This underlines the Japanese *ringi* system, which is based on consensual decision-making. The Japanese believe that *wa* or harmony, fundamentally important to Japanese culture and social interaction, can be best maintained in consensus decision-making where everyone has to agree and be happy with the final decisions being made. An associated concept, *nemawashi*, literally refers to dealing with the roots of trees, where gardening or the transplanting of trees requires much skill and meticulous effort. *Nemawashi* in a big organization refers to preliminary and informal idea generation in response to a proposed course of action or project. The employers in Japanese organizations realize the ideas from the bottom level of the organization are an important source for the company. Therefore, *nemawashi* implies the activities that take place below ground level in which contacted persons remain anonymous and feel free to talk about their ideas.[266]

  The *ringi* process usually comprises four steps: proposal, circulation, approval, and record. A *ringisho* which is a proposal that originates in one section is forwarded to all relevant sections on the same level, section heads, managers, directors and eventually the president of the company. Upon receiving the *ringisho*, each person involved in the process will make comments on a sheet attached to the back of the proposal.[267] The decision will be made by the top management based on comments of all people involved in the process. The

---

[266] Kenichi Ohbuchi, "Conflict Management in Japan: Cultural Values and Efficacy," in *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures*, ed. Kwok Leung and Dean Tjosvold (Singapore: John Wiley & Sons (Asia) PTE Ltd., 1998), 53.
[267] Keitaro Hasegawa, *Japanese Style Management: An Insider Analysis* (New York: Kodansha International LTD., 1986), 30-32.

purpose of this round-about way of making decision is to eliminate dissensions, as many are given an opportunity to alter their mind before it is set in stone. The process of decision-making procedures in the Japanese multinational companies is outlined in Table 3 available under the Appendix section.

There are many advantages to the Japanese form of decision-making. It has some elements of democracy in the sense that employees at lower levels can initiate proposals or work out plans, which will be transferred upward to the higher levels of management. Since many people are involved in the process and various meetings are held, there is a greater participation of decision making in the company.[268] Any decisions adopted on the basis of such extensive discussions will be more likely to meet general acceptance and implementation will become easier and more efficient.

However, there are also a number of disadvantages associated with the process of the *ringi* system. Often, too many people and sections get involved, even though a *ringisho* may concern one section only. Furthermore, too many meetings are held and it takes a very long time for participants to follow all the proper motions. According to a report of the Japan Management Association, managers spend around 40% of their time in conferences and meetings. These may significantly hamper organizational effectiveness, as business often demands timely decision-making.[269]

Although the *ringi* system is time consuming prior to the implementation stage, the final decision can be rapidly implemented because of the widespread awareness of and support for the proposal already gained throughout the organization. This process is the opposite of the top-down decision made by many Western multinational companies, where decisions are made quite rapidly and without consultation, but which then take some time to implement because

[268] Sam Stern and Hiromitsu Muta, "The Japanese Difference," *Training and Development Journal* 44 (March 1990): 74.
[269] William G. Ouchi, *Theory Z: How American Business Can Meet the Japanese Challenge* (California: Addison-Wesley Publishing Companies, 1993), 42.

of unforeseen practical or support problems often arise through a lack of understanding of essential processes, or even grassroots opposition to change.[270]

There are strong normative pressures from religious influences such Confucianism, Buddhism and *amae*, and feudal practices in the Tokugawa and Meiji Periods that make consensus decision-making desirable. Further, decision-making by consensus is rooted in the structure of the traditional family system in Japan and its origins can be traced to the traditional rice growing activities in agriculture. Since traditional Japanese society has always operated on a basis of consensus which was 'forced' on them by family structure and practicalities of agricultural practices in Japan, cognitive restrictions deter them from thinking as individuals. In other words, the practice of consensus decision-making is strongly supported by normative and cognitive institutions in Japan.[271]

11.3. Japanese Business Ethics

The normative environment for Japanese business may be viewed in both religious and social terms. In the religious dimension, the influence of Confucianism, Buddhism and traditional Japanese religions combine to emphasize that every person has their own soul or spirit (*numen*) which is connected to the ultimate reality. Everyone is equal in terms of having an equal *numen*. Work is understood as a means by which individuals connect to the ultimate reality, and therefore, has value in and of itself. Groups are also seen as having their own *numen*, which they may be seen as superior to the individual members. The following of group norms is emphasized through *tatemae* or formal rules. When members refuse *tatemae*, they do so through assertions and gestures called *honne* or real motive.[272]

In the social dimension, the normative environment may be envisioned as a group of concentric circles representing family, fellows or close associates, the nation of Japan and the world. Different ethical rules govern in the respective circles: filial piety, long-

---

[270] Toyohiro Kono and Stewart R. Clegg, *Transformations of Corporate Culture: Experiences of Japanese Enterprises* (Berlin: Walter de Gruyter, 1998), 68.
[271] Sam Stern and Hiromitsu Muta, "The Japanese Difference," *Training and Development Journal* 44 (March 1990): 74.
[272] Boye Lafayette DeMente, *Japanese Etiquette and Ethics Business* (Lincolnwood: NTC Business Books, 1994), 18-19.

term give-and-take relations, a combination of competition and long-term give-and-take and open competition. Corporations fit into the same framework with vertical *keiretsu* fitting into the family circle, and horizontal *keiretsu* typically into the fellows circle. Understanding and adopting the ethical rules of "long-term give-and-take" is critical to be accepted into the fellow circle of corporations. Corporations tend to view the inner circles as an operation base while the outer circles are an area of battleground, although the specifics shift within the context of particular relationships. The status of the firms within the overall normative environment also has an impact on how relations among firms are defined.[273]

The logic of the religious dimension causes Japanese managers to be critical of the strict division of labor that occurs in some U.S. firms, and the attitudes of some managers that some jobs (e.g. housekeeping) are beneath them. Similarly, the logic of the social dimension is one reason why the Japanese have been critical of executive compensation policies, hostile takeovers and the use of mass layoffs as a corporate strategy in the U.S.

Japanese firms have short-comings when viewed in terms of Japanese ethical standards. The limits of female workers violate the principle that everyone has an equal *numen*. Further, the emphasis on work as means of connection to the universe has resulted in heavy pressures on employees to work long hours and go along with social conventions with the possibility of severe criticism for those who do not comply. In extreme cases this may lead to *karoshi* (death by work).[274] Further, individual employees are unlikely to question on ethical grounds the decision of the group.[275]

12. Participants

In order to explore CSR practices in Japanese companies, I have selected three multinational companies which best represent modern Japanese corporations. Toyota, Mitsubishi, and Canon are considered to be reputable companies known for their product reliability, respectable reputation and solid brand recognition, as well as active community services for various causes.

---

[273] Lucien Ellington, "Japan's Economy: 21st Century Challenges," *Japan Digest* (May 1995), available from http://www.indiana.edu/~ japan/digest8.html; Internet, accessed on 15 July 2003.
[274] Richard E. Wokutch, "Myths of the Japanese Factory," *Journal of Commerce*, 26 August 1992, p. 2.
[275] Richard E. Wokutch and John M. Shephard, "The Maturing of the Japanese Economy: Corporate Social Responsibility Implications," *Business Ethics Quarterly* 9 (1999): 530.

In addition, Canon, Toyota, and Mitsubishi have similar historical traits in that they were established by a patriarch prior to the outbreak of World War II. The corporate philosophies of these three enterprises reveal their long-term commitment to providing customers with fair prices and reliable products.

Despite these companies' extensive overseas operations and exposures to foreign workforce, Japanese corporations still maintain their traditional management style (patriarchal and hierarchal). The Japanese people are proud of their Confucianism heritage whose traits are much in conflict with that of modern societal demands. In an age which promotes cutting cost and employee layoffs due to cut-throat competition, Japanese management which prides on retaining employees through loyalty, benefits and commensurate compensation, as an expensive endeavour to uphold for Japanese corporations.

12.1. Mitsubishi International Corporation

The Mitsubishi group of companies, a family-led group of companies between 1870 and 1945, addressed the issue of social responsibility and ethics formally in 1920. Its founder, Yataro Iwasaki, had encountered social injustice early in his life and was once jailed for protesting against unfair governmental treatment. However, under his guidance and vision, his successors from the Iwasaki family studied abroad—Yanosuke in New York City, Hiyasa at the University of Pennsylvania and Koyata at Cambridge. Thus, Mitsubishi acquired a world view early on and a familiarity with western ideas.[276]

Mitsubishi's Three Corporate Principles were formulated in 1934 and were the guidelines for Mitsubishi Shoji Kaisha (Mitsubishi Trading Company). Although Mitsubishi Trading Company ceased to exist as of 1947, the principles were adopted as Mitsubishi Corporation's corporate philosophy and their spirit lives on in the actions of present management and employees.[277] These three principles are:

---

[276] Al Driver, "Mitsubishi: An Early Proponent of Corporate Social Responsibility," *The Metropolitan Counsel*, May 2006, p. 26.
[277] Naofumi Nakamura, "Survey Article: The Present State of Research on Zaibatsu: The Case of Mitsubishi," *Social Science Japan Journal* 5 (2002): 236-239.

1. '*Shoki Hoko*' – Corporate Responsibility to Society. Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

2. '*Shoji Komei*' – Integrity and Fairness. Maintain principles of transparency and openness, conducting business with integrity and fairness.

3. '*Ritsugyo Boeki*.' – International Understanding. Expand business based on comprehensive global perspective.[278]

12.2. TOYOTA Corporation

The Toyota Corporation was formally established in 1937 by Sakichi Toyoda at Nagoya. This company currently employs 265,000 employees worldwide (for fiscal year 2005-2006) and is the largest automotive company in Japan. Toyota is the second largest automotive company worldwide after General Motors. For the fiscal year 2004, Toyota's revenue was larger than DaimlerChrysler and Volkswagen combined (approximately USD$191.1 billion).[279]

Corporate Philosophy. Sakichi Toyoda sought to clarify the fundamental business principles of his company for each of its employees. The Toyoda Precepts were first introduced on October 30, 1935, the fifth anniversary of Sakichi Toyoda's death. The Toyoda Precepts (also known as Corporate Philosophy - Founding Spirit of Toyota) consist of Basic Philosophy (under which the Five Values Concepts are listed).

Basic Philosophy of Toyota Corporation (also known as Management Philosophy) consists of the Five Values Concepts:

1. *Respect for the law*. Toyota Industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

---

278 Mitsubishi Corporation, Corporate Social Responsibility Vision, available from http://www.mitsubishicorp.com/en/pdf/csr/report/sustain/05sr-07.pdf#search=%22mitsubishi%20and%20corporate%20social%20responsibility%20and%20history%22; Internet, accessed 2 October 2006.

279 Sonja Sackman, *Toyota Corporation: Das Unternehmen im Überblick* (Bertelsmanns Stiftung: Gütersloh, 2006), 8, available from http://www.bertelsmann-stiftung.de/bst/de/media/xcms_bst_dms_13047__2.pdf; Internet, accessed 16 January 2008.

2. *Respect for others*. *Toyota* Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those countries.

3. *Respect for the Natural Environment*. Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe, and of high quality.

4. *Respect for Customers*. Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

5. *Respect for Employees.* Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that both employees and the Company can realize their full potential.

12.3. Canon Corporation

The predecessor company was established in 1933 by Goro Yoshida and his brother in-law Saburo Uchida. Named Precision Optical Instruments Labouratory (Seiki Kōgaku Kenkyūjo), it was funded by Takeshi Mitarai, a close friend of Uchida. Its original purpose was to research the development of modern cameras.

In 1934 they released their first camera, the *Kwanon*, named after the Buddhist goddess of mercy. The following year the company was changed to *Canon*, to reflect a more modern image, and on August 10, 1937, the present corporation was founded. Canon currently employs 1115,583 employees worldwide and has net sales of USD$31,815 million.[280]

Corporate Philosophy. Canon's corporate philosophy of *kyosei* embodies the very concept of CSR and demonstrates the commitment that Canon has made to create a better world. A concise definition of *Kyosei* would be “living and working together for the common good.” Canon’s responsibility is to address the issue of imbalances (such as trade, income, and environmental) which exists between the rich and poor nations.

---

[280] Canon Corporation, History of Canon, available from http://www.canon.com/about/history/index.html; Internet, accessed 16 January 2008.

Canon believes that by fostering good relationships with customers and its communities, the concept of *kyosei* can be implemented. *Kyosei* was first introduced by former Canon CEO Ryuzaburo Kaku and became part of the Caux Round Table Agreement in 1988.[281]

13. Research Procedures

I have implemented online research and literature review techniques because direct contact with these companies was not fruitful. I was kindly informed by respective communications officers to browse through their corporate website for further details and if I did receive some printed materials, they were mostly annual reports and marketing flyers (no difference to those posted on the Internet).

In terms of online research, I logged online to the Bayerische Staatsbibliothek and browsed through its business section. The Bayerische Staatsbibliothek has an extensive selection of databases, such as Lexis Nexis, Science Direct, and Emerald Management.

Additionally by googling terminologies or key words, such as "Japan and Company and Sexual Harassment," I came across newspaper clippings and possible links which further assisted my online research.

In determining the response and perception of consumer towards company's CSR performance, I found chat forums and bloggers' sites as a useful indicator or barometer. A country in which face saving and open criticism are not accepted, blogging is a venue for consumers to voice their dissatisfaction openly without intimidation. The anonymity of bloggers (unless required by court for full disclosure of users) is the main reason why users participate in an Internet forum discussion and polls. Blogging is considered to be a democratic, inexpensive and easily accessible (providing Internet capability exist) forum in which all users can participate regardless of age, sex, social stratifications, and income.

According to a 2006 survey conducted by Edelmann Public Relations Japan, blogging is a new platform for companies to react promptly to inquiries. The significant increase

---

[281] Masaru Yoshimori, "Does Corporate Governance Matter? Why Corporate Performance of Toyota and Canon Is Superior to GM and Xerox," *Corporate Governance* 13 (May 2005): 447.

registered in 2005-2006 for blogging activities performed by Japanese consumers, reinforced this idea mentioned above. In 2005, 52% of the Japanese society admitted having blogged or visited blogs posted on the Internet. Nevertheless, in 2006 Edelmann PR registered 79% of Japanese Internet users as regular bloggers. On the Pan-Asian regional level, Japanese stakeholders occupy an important position with 79% in 2006.[282]

As a result, I have decided to devote a section on blogging for each participant/company. Some of these online forum function as a complaint, rating, as well as communication venue in which consumers can exchange ideas, get assistance, and post commentaries about their experiences with the products.

Blogging, communications and CSR are linked together because a society which does not support open criticism and has a complex communications ritual, blogging is a venue in which companies can actually track consumer perceptions and eventually, anticipate potential problems or crisis. Consumers can honestly voice their opinions by disguising themselves with usernames and are less threatened to interact with other users.

---

[282] Takeshi Kurosawa, A Corporate Guide To The Global Blogospeher: The New Model Of Peer-To-Peer Communications, Edelmann 2006, available from http://www.edelman.com/image/insights/content/WhitePaper011107sm.pdf; Internet, accessed 21 July 2010.

SUMMARY

Communication is essential in presenting CSR to the stakeholders. However, the method of presenting information and the scope varies from one culture to another. For instance, in the Japanese culture communication flows less freely than in the United States. Most of the communication activities in Japan are conducted through the non-verbal channel due to a culturally high level context as defined by the sociologist Edward Hall. The Japanese view too much verbal expression as self-flattering (goes against the commonly accepted wisdom of a nail which sticks out will be hammered down) and suspicious (hot air versus concrete actions).

Due to group mentality and the goal to promote social harmony, Japanese business practices have been accused of promoting nepotism and corruption. Lifetime employment has enabled retired executives to still have their hands on the business operation. Nevertheless, we should also consider the inadequate Japanese pension system as also the source of the problem as well as the amount being corrupted in comparison to Enron and WorldCom.

CHAPTER FOUR: CSR IN JAPANESE MULTINATIONAL CORP.

As previously mentioned, I will now discuss in detail the CSR performance of the three participating companies.

14. Mitsubishi's CSR Management System

As part of Mitsubishi's commitment to CSR and to help create a sustainable society, Mitsubishi has developed its own CSR Management System. The CSR framework at Mitsubishi Corporation (MC) is structured around the Environmental & Social Responsibility Committee and the CSR Task Force. The Environmental & Social Responsibility Committee, headed by an MC Vice President and consisting of the Environmental and Social Responsibility Managers of each business group and the heads of each department in the corporate staff section, discusses policy and the measures to be taken in regard to three topics: CSR, global environmental issues, and corporate citizenship.

14.1. Mitsubishi and Stakeholder Communications

Based on the spirit of "integrity and fairness," Mitsubishi Corporation (MC) works to ensure that its business activities are consistent with its principles of openness and transparency. MC took the lead in 2002, revising its environmental reporting style and issuing sustainability reports ahead of similar moves by other companies.

The year 2005 marks the fourth year that MC has operated under this new style. In March of 2004, MC invited a diverse group of stakeholders to take part in its first Stakeholder Dialogue. In 2006 dialogues were held in Tokyo, London and New York, providing valuable feedback and opinions on MC businesses and environmental and social activities from a global perspective. MC also actively works to address inquiries (through questionnaires, interviews and other means) from various stakeholders on their socially responsible investments (SRI) and other issues.

Communication with a diverse group of those who have a stake in society only serves to further enhance corporate performance. MC is committed to furthering these two-way dialogues to ensure that the voices of even more stakeholders are heard and their opinions are incorporated into Mitsubishi's business management policy.

14.2. Mitsubishi's Commitment to CSR

In order to promote a deeper understanding of their corporate principles and ensure greater compliance with international and local standards, MC distributes a palm-sized booklet on this subject to executives and employees. Entitled "On-the-Go Information for Employees", this booklet comprises five chapters: "Corporate Principles and Compliance," as well as "Corporate Planning," "ISO14001," "Countering Computer Viruses," and "Responding When Disaster Strikes."

The core guidelines cited in the chapter "Corporate Principles and Compliance" are MC's three Corporate Principles: Corporate Responsibility to Society, Integrity and Fairness, and International Understanding through Trade. Designed to ensure a thorough understanding of, and compliance with, corporate social responsibility and compliance guidelines, this booklet outlines the objectives of MC's corporate activities; defines fairness and integrity in corporate activities; contains the company's Corporate Standards of Conduct to ensure respect for human rights and employees; provides information about security, considerations for the global environment and activities that contribute to society; and also contains the Code of Conduct that governs executives' conduct in corporate activities.

Small enough to be carried for instant access, On-the-Go Information for Employees is a valuable reference tool for promoting greater employee awareness and understanding of these issues.

14.3. Mitsubishi's Results on CSR Activities

In order to assess the importance of CSR in Mitsubishi, a survey is conducted on annual basis. Starting with fiscal year 2006, MC's surveys also include additional questions related to internal corporate structures and procurement of products and services. In 2007 Mitsubishi received 535 responses from companies (289 in Japan and 246 overseas), and the results are summarized below.

- *Internal Corporate Structures and Labour Environments*. Most of the companies surveyed have enacted a corporate philosophy and/or code of conduct. Nearly every company surveyed is also focused on eliminating discrimination when hiring and promoting employees, and on identifying the percentage of management positions filled by women, and the ratio of physically handicapped employees to total number of staff.

- *Human Rights. Strides* are being made in the protection of human rights which are a subject of particular attention at affiliates outside of Japan. MC focuses on employee human rights, such as prohibiting child labour and forced labour, and protecting the human rights of local residents and aboriginal groups.

- *Products, Services, and Purchase and Procurement Affiliates.* Most of the surveyed companies provide clients with information on their products and services or take other measures to ensure product safety, and the majority of companies surveyed also have internal corporate structures in place which allow for a timely and accurate response when complaints are filed by clients. With regard to purchase and procurement affiliates, most companies surveyed do not request information on the environment, human rights or other issues, or verify the measures taken in regard to these areas by the companies from which they produce raw materials and/or products.

14.4. CSR Forms Practiced by Mitsubishi Group (and its Subsidiaries)

The following CSR Forms are practiced by Mitsubishi Group.

14.4.1. Cause-Related Marketing

An example of Mitsubishi's cause-related marketing activity is the Mitsubishi Asian Children's Enikki Festa which is held every two years. The Mitsubishi Public Affairs Committee sponsors the Mitsubishi-Gallery-Festival of Asian Children's Art in cooperation with the Asian Federation of UNESCO Clubs and Association and the

National Federation of UNESCO Associations in Japan.[283] In 2006, the name of the festival program was changed from the Festival of Asian Children's Art to the Mitsubishi Asian Children's Enikki Festa. The festival has so far attracted 327, 443 illustrated diaries from children throughout Asia, ages 6 to 12.[284]

Helping people in Asia learn more about each other and promoting literacy are the two main objectives of this festival.[285] Each festival has successfully portrayed daily rituals of the various Asian children from different cultural backgrounds and lifestyles. These diaries provide children with a unique glimpse of the lives of other children from their own perspectives.[286]

14.4.2. Corporate Philanthropy

A good example of corporate philanthropy in the Mitsubishi Group is the Starfish Matches. Mitsubishi Electric America Foundation (MEAF)'s Starfish Matches is a matching gift program or an employee contribution program. Matches are available to eligible Mitsubishi Electric U.S. company employees to match personal donations to nonprofit organizations serving young people with disabilities. The donations are matched dollar for dollar for a minimum of USD$25 and a maximum of USD$500 per employee annually. Starfish Matches assist young people with all kinds of disabilities, visible and invisible. Starfish Matches recipients must be nonprofit organizations that agree to designate funds to young people with disabilities. Matches can be made in one of two ways: to disability specific organizations such as children's hospitals, camps for sick children, research organizations, or traditional nonprofit organizations such as schools and recreation programs, colleges and universities, museums and libraries that agree to use the contributed funds toward helping young people with disabilities.

Since its inauguration in 1991, MEAF has made over USD$7.5 million in grants. Seventy-four organizations have been awarded more than USD$5.6 million in national

---

[283] Mitsubishi Public Affairs Committee, "Asia's Reading Artists," *Mitsubishi Monitor*, October-November 2005, available from http://www.mitsubishi.com/mpac/e/monitor/back/0510/storynext.html; Internet, accessed 25 May 2007.
[284] Mitsubishi Impression Gallery, Mitsubishi Asian Children Enikki Festa, available from http://enikki.mitsubishi.or.jp/e/index_f.html; Internet, accessed 25 May 2007.
[285] Ian Cocoran, "Mitsubishi – stalled," *brandchannel.com*. 11 March 2002, available from http://www.brandchannel.com/print_page.asp?ar_id=63&section=webwatch; Internet, accessed 18 May 2007.
[286] Robab Rosan, "Children's Art Exhibition at Shilpakala Academy," *New Age Time Out*, 3 March 2007, available from http://www.newagebd.com/2007/mar/03/time.html; Internet, accessed 25 May 2007.

grants (for programs of national scope and impact or for model projects that can be replicated at multiple sites, e.g. Boys & Girls Club of America), with an additional 290 organizations located in Mitsubishi Electric companies sharing USD$2 million through local company grant programs (matching grants and Starfish Matches).[287]

HOPE and Special Olympics. In accordance with existing corporate philanthropy objectives, MEAF has awarded a national grant project that will be executed at a company location in partnership with the local philanthropy committee. The HOPE Committee as well as Mitsubishi Electric Power Products, Inc. (MEPPI) located in Warrendale, Pennsylvania (PA) has agreed to support a new MEAF-funded Special Olympics program – the Interscholastic Unified Sports League, which was hosted in Summer 2007.

The program includes children with and without intellectual disabilities on teams for inter-school play and MEPPI employees assist by serving as volunteer coaches, scorekeepers, and event coordinators. This is the first time Special Olympics has partnered with schools to develop an inclusive league, so MEAF and MEPPI are considered to be pioneers in this field. If this pilot program is a success, other similar opportunities could be established between corporations and their surrounding communities.[288]

14.4.3. Corporate Governance

There is little information mentioned on this issue except that Mitsubishi stresses the importance of strengthening the existing governance framework rather than devising a new structure. Mitsubishi has gone the extra mile to revamp its tarnished governance system (as a result of the Fuso scandals) by: appointing outside directors, introducing the executive officer system and setting up advisory committees.

Mitsubishi Corporation (MC)'s Board of Director has 17 members, 4 of whom are outside directors. As a rule, the Board convenes once a month and is responsible for making decisions regarding important management issues and overseeing business

---

[287] Mitsubishi Electric America Foundation, "MEAF 1991 – 2006," available from http://www.meaf.org/about/fifteenyears.html; Internet, accessed 18 May 2007.
[288] Mitsubishi Electric America Foundation, "HOPE to Help Kick Off New Special Olympics Project," *MEAF Tidings*, Winter 2007, p. 2, available from http://www.meaf.org/news/pdf/Tidings%20Winter07.pdf; Internet, accessed 18 May 2007.

executions. In 2001, the adoption of an executive officer system clarified the separation of the roles and responsibilities of directors and executive officers. Furthermore, in 2004, the term for directors was reduced from two years to one year to provide greater flexibility in determining the composition of the Board of Directors. Moreover, at the General Meeting of Shareholders for fiscal 2006, a change was instituted in the Articles of Incorporation to enable the Board of Directors to approve resolutions in writing to facilitate flexibility in how the Board operates. And so, to encourage outside directors and outside corporate auditors to fulfill the role expected of them, MC has designed agreements with these directors and corporate auditors which limit their liability for damages.

MC in 2001 established the Governance Committee and International Advisory Committee, which consists of outside directors and other respected individuals (including the CEO of MC, the president along with numerous directors). These advisory bodies were created to advise the Board of Directors from a third party perspective. The Governance Committee at its April 2006 meeting discussed essential issues concerning corporate governance in fiscal 2006 which included: MC's stance on hostile takeovers, basic policy for establishing an internal control system, proposals for partial renewal of the Articles of Incorporation, and reviewing salaries for executive officers. The outcome of this meeting was presented at the Board of Directors Meeting and in proposals to the Ordinary General Meeting of Stakeholders.

Sine the introduction of the executive officer system, MC has instituted a system which correlates directors' and corporate auditors' remuneration and business results. MC grants stock options as a medium to long-term incentive to align the interests of directors and corporate auditors with those of shareholders.

The five corporate auditors, including three outside corporate auditors, utilize staff members of the Corporate Auditors' Office which is under their direct supervision in performing their audits. At the same time, the corporate auditors attend meetings of the Board of Directors and other important meetings and hold discussions with internal departments, including important offices in Japan and overseas, as well as visit main subsidiaries that are important from the perspective of Group management to perform audits. Regarding internal audits, the Internal Audit Dept. conducts audits of MC, regional subsidiaries and affiliated companies from a company-wide perspective. In addition, each business group has established its own internal audit organization, under which audits are carried out on a consolidated basis. The results of audits by the Internal Audit Dept. are reported regularly to the Board of Directors.

14.4.4. Recent Scandal Pertaining to Corporate Governance

On February 15, 2007, the Financial Services Agency took administrative action against The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Financial Services Agency is a Japanese government organization responsible for overseeing banking, securities and exchange, and insurance in order to ensure the stability of the financial system of Japan. The Agency reports directly to the Minister of Financial Services.[289]

The Bank of Tokyo-Mitsubishi merged with UFJ Bank in January 1, 2006 to form The Mitsubishi-Bank of Tokyo UFJ (MBTUFJ), Ltd. This merger was initially scheduled to take place on October 1, 2005, the same day that the parent companies were merged.[290] However, pressure from the Japanese Financial Services Agency, which wanted to ensure the smooth systems integration of the banking giants, caused the merger to be postponed for three months.[291] The trust banking and securities units of the Mitsubishi-Bank of Tokyo Financial Group and UFJ were merged according to the original timetable on October 1, 2006.[292]

The administrative order based on Article 26 (1) of the Banking Law dictates that MBTUFJ must suspend lending operations for new corporate customers for a seven day period between April 9 and July 9. The seven-day suspension would be at different times and in different regions. The Financial Services Agency (FSA) revealed that the seven-day periods and the regions involved would be detailed in the Bank of Tokyo-

---

[289] Yuko Inoue and Nathan Layne, "Japan FSA to Penalize MUFG for Inv Trusts – Paper," *Reuters*, 8 June 2007, available from http://uk.reuters.com/article/bankingfinancial-SP/idUKT17595020070608?pageNumber=2; Internet, accessed 18 January 2008.

[290] Martin Fackler, "U.S. Banks to Pursue Wealthy Japanese," *The New York Times*, 28 September 2005, available from http://www.iht.com/articles/2005/09/28/yourmoney/merrill.php; Internet, accessed 27 May 2007.

[291] Todd Zaun, "Japan Slaps A Ban on UFJ Bank," *International Herald Tribune*, 8 October 2004, available from http://www.iht.com/articles/2004/10/07/business/ufj.php; Internet, accessed 27 May 2007.

[292] Todd Zaun, "Japan Penalizes Big Bank for Obstructing Inquiry," *The New York Times*, 8 October 2004, available from http://www.nytimes.com/2004/10/08/business/worldbusiness/08yen.html?n=Top/Reference/Times%20Topics/Subjects/B/Banks%20and%20Banking&pagewanted=all&position=; Internet, accessed 15 January 2008.

Mitsubishi UFJ's business improvement plan. Deadline for submitting the plan was March 16, 2007. A brief outline of the plan is as follows:

- The Bank and its employees will attend a full day training session on governance and legal compliance during the three-month suspension period.
- The Bank will provide FSA with progress reports on the implementation of its business improvement plan every month from April to July and every quarter thereafter.[293]

The penalties are for the former Sanwa Bank's improper lending starting in the 1970s to an organized crime member who was arrested in May 2006 on embezzlement charges unrelated to this case. Sanwa is one of the institutions that eventually became MUFG through a series of mergers.

The top management at Bank of Tokyo-Mitsubishi UFJ and its predecessors had received reports about the lending and did not make attempts to resolve improper loans as they were afraid of the consequences. The FSA order prevented the Bank from opening new branches for corporate lending and services in Japan from March 1 to August 31, 2006.[294]

14.4.5. Corporate Sustainability

Founded in 1992, the mission of Mitsubishi International Corporation (MIC) Foundation (funding provided by Mitsubishi Corporation of Japan and its U.S. subsidiary Mitsubishi International Corporation) is to promote environmental causes throughout the Americas in the broadest sense, which encompasses both physical and social environments. MIC Foundation supports projects in four categories: (1) environmental education, (2) conservation and biodiversity, (3) environmental justice, and (4) sustainable development. The current endowment of MIC Foundation is estimated at USD$6 million and so far MIC Foundation has spent USD$ 3 million on environmental causes since its establishment.

---

[293] Financial Services Agency, The Japanese Government, Administrative Actions Against The Bank of Tokyo-Mitsubishi UFJ, Ltd., 15 February 2007, available from http://www.fsa.go.jp/en/news/2007/20070215.html; Internet, accessed 27 May 2007.

[294] Mayuko Ota, "Japan's Financial Watchdog Punishes Bank of Tokyo-Mitsubishi UFJ," *Market Watch*, 15 February 2007, available from http://www.marketwatch.com/news/story/japans-financial-watchdog-punishesbank/sto; Internet, accessed 27 May 2007.

A concrete example of how the MIC Foundation carries out these objectives is its grant to The Nature Conservancy to create a manual for coalition building for protected area conservation. This manual was published in 2005 and is considered to be an essential proof for successful international conservation efforts for both parties.

Since its founding in 1992, the MIC Foundation has contributed over USD$ 2.3 million to organizations supporting environmental causes and civil society in the Americas. Below is an excerpt of the various environmental organizations which MIC supports:

- *Earthwatch Institute*. Earthwatch Institute is an international non-profit organization. Founded in Boston, it now has offices in Oxford (England), Melbourne (Australia), and Tokyo (Japan). Fifty thousand members and supporters are spread across the five continents. 3,500 of its members volunteer their time and skills to work with 120 research scientists in the Earthwatch field research projects in over 48 nations worldwide.

  Earthwatch is MIC's signature volunteer program. Every year MIC sponsors employee participation in environmental global research projects. Volunteers apply to participate and are selected via an in-house lottery system.[295]

- *American Bird* Conservancy/*Pronatura Mexico*. In 2006, a donation from MIC Foundation enabled American Bird Conservation and Pronatura Noroeste to acquire 865 acres of coastal wetlands for the conservation of key bird habitats in Bahia Santa Maria (Mexico). In addition, the grant leveraged substantial federal funding to restore necessary water flow to an additional 7,410 acres of wetlands.[296]

  MIC Foundation provided a generous donation of USD$494,000 for this project. The wetland is to be managed by Pronatura and is given the name Mitsubishi

---

[295] Mitsubishi International Corporation, "Representative Community Involvement," available from http://www.mitsubishicorp-us.com/corporatecitizenship_philanthropy_representativecommunity.shtml; Internet, accessed 18 May 2007.
[296] Mitsubishi International Corporation, MIC Foundation – Recent Representative Grants and Events, available from http://www.mitsubishicorp-us.com/corporatecitizenship_micfoundation.shtml; Internet, accessed 18 May 2007.

Shorebird Reservation (Reserva Aves Playeras de Mitsubishi). The Foundation's cooperation with the American Bird Conservancy dates back to 2001.[297]

14.4.6. Social Marketing

Kirin Brewery (part of the Mitsubishi kereitsu) has been sponsoring the Japanese national soccer team for over 20 years. As of April 2007, Kirin Brewery and Kirin Beverage have renewed their sponsorship contract with the Japanese national soccer team for an additional eight years term (contract expires in 2015). With this plan, the Kirin Group aims to establish a close connection with customers by giving them the satisfaction of staying healthy through good nutritional intake. The issue of food safety is an important factor for Japanese consumers due to numerous food scandals in the past.[298]

2015 is also a target year for the Japan Football Association (JFA). In the JFA Pledge for 2015, which forms part of the JFA Declaration 2005, the organization aims for a fan club membership of 5 million. It also endeavours to increase the ranking of the Japan National Team to among the top ten teams in the world.[299]

The Kirin Group's involvement with the Japanese soccer team has enabled the company to achieve its objectives in three ways. First, besides supporting the Japanese National Team, it supports Japanese national teams in all categories including the next generation players, women's soccer and beach soccer. Second, the Kirin Group gives fans more chances to support the national team, including holding events at Kirin factories throughout Japan. Third, it works with the JFA to expand grassroots activities and develop budding talent, including giving opportunities to all who love soccer to play the game.[300]

---

[297] American Bird Conservancy and Mitsubishi International Corporation Foundation, "Mitsubishi Foundation Grant Protects Coastal Wetlands in Mexico Leverages Funds for Critical Restoration Works," 16 February 2007, available from http://www.mitsubishicorp-us.com/pdf/pr/MIC_ABC_press_release.pdf; Internet, accessed 18 May 2007.
[298] Kirin Investor Relations, Kirin: Business Approach for 2007, 10 January 2007, available from http://www.kirin.co.jp/english/ir/news_release070110_1.html; Internet, accessed 26 May 2007.
[299] Japan Football Association, The JFA Declaration 2005, available from http://www.jfa.or.jp/eng/jfa/2005/index.html; Internet, accessed 26 May 2007.
[300] The Kirin Group CSR Report, *The Kirin Group Corporate Social Responsibility Report 2006* (Tokyo: Kirin Brewery Company, Limited, CSR & Corporate Communications Division CSR Management Group (July 2006): 34, available from http://www.kirin.co.jp/english/company/csr/pdf/report2006/csr_report2006e.pdf; Internet, accessed 26 May 2007.

Kirin Beer's Marketing Strategy and the World Soccer Cup Game in 2006. During the World Soccer Cup in 2006, Kirin Brewery Co. spent USD$850 million in its advertising campaign. In line with the FIFA mega event, Kirin released a limited edition beer with pictures of the Japanese soccer team members on the can.[301] In March 2006, the company launched the T-shirt gift campaign which required customers to purchase three beer cans to be eligible to win the national team tricot. Kirin drew 45 million applications during the previous World Cup campaign in 2002.[302]

14.4.7. Socially Responsible Investment

In November 2004, Mitsubishi Trust & Banking launched a unique SRI fund, the Family Friendly Fund that invests in companies which support flexible working-hours to enable employees to spend more with their families. This type of fund is geared toward elderly investors who are the core target of the Mitsubishi Trust & Banking Corporation. [303]

Mitsubishi UFJ Financial Group, Incorporated or MUFG, is the world's largest bank with assets of approximately USD$1.7 trillion and has its headquarters in Japan. The company was established in October 1, 2005 with the merger of Tokyo-based Mitsubishi Tokyo Financial Group (MTFG), formerly Japan's second-largest banking conglomerate and Osaka-based UFJ Holdings, which was Japan's fourth largest banking group.[304]

The Mitsubishi UFJ Financial Group adopted The FTSE4 Good criteria in March 2006. The FTSE4Good criteria, which covers areas of environmental sustainability, developing positive relationships with stakeholders and upholding as well as supporting human rights, is an index which was launched in July 2001. FTSE Group contributes income (including the licence fee) for FTSE4 Good to UNICEF.[305]

---

[301] Kosuke Iwano, "Kirin Regains Top Share in Shipments," *The Nikkei Weekly*, 24 April 2006, p. 8.
[302] Ian Rowley, "Kirin Out-Chugs Competition on Taste Tax," *Business Week Online*, 26 April 2006, available from http://www.businessweek.com/globalbiz/content/apr2006/gb20060424_057534.htm?chan=globalbiz_asiacompanies; Internet, accessed 26 May 2007.
[303] Bethan Hutton, "Japan Gets 'Responsible' In Its Own Particular Way," *Financial Times*, 12 December 2005, p. 10.
[304] The Bank of Tokyo-Mitsubishi UFJ, Ltd., Annual Report Pursuant to Section 13 Or 15(d) Of The Securities Exchange Act of 1934 For the Fiscal Year Ended 2005, p. 3, available from http://www.bk.mufg.jp/english/info/pdf/amended.pdf; Internet, accessed 18 January 2008.
[305] Sandra Steel and Tom Nichols, "Eight New Firms from Japan Join FTSE4Good Index," *Asia Pulse*, 9 March 2006.

14.5. Mitsubishi's CSR Performance

It is important to always evaluate a company's intentions to that of their current CSR performance. Below are case studies which indicate that Mitsubishi Corporation still has a long way to go in achieving their goal of establishing social integrity through trade fairness and environmental sustainability.

To be on the fair side, the scandals mentioned below have taught Mitsubishi to react efficiently to the threats launched by activists by engaging in a meaningful dialogue with the opposing party (as in the case of Rainforest Action Network).

14.5.1. National Level

One can only say that performance and objectives often collide due to personal interest and profit driven motives. This was the case with Mitsubishi Motors, part of the Mitsubishi *Kereitsu*, which is the fifth largest automotive manufacturer in Japan and ranks thirteenth in the world.[306]

Mitsubishi Motors had been involved in the one of the largest Japanese corporate scandals in its history. Mitsubishi was twice forced to admit to systematically covering up defect problems in its vehicles.[307] Four defects were first made public in 2000, however, in 2004 Mitsubishi confessed to 26 more defects some of which went as far back as 1977. The vehicle defects were mostly failing brakes, fuel leaks and malfunctioning clutches.[308]

The effect of this cover-up was detrimental to the company. Mitsubishi was forced to recall 163,707 cars (156,433 in Japan and 7,274 overseas) for free repair. Furthermore,

---

[306] The Associated Press, "For the First Time in 4 Years, Mitsubishi Motors Turns A Profit," *Boston Herald. Com*, available from http://business.bostonherald.com/businessNews/automotive/view.bg?articleid=196969&..;Internet, accessed 6 May 2007.

[307] Irene M. Kunii, "Can Japanese Consumers Stand Up and Fight?" *Businessweek Online*, 11 September 2000, available from http://www.businessweek.com/2000/00_41/b3702244.htm; Internet, accessed 30 April 2007.

[308] The Associated Press, "Japan's Mitsubishi Fuso in Talks with Government over Possible Hub Defect," *International Herald Tribune*, 16 January 2007, available from http://www.iht.com/bin/print.php?id=4221311; Internet, accessed 4 May 2007.

recalls by Fuso trucks and bus brought the total number of vehicles requiring repair to approximately one million.[309]

Consequently, the scandal led to the resignation and subsequent arrest of president Kawasoe along with 23 other employees who were also implicated. Three of them have since been acquitted, with the judge stating that there was no official request from the Transport Ministry ordering them to submit a defect report.[310]

The effect of the scandal did not solely rest upon product recalls but also on product liability and negligence charges due to fatalities (as in the case of Okamoto Masudo who was killed by a wheel flying off a Mitsubishi Fuso truck) in 2002.[311] Numerous articles mentioned the rage of Japanese consumers over this incident and demanded that the company apologize to their victims.[312]

It seemed evidently that Mitsubishi Motors knew about this incident in advance but was not prepared to take responsibility for its actions.[313] For instance in one report, government officials found 64,000 consumer complaints hidden in the company locker during a warranted search.[314]

The remnant of the scandal generated public distrust in Mitsubishi cars, significant total losses of USD$2.16 billion, and settlement fines in the amount of USD$600,000 for the deceased victims.[315] The Mitsubishi brand has suffered immensely under this scandal. Recent polls indicate that consumers have lost trust in Mitsubishi cars. It will take time to recover from this crisis and Mitsubishi Motors must devise an improved customer

---

[309] The Associated Press, "Mitsubishi Reports Narrower Net Loss in Q3," *Taipei Times*, 31 October 2006, available from http://www.taipeitimes.com/News/worldbiz/archives/2006/10/31/2003334190/print; Internet, accessed 30 April 2007.
[310] CBC News, "Former Mitsubishi Motors President Arrested in Defect Scandal," *CBC News*, 10 June 2005, available from http:/www.cbc.ca/money/story/2004/06/10/Mitsubishi_040610.html; Internet, accessed 30 April 2007.
[311] Michael Schuman, "Mitsubishi's Shame," *Time Magazine*, 28 June 2004, available from http://www.time.com/time/printout(0,8816,658372,00.html; Internet, accessed 4 May 2007.
[312] The Associated Press, "Mitsubishi Fuso Chooses New Chief in Bid for Trust," *International Herald Tribune*, 1 June 2005, available from http://www.iht.com/bin/print_ipub.php?file=/articles/2005/05/13/yourmoney/mitsu.php; Internet, accessed 4 May 2007.
[313] Masato Kimura, "Ethical Challenges Facing Japanese Businesses," *Asian Perspective* 29 (2005): 147.
[314] Reuters Tokyo, "Former Mitsubishi Motors Chief Arrested Over Defects," *Taipei Times*, 11 June 2004, available from http://www.taipeitimes.com/News/biz/archives/2004/06/11/2003174627/print; Internet, accessed 4 May 2007.
[315] BBC News, "Scandal Doubles Mitsubishi Losses," *BBC News*, 2 August 2005, available from http://news.bbc.co.uk/go/pr/fr/-/2hi/business/4245717.stm; Internet, accessed 4 May 2007.

service package (especially for after-sales and provide free complete maintenance service) to attract customers.[316]

14.5.2. International Level

A somewhat older lawsuit, which involved Mitsubishi Motors Corporation and its female employees, generated substantial negative publicity in the U.S. In April 9, 1996, Mitsubishi Motor Manufacturing America (MMMA) was sued under U.S. civil rights law by the Equal Employment Opportunity Commission (EEOC). Mitsubishi was charged with widespread harassment of female employees at its assembly plant in Normal, Illinois.[317]

The suit was filed on behalf of as many as five hundred women who were workers at a plant with roughly 4,000 of the better paying blue-collar positions in the area. After a detailed interview with over 100 employees, the EEOC in 1998 filed for USD$34 million in damages.[318] Sexual harassment had been taking place since 1988 and Mitsubishi had taken no preventive measures.[319] These women claimed that male employees numerously grabbed female genital parts, buttocks, and breasts and had even fired an air gun between a woman's legs. These sexual insinuations proceeded even further to mounting drawings of female genitals on car fenders and cardboard signs. Managers continually referred to their female employees as sluts and bitches.[320]

Previously in December 1994, Patricia Benassi filed a sexual harassment suit on behalf of 29 female workers making similar allegations against the company. This lawsuit states that Mitsubishi Motor Manufacturing America (MMMA) did not institute preventive measures against sexual harassment at their plant. The suit was amended in 1999, after a failed petition for a gag order by Mitsubishi, to include additional evidence

---

[316] Satoko Handa and Sachie Kanda, "What Do You Think of Mitsubishi Motors' Cover-Ups of Vehicle Defects?" *Japan Today*, 30 April 2007, available from http://www.japantoday.com/news/jp/e/tools/print.asp?content=popvox&id=487;Internet,accessed 30 April 2007.

[317] Joan Curtice, "Want To Motivate Your Employees? Keep Your Company Safe and You Will," *Handbook of Business Strategy* (2005), 206.

[318] E.J. Graff, "Too Pretty A Picture," *The Washington Post*, 13 November 2005, available from http://www.washingtonpost.com/wp-dyn/content/article/2005/11/11/AR2005111102276_pf.html; Internet, accessed 7 May 2007.

[319] Dana Knight, "The Indianapolis Star Real Life Column," The Indianapolis Star, 24 January 2003, p. 23.

[320] The Associated Press, "Mitsubishi Accused of Sexual Harassment on Outrageous Scale," *The Minnesota Daily*, 4 April 1996, available from http://www.mndaily.com/daily/1996/04/10/world_nation/wn410b/; Internet, accessed 7 May 2007.

of sexually explicit photographs purportedly taken at parties during 1994 through 1996 that were organized at the plant during working hours.[321]

Benassi alleged that these parties were attended by both management and factory employees. These photographs graphically depicted both American and Japanese men in various sexual acts with prostitutes at these parties. Benassi further asserted that these photographs circulated freely around the workplace for employees and managers to see and take at their own wish.[322]

Initially, MMMA waged an aggressive public relations campaign in an attempt to refute these charges. Management encouraged employees to dispute the allegations of sexual harassment, threatening that damage to the company's reputation could lead to decreased sales and the loss of their jobs. Numerous employees responded by raising money and placing ads in local newspapers disputing both charges (EEOC and Benassi). In an effort to muster employee support against the charges, Mitsubishi staged a rally outside of the EEOC headquarters in Chicago on April 22, 1996, with approximately 2,600 employees.[323] The company paid for the bus transportation, paid participating employees their day's salary along with free lunch. Employees, who were reluctant to participate in the rally, were required to work their normal shifts.[324]

However, in the long run this public relations campaign started to backfire when other Mitsubishi subsidiaries distanced themselves from MMMA. Politicians, activists, and the media began to challenge the motives of MMMA's actions which resulted in the company taking a more conciliatory approach towards the EEOC. By mid-May 1996, the company had installed a new legal team and hired the former labour secretary Lynn Martin to examine MMMA's existing discrimination and sexual harassment policy.[325]

---

[321] Jay Hughes, "Workers Claim Plant Ignored Racial Discrimination," *Asian Week*, 27 January 2000, available from http://www.asianweek.com/2000_01_27/biz_mitsubishi.html; Internet, accessed 7 May 2007.

[322] Rita Simon, Jennifer Scherer, and William Rau, "Sexual Harassment in the Heartland? Community Opinion on the EEOC Suit Against Mitsubishi Motor Manufacturing of America," *Social Science Journal* 36, (1999): 490.

[323] Robyn Meredith, "Few at Mitsubishi Are Silent Over Accusations," *The New York Times*, 26 April 1996, p. 20.

[324] Abby Tilsner, "Sexual Harassment Suit at Mitsubishi Sparks Controversy," *The Militant*, 3 June 1996, available from http://www.themilitant.com/1996/6022/6022_22.html; Internet, accessed 7 May 2007.

[325] Peter Elstrom, "Mitsubishi's Morass," *Businessweek*, 3 June 1996, available from http://www. businessweek.com/1996/23/b3478118.htm; Internet, accessed 7 May 2007.

In July, the company announced that it had recruited three well-known companies to execute Martin's recommendations and to sort out the problems in the affected plant. MMMA also announced a training program with Illinois State University to address the problems of sexual harassment in the working place and brought in a prestigious administrator to oversee the procedure for the transition. The existing plant management were either shuffled back to Japan or reassigned to a new post.[326]

14.6. Mitsubishi and NGO (The Case of Rainforest Action Network)

During the early 1990s, the Mitsubishi Group (or kereistu) was the target of a nationwide campaign launched by the Rainforest Action Network (RAN). In January 1993, the CEO of Mitsubishi Electric American began receiving a steady stream of letters from elementary school children inquiring as to why his company was depleting the world's rain forests. The CEO was puzzled as his company did not own any rainforests and it used very little paper. It turned out that RAN had targeted Mitsubishi Motors by staging protesters to lock themselves in Mitsubishi cars around the U.S.

Nevertheless, if one questioned the founder of RAN, Randall Hayes, who was the real target then he would have replied that it was Mitsubishi International Corporation (a trading company headquartered in New York City). The public's inability to distinguish between the various companies bearing the Mitsubishi name and the fact that the companies often work together to protect the name, gave RAN a strategic opportunity to apply pressure.

RAN is the ultimate marketing campaign NGO. Rather than advocating laws, like the Sierra Club, or suing companies, like Natural Resources Defense Council, RAN concentrates on direct action in the social and economic marketplace. If it can discredit the names or disrupt the business activities of the companies it targets, it believes that it can devastate the profits from the rainforest destruction. The problem that RAN faced is that most consumers have never heard of most of the tropical timber harvesters. And

---

[326] Simon Seshadri, "Ethical Business Around the World: The Need for Japanese Firms to Formalize Ethical Business Practices," *Business Ethics: A European Review* 4, (October 1998): 227.

even if it had, most of the companies do not sell directly to the public, making a consumer boycott difficult.[327]

This is why RAN chose Mitsubishi. It had a recognizable name, and the various companies it owned or that bore the Mitsubishi name sold numerous products to consumers. Mitsubishi International Corporation was one of several companies that shared small and roughly equal portions of the tropical timber trade. If RAN could target consumers of automobiles and electronics, perhaps those companies could exert more pressure on Mitsubishi International Corporation to improve its timber practices. And if the Mitsubishi Group changed, may be the rest of the industry would follow its step.[328]

During the initial phase of the conflict, all parties at Mitsubishi refused to engage in a dialogue with RAN. The ongoing perception at that time was that RAN was too radical an organization to be dealing with.[329] The conventional public relations wisdom was to isolate these radical organizations and instead cooperate with mainstream groups (e.g. World Wildlife Fund). But as RAN grew more vocal, the CEOs of Mitsubishi Motors and Mitsubishi Electric did not submit to RAN's coercive measures. Rather, they proceeded to contact their colleagues at Mitsubishi International Corporation.

All three executives of the affected Mitsubishi Group (namely Mitsubishi Electric, Mitsubishi Motor, and Mitsubishi International Corporation) consulted Hill & Knowlton on their next move against RAN. Hill & Knowlton recommended that the affected companies devise a low-key campaign to bolster their environmental image amongst the media and opinion leaders rather than to acknowledge RAN's boycott.

Fortunately, all three Mitsubishi CEOs accepted the proposal made by Global Futures, a non-profit consultancy which in the past has numerously orchestrated several interesting alliances between environmental activists and major corporations. The CEO of Global Futures advised Mitsubishi executives to take a more proactive approach by evaluating

---

[327] Howard Husock, "Privatization of Politics," *The New York Sun*, 28 February 2007, available from http://www.manhattan-institute.org/html/_nysun-privatization_of_politics.htm; Internet, accessed 21 May 2007.
[328] Boris Holzer and Mads P. Sorensen, "Rethinking Subpolitics: Beyond the 'Iron Cage' of Modern Politics?" *Theory Culture & Society* 20 (2003): 88-89.
[329] Joshua Karliner, "God's Little Chopsticks," *MotherJones*, September/October 1994, available from http://www.motherjones.com/cgi-bin/print_article.pl?url=http://www.motherjones.com; Internet, accessed 21 May 2007.

their environmental performance, engaging with stakeholders to earn their trust, and choosing a set of actions which could both protect the environment and enhance their corporate reputation.[330]

The initial step of the executives was to engage in an informal speaking circuit in which the CEO of Mitsubishi Electric was the key speaker. It was during a major environmental conference, namely Ecotech which is a conference geared towards positive technological advancements in the environmental sector, that Mitsubishi met RAN's founder. This contact eventually broke down the perceptions that RAN was incapable of reasoned dialogue and provided the groundwork for future direct meetings between both disputing parties.

The second crucial step in dealing with RAN was to bring in a respected mediator. In this case Amory Lovins, the energy efficiency guru who heads the Rocky Mountain Institute, was accepted by Mitsubishi and RAN. After lengthy planning sessions between all involved parties, two new organizations were established: the Systems Group on Forestry and Future 500.

The Systems Group on Forestry would develop potential solutions to forest destruction, as well as systematic steps companies could take to leverage their market positions to protect forests. Future 500 would convene corporate and environmental stakeholders to consider other systemic and market-based actions for sustainability, and to develop tools and processes for more effective engagements between them. The three Mitsubishi groups were the initial members of both organizations.[331]

The Systems Group held three meetings but never produced a promised final report. It did, however, have several positive effects. The meetings educated corporate leaders about forestry issues, and it generated relationships among the many stakeholders. For instance, an executive of Mitsubishi International Corporation got to be good friends

---

[330] Peter Asmus, "Environmentalists Finally Get Down to Very Serious Business Rather than Pressure the Federal Government and Affix Blame, Activists Seek Cooperative Solutions with Local and Corporate Leaders," *SFGate.com*, 8 January 2006, available from http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2006/01/08/INGODGHE0E1.DTL; Internet, accessed 21 May 2007.

[331] Rocky Mountain Institute Newsletter, "Turning Over A New Leaf. Out of 'Boycott Mitsubishi' Grow Two Far Reaching Sustainability Efforts," *Rocky Mountain Institute Newsletter* 11 (Summer 1995): 6, available from http://www.rmi.org/images/other/Newsletter/NLRMIsummer95.pdf; Internet, accessed 21 May 2007.

with the founder of RAN which spun out of a common interest in nature trails and fishing.

What was the outcome of this fruitful cooperation between RAN and the three Mitsubishi companies? An agreement, which involved phasing-out of old-growth paper and timber purchases, was reached by both disputing parties. Because all three Mitsubishi companies did not purchase old-growth products, this step was relatively easy and cheap for all three Mitsubishi companies to execute.

The ripple effect of this agreement was tremendous. Once Mitsubishi Motors and Mitsubishi Electric made their commitments (Mitsubishi International Corporation temporarily dropped out of the negotiations with RAN after a hefty discussion round in Tokyo during summer of 1996), hundreds of other companies latched on to this move. The combined buying power of all these companies created a healthy and growing market for sustainable timber and set the stage for several later agreements.[332]

The other clause which spread beyond the two Mitsubishi companies was the eco-accounting commitment. To implement it, Future 500 devised a tool for Mitsubishi Electric and Mitsubishi Motors which consolidated numerous available systems for measuring corporate social and environmental performance. The tool evolved into a process now known as Global Citizenship 360 which has been adopted by Coca-Cola, General Motors, and other large multinational corporations.[333]

The most controversial clause committed Mitsubishi Motors to be the pioneer automotive company to purchase carbon credits for its product line and to fund forest reserves operated by indigenous communities. The company has never implemented the clause, nor has RAN ever pressured it to do so. Some RAN leaders object to Mitsubishi funding the program because they feel it undermines the credibility of the organization even though the funds are not directly channelled to RAN. Others hope that the clause

---

[332] Jim Motavalli, "Flying High Swooping Low," *E/The Environmental Magazine*, January/February 2000, available from http://www.emagazine.com/view/?82&src=; Internet, accessed 23 May 2007.
[333] Peter Asmus, "Special Report: NGO Engagement – Effective Partnership – Ten Lessons for Corporations Working with Activists," *Ethical Corporation*, 5 April 2007, available from http://www.rmi.org/images/other/Newsletter/NLRMIsummer95.pdf; Internet, accessed 23 May 2007.

will eventually be implemented once the now-struggling automotive company regains its financial footing.[334]

But what happened to Mitsubishi International Corporation? Mitsubishi International Corporation ended up committing to a certification program created by the Forest Stewardship Council (FSC), the gold standard of certification programs for sustainable wood products. There is not yet an adequate supply of FSC-certified timber and paper products for the firm to fill all of its orders, but that is its first product choice for its customers. Mitsubishi International Corporation is certified by ISO 14000, the environmental management standard and produced its first sustainability report in 1999.[335]

Environmental Breakfasts. The MIC Foundation sponsors an environmental series in New York. These breakfasts have been held several times a year since 1993 and they provide an opportunity for environmental organizations and grant-makers to network, learn about funding possibilities and exchange ideas about environmental issues at both the local and international level. In 2005 and 2006 breakfasts featured topics such as water, renewable energy, environmental justice, and environmental education.[336]

14.7. Mitsubishi and Blogging

Users of Mitsubishi products have established a blogging site which has the goal of boycotting the company's products. The Internet site www.mitsubishisucks.com depicts all the stories related to the company's failure in assessing the importance of being honest with customers (complaints hiding), sexual harassment issues, and its poor record in sustainability. One interesting issue with which Mitsubishi has not effectively dealt is Slavery and Prisoners of War (POWs) in World War II. No formal apologies have yet been made or compensation granted to the victims (as in the case with Volkswagen and survivors of Nazi concentration camps).

---

[334] Margot Hornblower, "Next Stop, Home Depot," *Time Magazine*, 19 October 1998, available from http://www.time.com/time/printout/0,8816,989346,00.html; Internet, accessed 21 May 2007.
[335] Peter Asmus, Hank Cauley and Katharine Maroney, "Case Study: Turning Conflict into Cooperation," *Stanford Social Innovation Review* (Fall 2006): 57, available from http://www.erb.umich.edu/News-and-Events/May/ConferenceReading/Stanford%20Case%; Internet, accessed 21 May 2007.
[336] Mitsubishi International Corporation, MIC Foundation, available from http://www.micusa.com/corporatecitizenship_micfoundation.shtml; Internet, accessed 27 May 2007.

15. Toyota Corporation

Toyota's goal for creating a prosperous society in the 21^{st} Century is by making cars which are environmentally friendly, such as Toyota *Prius*. In order to put these management principles into practice, the "Guiding Principles at Toyota Motor Corporation" were established as the fundamental management policy. These principles were adopted in 1992 to codify the business spirit handed down since the company's foundation, and revised in 1997 to add the stipulation of legal compliance. Each of the seven items is a cornerstone of Toyota's business activities. The seven items are as follow:

1. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.

2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.

3. Dedication to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.

4. Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide.

5. Foster a corporate culture that enhances individual creativity and teamwork value, while honouring mutual trust and respect between labour and management.

6. Pursue growth in harmony with the global community through innovative management.

7. Work with business partners in research and development to achieve stable, long-term growth and mutual benefits, while maintaining openness to new partnerships. [337]

---

[337] Jeffrey Liker, *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer* (New York: McGraw-Hill, 2004), 81.

Keeping 2010 in mind as a milestone in Toyota's turning point, the Global Vision was adopted in April 2002. It focuses on the theme of "Innovation into the Future – A Passion to Create a Better Society," and its scope is toward what society is expected to be like in the medium to long term plan (a five year management plan) in terms of sustainability.

The fundamental thinking of Global Vision has three elements: (1) to step beyond "harmonious growth" and demonstrate its responsibilities as a world leader, (2) to benefit society through *monozukumi* (manufacture of value-added products), and (3) to share that prosperity with its employees.[338] In order for each employee to realize the image that Toyota is striving to achieve in the future, without complacency, it is important to undertake a paradigm of change from the following three perspectives: (1) technology development and product development; (2) management, and (3) profit structures.

In June 2003, Toyota introduced a new management system which features, among other enhancements, a streamlined board of directors and the new position of non-board managing officer, aimed at speeding up operations by making the decision structure less vertical. At the same time, the system hopes to strengthen corporate auditing efforts by increasing the number of outside corporate auditors. With global competition growing ever tougher, Toyota is striving to achieve the objectives outlined in Global Vision 2010 by boosting its competitiveness.[339]

15.1. Toyota's Commitment to CSR

Toyota has numerous facets in presenting its responsibility to the community. However, the company's most prominent social contribution in Japan is the Toyota Traffic Safety Campaign. The first campaign was launched in 1969 and has accumulated a total of 449 corporate members (including car dealers, logistic systems, spare parts producers, rental car companies, as well as forklift dealers) to the present time. The Toyota Traffic Safety

---

[338] ERS, Corporate Social Responsibility: Benchmark Study Report, June 2005, p. 6, available from http://www.envsource.com/resources/CSR_Benchmark_Report_Summary.pdf; Internet, accessed 12 February 2006.
[339] Christian Gaertner, "Warum Toyota das Maß aller Dinge bleibt," *Welt Online*, 9 July 2007, available from http://www.autobloggreen.com/2007/10/25/finally-news-from-mondays-protest-against-toyota/; Internet, accessed 10 May 2008.

Campaign takes place twice a year (in Spring and Fall) and is broken down into two main themes which are: (1) traffic safety education for children, and (2) promotion of proper use of seatbelts and child safety seats.

Toyota has been donating educational materials about traffic safety to new kindergarten and nursery school children nationwide since 1969, with a total of approximately 94 million pieces of such literature distributed to date. These materials include explanations for children on how to use the zebra cross correctly, and provide information on proper conducts on pavements.

In FY 2002, about 44,000 sets of storytelling cards and two million picture books were distributed to kindergartens nationwide. For educational activities related to the use of seatbelts and child safety seats, Toyota distributed 1.34 million educational leaflets in FY2002 explaining the importance and benefits of seatbelts and child safety seats and their proper use. In addition, Toyota distributed 1.37 million leaflets to expectant mothers to generate awareness.

15.1.1. Toyota Safety Driving Course

Since 1987 Toyota has been providing stakeholders with a safety driving course which in turn reflects the company's commitment to reducing traffic casualties. As of FY2002, approximately 7,800 people have attended this course. The course enables drivers to experience the behaviour of cars at the limits of breaking and cornering, and to study the effects and proper usage of ABS (Anti Blockage System) and other safety equipment, with the aim of improving participants' driving safety.

In FY2002, about 800 people attended courses designed to offer detailed information corresponding to a driver's skill, held at Fuji Speedway and Sportsland Sugo, as well as Megaweb, which provides a variety of hands-on related experiences.[340]

15.1.2. Toyota and Stakeholder Dialogue

Toyota has been hosting its annual "Toyota Stakeholder Dialogue" since 2001. Stakeholder dialogues bring together interested and concerned parties with different

---

[340] Toyota Corporation, Environmental & Social Report 2003: Initiatives Toward Traffic Safety, available from http://www.toyota.co.jp/en/environmental_rep/03/anzen.html; Internet, accessed 14 February 2007.

interests, under a theme that presents various values and opinions. By sharing relevant information, conference attendees try to identify and understand any point of agreement and disagreement within their context, and then try to achieve a feasible consensus. This type of 'participatory conference' is an effective tool to reinforce Toyota's existing decision-making mechanisms, and has been integrated into the company's environmental policy formulation.

What were the topics of these symposiums? The "Fourth Toyota Stakeholder Dialogue" was held in January 2005 and highlighted the theme of environmentally sustainable transportation. The Fifth Toyota Stakeholder Dialogue was held in January 2006 and had the theme "Corporate Social Responsibility (CSR) – Focusing on Environmental Issues." About 40 participants, including 30 stakeholders representing NGOs, academia, government and industry, along with Toyota employees and executives attended the two-day conference.[341]

Toyota's most recent Stakeholder Dialogue (or the Sixth Toyota Stakeholder Dialogue) was held on May 11, 2007 in Brussels. The topic of this symposium was entitled "Optimizing Cars for Bicyclists' Safety."[342]

15.2. Forms of CSR Practiced by Toyota

Below are forms of CSR activities presently practiced by Toyota Corporation.

15.2.1. Cause-Related Marketing

A good example of Toyota's cause-related marketing activity is the Toyota Pro/Celebrity Race. This race is an annual ten lap auto race held each April since 1977 as part of the United States Grand Prix West, and later the Toyota Grand Prix of Long Beach weekend street course at Long Beach, California. Since 1991, the event has raised money for "Racing Kids," a national fund-raising program benefiting children's

---

[341] Toyota Corporation, Environmental Report 2006, Social Aspects: Communications – Toyota Stakeholder Dialogue, p. 76, available from http://www.toyota.co.jp/en/environmental_rep/06/download/pdf/e_report06_p62_p77.pdf; Internet, accessed 1 August 2007.

[342] European Cyclists' Federation, ECF at Toyota Stakeholder Dialogue in Brussels: Optimize Cars for Cyclists' Safety by Outer Windscreen Airbags, available from http://www.ecf.com/2347_1; Internet, accessed 1 August 2007.

hospitals in Long Beach and Orange County. An estimated USD$1.8 million has been donated to California charities since 1991.[343]

The Toyota race pits celebrities against professional racers from various types of motor racing.[344] From its inception until 2005, all competitors raced nearly stock Toyota Celicas. Because Toyota discontinued the Celica after the 2005 model year, the Scion tC was raced in 2006.[345]

Past celebrities in the race have included George Lucas, Cameron Diaz, Gene Hackman, Jay Leno, Clint Eastwood and James Brolin, along with professionals Danica Patrick, Scott Pruett and Parneli Jones.[346] All celebrities are provided with comprehensive practice, safety, and training sessions before competing which fortunately, have resulted in no serious injuries despite numerous crashes in the past. Several celebrities who have taken part in the race have taken up auto racing as a part-time hobby or as team owners.[347]

Individuals who want to participate in the race must place a bid on eBay (offers commenced on January 16, 2006 for the Toyota Pro/Celebrity Race which was held on April 7-9, 2006). High bidders will then race against celebrities and professional drivers. High bidders also receive, courtesy of Toyota:

- Four days of professional driver's training at the Fast lane Driving School;
- pre-event Press Day prior to race weekend and other media activities;
- custom-made driving gear, including suit, gloves, shoes, and helmet;
- first-class air fare and hotel accommodations for training, press day and race weekend, with ground transportation for race related events only;

---

343 Peggy Peck, "Doctor Has the Need for Speed," *CNN.com*, 16 August 2005.
344 Nicole Walsh, "James Cameron, Angie Everhart, and Patrick Stewart Among Stars Participating in the 26th Annual Toyota Pro/Celebrity Race," *Business Wire*, 26 February 2002.
345 Kara Medalis, "Terry's Got Talent," *Pittsburgh Post-Gazette (Pennsylvania)*, 24 August, 2007, p. WEB.
346 News, "Celebrity," *The Boston Herald*, 18 February 1992, p. 17.
347 Donna Fellows, "A Special Place to Let Loose; Today's Big Names Have Found Lakeland to Be a Useful Avenue; USA International Speedway," *The Ledger (Lakeland, Fl.)*, 18 February 2007, p. C9.

- a USD$5,000 donation from Toyota in the high bidder's name to "Racing for Kids," a national non-profit program benefiting two children's hospitals in Southern California;

- a VIP-pass for two for a private celebrity event immediately following the Saturday race on, April 8.[348]

The 31st annual Toyota Pro/Celebrity Race was held on April 14 and had the theme "Battle of the Sexes." Female celebrities who participated in the race were: Robin Quivers, Kathryn Morris, Kelly Hu, Martina Navratilova, Emily Procter, Aisha Tyler and their male counterparts were represented by George Lucas and Chris Klein.[349]

15.2.2. Corporate Philanthropy

Since 1991, Toyota has contributed more than USD$300 million to support charitable causes throughout the United States. Much of the company's philanthropy is focused on three areas – education, the environment, and human services.[350] One statutory example is the company's partnership with the National Center for Family Literacy which commenced in 1991. The partnership has enabled the Center to develop a national training system which provides professional development to educators of children, adults and families.[351] It also has fuelled grassroots advocacy, improved state and local public policy in this area and leveraged millions of dollars in additional support from other local and national corporate citizens.[352]

Toyota also funds the largest grant program for K-12 science teachers in the United States. Administered by the National Science Teachers Association, Toyota Tapestry has awarded more than USD$6.5 million in grants for innovative teaching projects.[353] The goal is to provide a unique source of funding which enables students hands-on

---

348 Kymberly Strong and Allie Ingberman, "Dave Mira Wins 2007 Toyota Pro/Celebrity Race," *PR Newswire*, 15 April 2007, p. 1-2.
349 CBS News, "BMX Champ Wins 2007 Toyota Pro/Celebrity Race," CBS News, 14 April 2007, available from http://cbs2.com/topstories/local_story_104225301.html, Internet, accessed 23 June 2007.
350 David Welch, Ian Rowley, and David Kiley, "Why is Toyota Afraid of Being Number One," *Business Week*, 5 March 2007, p. 6.
351 Icess Fernandez, "Language of Learning a Family of Opportunity," *The Wichita Eagle (Kansas)*, 26 April 2007, p. A1.
352 Chris Moran, "Parents Learn Alongside Kids in Literacy Program," *The San Diego Union Tribune*, 15 May 2007, p. B-1.
353 From Staff Reports, "Education: What's Going On," *The Houston Chronicle*, 2 May 2007, p. 2.

exposure to science at an early age. Through the International Teacher Program, the company provides teachers with the opportunity to travel abroad and learn different cultures as well as surroundings.[354]

15.2.3. Corporate Governance

It is said that Japanese companies place priority on the well-being of the company itself as opposed to the concerns of shareholders which is the case in American enterprises.[355] Toyota and Canon are featured in most Japanese management literatures as classical examples of successful Japanese companies operating internationally. These two companies have adopted the system of companies with committees – a system which enables companies to be more transparent and efficient by working in groups. [356]

Following its Ordinary General Shareholder's Meeting in June 2003, Toyota introduced a management system that includes a streamlined Board of Directors and the new position of non-board managing officer. A distinctive feature of Toyota's system is: senior managing directors do not focus exclusively on management. As the highest authorities in their areas of supervision, they also act as links between management and on-site operations. Retaining an emphasis on developments on the ground, one of Toyota's strengths, helps closely coordinate decision making with actual operations. Management decisions can be swiftly reflected in operations, while overall management strategy is able to readily incorporate feedback from frontline operations.[357]

To monitor management, Toyota has an auditor system which is based on the Japanese Commercial Code. However, in order to ensure the transparency of the company's activities, it was decided to increase the number of outside corporate auditors at the June

---

[354] Kathy Mota, "Science Classrooms Receive USD$550,000 from Toyota Tapestry Grant Program," *PR Newswire US*, 30 March 2007.

[355] Hiroyuki Noguchi, "Return of the Kereitsu?" *The Japan Journal* (March 2006), available from http://www.japanjournal.jp/tjje/show_art.php?INDyear=06&INDmon=03&artid=40a5549283b3541f29e853357016eeab; Internet, accessed 6 June 2007.

[356] Hiroyuki Yanai, "The Systematization of Ethical Virtue – The Position of Japan's Companies with Committees System," *Corporate Governance Japan Column*, 6 June 2003, available from http://www.rieti.go.jp/cgj/en/columns/text_009.htm; Internet, accessed 23 June 2007.

[357] Iwai Katsuhito, "The Company in a Post-Industrial Capitalist Economy II," *Business Recorder*, 20 June 2007.

2003 Ordinary General Shareholders' Meeting. As a result, four of Toyota's seven corporate auditors are outside corporate auditors.[358]

15.2.4. Corporate Sustainability

Toyota supports environmental activities conducted by its employees, including community cleanups and environmental preservation. Below are examples of sustainable projects carried out by Toyota Industries Corporation in Japan.

- *Local Environmental Beautification Activities*. Every year, as part of the employee volunteer activities, Toyota Industries conducts a company-wide environmental beautification campaign to clean up the areas surrounding each of its domestic plants. These activities have steadily increased to encompass eight affiliate companies. Additionally, the company's Manager Councils perform environmental beautification activities, while the Toyota Industries Council of Retired Employees (an organization consisting of retired Toyota Industries' employees) participates in clean up events in the surrounding public facilities, such as parks and train stations.[359]

- *Cooperative Activities with International Environmental NGOs*. Since 2005 the company has been undertaking cooperative measures with an international environmental NGO, namely FoE (Friends of Earth) Japan. This NGO focuses on protection of forest resources. Employees of Toyota Industries constructed wooden benches using lumber from domestic forest thinning which were then donated to Kariya Nursery School and ten other local public facilities.[360]

- *Cleanup Activities at Lake Aburagafuchi.* Toyota Industries is actively seeking to expand its social contribution activities especially in the sustainable environment aspect. As of 2004 Toyota Industries cooperated with its local communities in restoring their operational surroundings, such as in Aichi prefecture where the largest natural lake known as the Aburagafuchi is located.

---

[358] Masaru Yoshimori, "Does Corporate Governance Matter? Why the Corporate Performance of Toyota and Canon Is Superior to GM and Xerox," *Corporate Governance*, 13 May 2005, p. 450-452.
[359] Adrienne Selko, "Toyota Accepting Applications for Environmental Activities Grant Program," *Industry Week*, 17 May 2007, available from http://www.industryweek.com/PrintArticle.aspx?ArticleID=14205; Internet, accessed 24 June 2007.
[360] Kiichi Kageyama, "Toyota in the 21st Century in Asian Countries: Information Exchange System and Best Mix," *Asian Management* 3 (December 2004): 30-33.

During the company-wide clean up program in July 2005, approximately 100 employees and their families volunteered to clean up the lake.[361]

15.2.5. Social Marketing

There is no doubt that Toyota has become the world's most-beloved car company and has gained enormous environmental stature from the *Prius*. Green marketing campaigns have been the key to a successful marketing launch for this hybrid car. The Toyota *Prius* is positioned by its marketers as a clean, savvy, innovative, as well as green car. Numerous celebrities have become endorsers of this car, such as Leonardo Di Caprio and Cameron Diaz.[362]

The campaign to brand its "hybrid synergy drive" featured a badge of Toyota hybrid safety haloed with simple environmental claims: "Miles and miles and miles per gallon." The next line in the ad says: "Less gas in. Less out." [363] Customer searching for scientific details to back up such claims, are prompted to check out the website. Toyota hopes the image of the hybrid synergy drive will eventually do for its line of hybrids what the Intel chip logo has done for PCs. Many people don't know what this chip does for their PCs but it must be in their PC when one buys a computer. This is a similar case with *Prius* as most consumers have no clue what hybrid vehicles are. The campaign reinforces Toyota's long-term commitment to hybrid vehicles and their environmental stance.[364]

In 2007 the Toyota Sales Division devised a 18 month marketing tour across America, namely the "Highway to the Future: Mobile Hybrid Experience." The company aims to reach 250,000 consumers through the promotion of hybrid awareness and education. More than 40,000 people have participated in this event by spending an average of 18 minutes in one of two trailers travelling nationwide to the various locations. An

---

[361] Toyota Industries Corporation, Conservation Activities, available from http://www.toyota-industries.com/csr/social/jirei/kankyo.html; Internet, accessed 6 May 2007.
[362] Greg Schneider, "Automakers Tout Hybrids, but Power Rules Showrooms," *The Washington Post*, 29 November 2004, p. A01.
[363] Samar Farah, "The Thin Green Line," *CMO Magazine*, 1 December 2005, available from http://www.cmomagazine.com/read/120105/green_line.html?action=print; Internet, accessed 6 May 2007.
[364] Rob Walker, "Silent Green," *The New York Times*, 23 July 2006, p. 6.

estimated 25% of those visitors have requested additional information on Toyota's hybrid vehicles.[365]

In addition, tour visitors can have their names put on trees which Toyota will plant in the 48 contiguous states. Toyota cooperated with the National Arbor Day Foundation for the tree project, implying that trees would offset the carbon footprint of the tour's trucks. By the end of the tour, Toyota will ensure that at least 50,000 trees are planted.[366]

Other green marketing moves include the sponsorship of Project Greenhouse, the eco-awareness suite at the Sundance Film Festival last January, and supporting the Sundance Channel's "The Green Series," which commenced in April 2007.[367]

"The Green" website links to a Lexus page which provides more details on its hybrid tour as well as a content area called Hybrid Living. In this section, visitors can view profiles of individuals and establishments in the U.S. that embody a progressive green lifestyle, such as an organic restaurant in Chicago.[368]

Another good example of Toyota's social marketing activity is of various sponsorships numerous sports events, such as this year's New York City (NYC) Marathon and the 2007 Danskin Women's Triathlon Series. For the NYC Marathon Toyota has signed a three year deal to become exclusive auto sponsor at the marathon. During this event, Toyota will feature its hybrid platform which includes the *Prius*, *Highlander* SUV, and C*amry Hybrid*. All three brands will be featured on regional TV, print media, and off course signage along with operational usage such as transporting athletes and officials. The winner of this year's NYC Marathon will receive a *Prius* besides a monetary prize.[369]

---

[365] Sholn Freeman, "The Middle-Aged Are Going Green, and the Automakers Follow," *The Washington Pos*t, 25 February 2007, p. F01.
[366] Theresa Howard, "Being Eco-Friendly Can Pay Economically," *USA Today*, 15 August 2005, p. 7B.
[367] Jacquelyn Ottman, "Avoiding Green Marketing Myopia: Ways to Improve Consumer Appeal For Environmentally Preferable Products," *Environment* 28 (June 2006): 22.
[368] Jean Halliday, "Toyota Turns a Niche into Anti-Waste Zealotry," *Advertising Age*, 11 June 2007, p. S4.
[369] B. Janoff, "The Game: Toyota Joins NY Marathon Mix; Much 'A-Dew' At AST Dew Tour," Brandweek, 18 June 2007, available from http://www.brandweek.com/bw/magazine/columns/article_display.jsp?vnu_content_id=1003599798; Internet, accessed 24 June 2007.

15.2.6. Socially Responsible Investment

The Toyota Motor Corporation is listed in the FTSE4GOOD and Morningstar index.[370] As the leading manufacturer of hybrid cars (64% of the U.S. market), Toyota has gained a significant green reputation as well as influence over the Japanese green funds scene.[371] The argument that *Prius* is a fuel-efficient and eco-friendly car has boosted Toyota's CSR achievements and generated a whole new area of corporate competence.[372]

15.3. Toyota's CSR Performance

While most Japanese companies present their CSR results on the Internet as part of their Sustainability and Social Report, Toyota tends to host symposiums or seminars on improving CSR performance. For instance, the company hosted the second Toyota Stakeholder Dialogue in October 2002. An environmental professor was invited to chair this dialogue and various participants (such as business, government, academia, and general public) were present.

Theme for 2007 Stakeholder Dialogue was "Is it possible to achieve a green market?" and was hosted by a Toyota senior marketing director. This year's dialogue involved small group discussions groups of employees and the general public aimed at establishing trust and generating concrete feedback. Toyota received positive responses from all participants.

Toyota prides its self on the concept of zero defects (or *Muda* in Japanese) which in effect translates to the following idea: quality defects prevent the customer from accepting the product manufactured.[373] Nevertheless, the reality looks pretty bleak for Toyota as the case studies mentioned below reveal.

---

[370] Nikkei News, "Japan's Nomura Asset to Set Up Global SRI Fund," *Asia Pulse*, 30 April 2004.
[371] David Turner, "Japan's Ethical Funding Makes Breakthrough," *Financial Times (London)*, 4 July 2006, p.24.
[372] Rintaro Hosokawa, "Winning Investor Trust Crucial to Success of SRI Funds," *The Nikkei Weekly* (Japan), 4 July 2006.
[373] Jens Dahlgaard and Su Mi Dahlgaard-Park, "Lean Production, Six Sigma Quality, TQM, and Company Culture," *The TQM Magazine* 18 (2006): 264.

15.3.1. Domestic Level

Three Toyota Motor Corp. executives who are quality-control managers are the focus of a criminal investigation in Japan into whether they downplayed reports of steering problems at the automaker in the mid-1990s. The steering flaw was cited as the possible cause of a serious accident in Japan that eventually led to a recall by Toyota of more than one million vehicles in 2005.[374] Five people were injured, one of them seriously, in Kumamoto in August 2004 when the steering of a Toyota *Hilux Surf* SUV failed and hit another vehicle. The SUV was built in 1993.[375]

Toyota said a recall was conducted in October 2004 for 330,000 *Hilux Surfs* manufactured between December 1988 and May 1996, to deal with a part in the steering system that could break. Toyota said it had received five reports of problems with the steering by 1996 but these problems were limited to repeatedly turning the wheel during parking, and no recall was made. After additional problems were reported in 2004 (82 defect cases), Toyota said, it carried out another investigation and decided to conduct a recall.[376] According to Toyota, the model affected totalling 1.2 million vehicles, was sold abroad including in North America and Europe, and a recall was carried out in September 2005. Eighteen cases of problems were reported from overseas, but there were no accidents or injuries.[377]

Another problem for Toyota Motor Corporation in Japan involves *Harrier SUV* and *Windom* sedan (known as the *Lexus RX* and *ES* respectively in the U.S.). Both vehicles have problems with their computer control system which catch fire if the cars are left

---

[374] The Associated Press, "Japan Scolds Toyota for Recall Practices," *MSNBC.com*, 21 July 2006, available from http://www.msnbc.msn.com/id/13972069/print/1/displaymode/1098; Internet, accessed 28 May 2007.

[375] Doron Levin, "Toyota's Defects Irk U.S. Automakers, Not Buyers: Doron Levin," *Bloomberg.com*, 25 July 2006, available from http://www.bloomberg.com/apps/news?pid=20670001&refer=conews&sid=aTO4k=tgli...; Internet, accessed 6 May 2007.

[376] AFX International Focus, "Japanese Government Tells Toyota Told To Improve Recall System," *AFX-Asia*, 21 July 2006. available from http://emedia1.bsb-muenchen.de/han/LEXISNEXIS/www.lexisnexis.com/de/business/results/docview/docview.do?risb=21_T1580907260&format=GNBFULL&sort=BOOLEAN&startDocNo=1&resultsUrlKey=29_T1580907263&cisb=22_T1580907262&treeMax=true&treeWidth=0&csi=222277&docNo=14; Internet, accessed 28 May 2007.

[377] Yuri Kageyama, "Japan: Toyota Officials Investigated in Japan Over Alleged Recall Negligence," *CBC News*, 11 July 2006, available from http://www.corpwatch.org/article.php?id=13867&printsafe=1; Internet, accessed 28 May 2007.

unattended with their motors running.[378] Apparently there have been 26 complaints filed for these vehicles manufactured between December 1997 and November 2000. Toyota insisted that these two vehicles were not exported for sale.[379]

The recent spate of incidents involving product defects has raised the question of whether Japan's famed quality standards are beginning to slip.[380] It has also caused plenty of introspection among executives.[381] In June 2006, a J.D. Power Survey of American new car owner has ranked Hyundai Motors of South Korea above Toyota.[382]

15.3.2. International Level

There are two recent scandals which plague Toyota Motors Corporation in the U.S. These scandals could very much tarnish Toyota's reputation as being an innovative (Toyota's slogan in Germany is: "Nichts ist unmöglich" or nothing is impossible) and environmentally-conscious company.[383]

15.3.2.1. Sexual Harassment

In the United Nations and the EU, feminist used the human rights frame of violations of dignity and social injustice. In the United States, where the ideology of gender equality prevails, sexual harassment is lawfully framed as sexual discrimination. Given that the EU has traditionally had little legitimacy in the field of violence against women, and the EU competence is restricted to economic issues, feminists needed to argue, as did the U.S. counterparts, that a problem is typically perceived as private or cultural had economic dimensions: as a result of workplace harassment, working conditions deteriorate, women lose their jobs, and their careers are demolished. Thus, advocates

---

[378] Kyodo News International, Tokyo, "Toyota to Recall 54,200 Vehicles Over Defective Engine Control System," *McClatchy-Tribune Business News*, 16 November 2006.

[379] The Associated Press, "Toyota Recalls About 54,000 Passenger Cars Because of Engine Problems," *Associated Press Financial Wire*, 16 November 2006.

[380] Martin Flacker, "Japanese Fret That Quality Is in Decline," *The New York Times*, 21 September 2006, available from http://travel2.nytimes.com/2006/09/21/business7worldbusiness/21quality.html?pagewa...; Internet, accessed 28 May 2007.

[381] Martin Fackler, "Recalls by Toyota and SONY Shock Japan's Pride," *International Herald Tribune*, 14 September 2006, available from http://iht.com/bin/print.php?id=2812606; Internet, accessed 28 May 2007.

[382] Joe Benton, "Is Toyota Quality Slipping?" *ConsumerAffairs.Com*, 11 October 2006, available from http://www.consumeraffairs.com/printme.php?url=/news04/2006/10/toyota_quality.html; Internet, accessed 28 May 2007.

[383] Focus Finanzen, "Werbung: Uralt-Slogan Sticht alle aus," *Focus Magazin*, 14 February 2005, available from http://www.focus.de/finanzen/news/quadratisch-praktisch_nid_11525.html; Internet, accessed 28 May 2007.

linked gender inequality to the equal treatment of women and men in the labour market, the one area in which EU had competence.[384]

Workplace harassment can take many different forms. Sexual harassment has generally been defined as unwelcome sex- or gender-related behaviour that creates a hostile work environment or quid pro quo behaviours, where the unwelcome behaviour becomes a term or condition of employment or advancement. Psychological harassment, on the other hand, has been studied under different names, including bullying, victimization, and generalized workplace abuse. Despite differences in terminology, researchers agree that these concepts refer to repeated and systematic hostile acts, which are primarily of a verbal and non-verbal, rather than physical nature.[385]

How does CSR address the issue of sexual harassment? Employers must treat their employees with dignity and respect their rights. Providing employees with the opportunity to address their concerns openly through appropriate channels is a method of practising CSR in the workplace.[386] What made the Toyota sexual harassment case special was the substantial amount of out of court settlement (in this case US$40 million) and the explicit media coverage surrounding this issue.

In May 2006, the president and CEO of Toyota Motor North America was accused of sexual harassment and was forced to leave his post. The lawsuit which amounted to USD$190 million (USD$40 million in damages for emotional distress and injury to her reputation and USD$150 million in punitive damages) involved the CEO and his former female personal assistant, Sayaka Kobayashi. Kobayashi claimed that Otaka, the former CEO, had made numerous unwanted sexual advances during her short tenure as his personal assistant (from March until September 2005).[387]

---

[384] Kathrin Zippel, "Transnational Advocacy Network and Policy Cycles in the European Union: The Case of Sexual Harassment," *Social Politics* 11 (Spring 2004): 61.
[385] Denise Salin, "Organizational Responses to Workplace Harassment: An Exploratory Study," *Personnel Review* 38 (March 2007): 28.
[386] Zheng Zhihai, "Special Article: Sincerity, Trustworthiness, Law-Abidance and Corporate Social Responsibility (CSR)", *International Management Review* 3 (2007), available from http://www.usimr.org/IMR-1-2007/v3n107-art6.pdf; Internet, accessed 2 July 2010.
[387] Hannah Clark, "Toyota's Otaka Sued for Sexual Harassment," *Forbes*, 5 February 2006, available from http://www.forbes.com/2006/05/02/toyota-otaka-harassment-cx_hc_0502autofacescan0...; Internet, accessed 28 May 2007.

In her frustration and confusion, she contacted the second highest personnel in the company to obtain his feedback. Unfortunately, he advised her to confront this matter personally with the CEO which worsened the situation. She was then forced to hire a lawyer as the situation got out of hand (she was involuntarily transferred to a lower position) and the CEO refused to back down with his degrading remarks and sexual innuendos. Kobayashi almost had a nervous breakdown after this incident occurred.[388]

During this time, Toyota did not have an effective system to handle complaints about sexual harassment and had therefore, failed in every way to assist Kobayashi in this issue. According to Kobayashi's lawyer, the former CEO of Toyota had a reputation as a lothario and abused his position by coercing female employees into sexual relationships.[389]

The company reacted swiftly to this issue. It hired former Secretary of Labour Alexis Herman, a diversity expert, to review present Toyota employment practices and increase training for senior executives in sexual misconduct and discrimination. An American president was assigned to replace Otaka.[390]

The sexual harassment allegations came at a time when Toyota was trying to boost its sales in North America. The concern for bad corporate reputation may be why the allegation was quickly settled out of court. Toyota announced on August 4, 2006 that it had reached an out of court settlement which was made public through a joint statement by both opposing parties. The terms of the settlement were not disclosed and apparently Kobayashi decided to leave Toyota on her own terms.[391] Sexual harassment cases are

---

[388] Michael Orey, "Trouble at Toyota," *Business Week*, 22 May 2006, available from http://www.business week.com/print/magazine/content/06_21/b3985078.htm?chan=gl; Internet, accessed 28 May 2007.
[389] The Associated Press Tokyo, "Toyota Took No Action to Address Complaint: Lawyer," *Taipei Times*, 14 May 2006, p. 11, available from http://www.taipeitimes.com/News/biz/archives/2006/05/14/2003308161/print; Internet, accessed 28 May 2007.
[390] Jayne O'Donnell and Chris Woodyard, "Toyota's Sex Harassment Lawsuit Could Set Standard," *USA Today*, 7 August 2006, available from http://usatoday.printthis.clickability.com/pt/cpt?action=cpt&title=USATODAY.com+-...; Internet, accessed 28 May 2007.
[391] Micheline Maynard, "Automaker Reaches Settlement in Sexual Harassment Suit," *The New York Times*, 5 August 2006, available from http://www.nytimes.com/2006/08/05/business/worldbusiness/05harass.html?ei=5090&...;Internet, accessed 31 May 2007.

still relatively rare and Kobayashi's lawsuit has been viewed with alarm and surprise by the Japanese media, partly because of the amount of her claim.[392]

15.3.2.2. Nationwide Product Recalls

The U.S. government had opened an investigation into Toyota Sienna Minivans produced in 2004-2005.[393] Customers complained that the liftgates failed which caused the hatchback door to close on motorists.[394] The National Highway Traffic Safety Administration announced that in August 2006, it had received eight complaints and four reports of injuries involving the liftgate. The investigation involved 393,313 Sienna Minivans.[395]

Other Toyota brands that were subject to product recalls were: *Prius, Scion* (30,000 vehicles were recalled due to deployment of air bags if the door is slammed forcefully)[396], *Wish, Corolla* brand *(Fiedler, Runx, and Spacio)*, *Allex, Ractis, Lexus* RX330 (376,000 vehicles were recalled due to a defective carpet clip which could interfere with the accelerator), and *Highlander*.[397]

Additional popular Toyota cars which are affected by product recalls in the United States include *Tundra* and *Sequoia*. The company is recalling 533,000 Sequoia vehicles manufactured between 2004 and 2007 as well as 157,000 *Tundra Access Cab* pickups sold between 2003 and 2005.[398] The *Tundra Access Cab* violates a 2002 National Highway Traffic Safety Administration (NHTSA) rule which requires vehicles with air

---

[392] The Associated Press, "Toyota Executive Leaving After Sexual Harassment Accusations," *FoxNews.com*, 9 May 2006, available from http://www.foxnews.com/printer_friendly_story/0,3566,194865,00.html; Internet, accessed 28 May 2007.
[393] Yuri Kageyama, "Toyota's Shiny Image Has Dents; Company May Delay New Models for Quality Control," *The Houston Chronicle*, 26 August 2006, p. 1.
[394] Stephen Foley, "Toyota Faces $200 Million Bill as It Recalls 530,000 Faulty US Vehicles," *The Independent*, 19 January 2007, p. 50.
[395] Nicolas Van Praet, "Can the Underdog Lead the Pack?" *Financial Post*, 16 August 2006, p.FP6.
[396] The Columbus Dispatch, "Toyota Recalling 30,000 Scion tCs," *The Columbus Dispatch Business Section*, 25 October 2006, p. 1B.
[397] Michiyo Nakamoto, John Reed and Mariko Sanchata, "Toyota Recalls 500,000 Vehicles in US Automotive," *Financial Times*, 20 January 2007, p. 19.
[398] Reuters, "Toyota Recalls 533,000 SUVs and Pickups; Honda Recalls 81,000 Accords," *USA Today*, 19 January 2007, available from http:www.usatoday.com/,pney/qutos/2007-01-19-toyota-honda_x.htm; Internet, accessed 1 June 2007.

bag shut off switches to have special latches in the front seats for child safety seats, which this pickup truck does not have.[399]

Toyota asked for exemption from the rule and was denied, at which point it decided to issue a recall to disable the airbag shut off switches and affix a new warning label that recommended parents place child safety seats in the back seat.[400] Toyota went this way because engineering new child safety seat latches for the front passenger seat of the Tundra would be extremely expensive and difficult.[401]

The NTHSA decided that disabling the airbag shut off switch would confuse owners, which forced Toyota to come up with a new solution.[402] Toyota would once again inform Tundra owners of the problems and recommend owners place their children in the back seat. The letter also states that if owners still demand new child safety latches in the front seats, they could requests them from Toyota which will retrofit them as soon as an acceptable solution is made.[403]

Additionally, Toyota is recalling 170,000 *Prius* models sold in the United States due to the steering shaft assembly which could distort or crack under certain conditions.[404] There have been no reported crashes or injuries for Toyota *Prius* sold in Japan and in the United States. [405]

In 2005 Toyota was forced to recall 2.2 million vehicles in the United States (which was double the amount of vehicles recalled in 2004), 1.9 million cars in Japan, and 240,000 vehicles in Europe (*Prius*, *Corolla*, and *Avensis*). The overall sum for Toyota's automotive recall action is estimated at USD$134 million.[406]

---

[399] John Neff, "NHTSA Makes Toyota Modify Seat Latch Recall," *The Detroit Press*, 6 October 2006, available from http://www.autoblog.com/2007/02/15/toyota-fears-backlash-over-us-success/Internet, accessed 30 May 2007.
[400] Paul Newton, "Toyota to Fit Airbag Switch to Tundra Pick-Up," *Global Insight*, 10 July 2006.
[401] Justin Hyde, "Toyota Must Modify Recall: Pickups Lack Front Child-Seat Latches," *Detroit Free Press*, 6 October 2006.
[402] Aaron Bragman, "Toyota Ordered to Modify Child Restraint Recall," *Global Insight*, 9 October 2006.
[403] Peter Valdes-Dapena, "Toyota's Totally Bizarre Recall," *CNN.com*, 11 July 2006, available from http://www.cnn.com/2006/AUTOS/07/11/bad_recall/index.html; Internet, accessed 6 May 2007.
[404] The Associated Press, "Toyota Recalls Nearly 1 Million Cars Worldwide," *MSNBC.com*, 30 May 2006, available from http://www.msnbc.msn.com/id/13046349/; Internet, accessed 28 May 2007.
[405] John B. Treece, "Dinged by Recalls Toyota Defends Reputation," *Automotive News*, 24 July 2006, p. 1.
[406] Miho Nagano, "The Ups and Downs of Product Recalls—Japan-Style; Toyota and Other Japanese Makers Learn to Cope with Quality Glitches," *Investor's Business Daily*, 22 January 2007, p. A07.

What does Toyota have to say about this issue? Managers at Toyota Motor Corporation have cited several reasons for the rise in recalls, which are: (1) greater use of electronic components in cars have increased complexity and often computer failures, (2) higher production overall which means more defects in more vehicles, (3) an inclination to adhere to stricter U.S. standards for recalls, rather than looser Japanese standards.[407]

15.3.2.3. Recent Toyota Product Recalls

Apparently Toyota's zero defect philosophy as well as long-lasting reputation for reliable high quality automobile, has been tarnished in that 37 fatalities were reported resulting from malfunctioning accelerator pedals, braking problems, seat belt and exhaust issues.[408] The U.S. National Highway Traffic Safety Administration (NHTSA) has fined US$16.4 million and Toyota has recalled more than 8.5 million cars worldwide. Toyota's president and founder's grandson, Akio Toyoda, pledged that safety standards would be improved during a congressional hearing in Washington in February 2010. During the congressional hearing, Toyoda expressed 'sincere regrets' for the faulty accelerator pedals that were linked to deaths and injuries.[409]

Critics now blame the Japanese motor manufacture for compromising on quality control in an over-anxious bid to overtake American rivals (GM) as the biggest volume carmaker. A leaked memo in March of this year depicted that several Toyota employees were concerned that quality standards were slipping as the company staff work longer hours, outsourced production and slash the development time on new models. Akio Toyoda admitted that his company had expanded hastily, overseeing its priorities, and pledged to restructure its management structures to effectively address safety problems.

---

[407] John B. Treece, "Dinged by Recalls Toyota Defends Reputation," *Automotive News*, 24 July 2006, p. 1.
[408] David Segal, "Paragon Envy. Oh, What A Feeling: Watching Toyota Flunk for Once," *The New York Times*, 5 February 2010, available from http://www.nytimes.com/2010/02/07/weekinreview/07segal.html; Internet, accessed 26 June 2010.
[409] Sharon Silke Carty, "They Died in Toyotas, Leaving Many Questions," *USA Today*, 15 March 2010, available from http://www.usatoday.com/money/autos/2010-03-14-crashes-involving-toyotas-raise-questions-victim-profiles_N.htm; Internet, accessed 25 June 2010.

15.3.2.4. Timeline of Toyota's Recall Woes

January 2009: Toyota said it would recall 1.3 million vehicles worldwide because of seatbelt and exhaust system problems.[410]

May 2009: Toyota reported the worst results in its history as it struggles with global economic crisis.

August 2009: Toyota recalled approximately 690,000 cars produced in China due to faulty windows switches – its biggest recall in the country.[411]

September 2009: Toyota announced the biggest recall in its history over fears involving almost 4 million vehicles in the U.S. that accelerator pedals could become trapped in floor mats and may result in very high speeds and make it difficult to stop the vehicle which could cause a crash, serious injury or even death.[412]

21 January 2010: Toyota claimed that it would recall around 2.3 million vehicles in the U.S. to fix potentially faulty accelerator pedals. The action comes on top of the ongoing recall of some 4.2 million vehicles over 'pedal entrapment' risks.[413]

26 January 2010: Toyota announced that it would be suspending U.S. sales and halting North American production of eight models involved in accelerator pedal recall, including the country's best selling Camry.[414]

28 January 2010: Toyota said it will extend the recall action by including Europe and China. U.S. congressional investigators launch probe into accelerator problems. The

---

[410] David Goldman, "Toyota's President Sorry To Have Made Customers Uneasy," January 29 2010, *CNN.com*, available from http://www.cnn.com/2010/BUSINESS/02/02/toyota.recall/index.html?hpt=T1; Internet, accessed 26 June 2010.

[411] The Associated Press, "Top Toyota Officials To Testify At Senate," *The Guardian*, 5 March 2010, available from http://www.guardian.co.uk/business/2010/mar/02/toyota-officials-testify-senate; Internet, accessed 26 June 2010.

[412] Kate Linebaugh, Dionne Searcey, and Norihiko Shirouzu, "Secretive Culture Led Toyota Astray," *The Wall Street Journal*, 8 February 2010, available from http://online.wsj.com/article/SB10001424052748704820904575055733096312238.html?mod=WSJhpsMIDDLEThirdNews#printMode; Internet, accessed 26 June 2010.

[413] Hiroko Tabuchi and Micheline Maynard, "U.S. Sees A Change of Attitude at Toyota," 11 May 2010, *The New York Times*, available from http://www.nytimes.com/2010/05/11/business/global/11toyota.html; Internet, accessed 26 June 2010.

[414] Anonympus, "Ruckrufaktion in den USA. Toyota Stoppt Verkauf und Verkauf von Acht Modelen," *Zeit Online*, 27 January 2010, available from http://www.zeit.de/wirtschaft/unternehmen/2010-01/toyota-produktion-rueckruf; Internet, accessed 24 June 2010.

U.S. Congress requested information from Toyota and NHTSA on the recall prior to the congressional hearing on February 25th.[415]

29 January 2010: Toyota announced that recalls in Europe could reach 1.8 million vehicles and the recall would encompass Yaris and Auris.

1 February 2010: Toyota owners would have to wait at least three weeks before they were adequately informed whether their cars were suspected of having ‘sticking’ accelerator pedals.

2 February 2010: Toyota’s executive president in charge of quality control, Shinichi Sasaki, said that the ‘unprecedented’ operation is likely to have a bigger effect on sales than the previous recalls and had already hit sales in January. [416]

3 February 2010: Toyota owners in the U.K. and U.S. were advised by lawyers to stop driving their cars immediately amid growing concern over the potentially lethal accelerator fault. A new defect in Toyota’s Prius hybrid model has been published that could result in yet another recall. U.S. authorities said that they were investigating 100 complaints, with Prius owners reporting momentary loss of braking ability at low speeds on bumpy roads. Toyota in the U.K. registered 180,865 vehicles affected by faulty brakes. Toyota and the British Department of Motor Vehicle contacted owners for a 30-minute inspection conducted by certified Toyota service centres free of charge.[417]

4 February 2010: Toyota admitted it will suffer US$ 2 billion in additional costs as a result of the global safety recall affecting million of cars. The Japanese government forced Toyota to investigate 77 reported cases of braking problems among new Prius models sold in Japan.[418]

---

[415] Alex Altman, “Congress Puts Toyota (And Toyoda) in the Hot Seat,” *Time Magazine*, 24 February 2010, available from http://www.time.com/time/nation/article/0,8599,1967654,00.html; Internet, accessed 27 June 2010.
[416] Anonymous, “Auto Rückruf: Toyota Will 215,000 Gaspedale in Deustchland Reparieren,” *Wiwo.de*, 4 Februar 2010, available from http://www.wiwo.de/unternehmen-maerkte/toyota-will-215-000-gaspedale-in-deutschland-reparieren-421226/; Internet, accessed 23 June 2010.
[417] Anonymous, “Runaway Prius Claim Dismissed by Toyota,” *BBC News*, 16 March 2010, available from http://news.bbc.co.uk/2/hi/americas/8569465.stm; Internet, accessed, 23 June 2010.
[418] Bernie Woodall and Matthew Lewis, “Toyota Could Face More U.S. Fines,” Reuters, 10 May 2010, available from http://www.cbsnews.com/stories/2010/05/10/business/main6470614.shtml?source=related_story&tag=related; Internet, accessed 25 June 2010.

5 February 2010: It turned out that Toyota treated the accelerator fault as a quality issue rather than safety issue when it first surfaced in winter 2008/2009. It failed to inform the U.K.'s Vehicle and Operator Service Agency (VOSA), which registered recalls on cars, about the fault until January 22 2010, after the government demanded information. Toyota's president, Akio Toyoda, finally emerged to apologize for the sticky accelerator problem.[419]

9 February 2010: Toyota confirmed a global recall of all third-generation Prius cars manufactured before 27 January 2010. It affected 8,500 cars in the U.K., where the latest Prius model went on sale last August. Toyota U.K. insisted that the recall would involve a software upgrade in the anti-lock braking system.[420]

17 February 2010: Toyota announced that it would install a brake-override system in all future models worldwide. It considered recalling Corolla due to possible power-steering problems. The U.S. government demanded that Toyota hand over documents to provide concrete proof for immediate action in improving safety in its cars.[421]

19 February 2010: Akio Toyoda succumbed to U.S. pressures and agreed to appear before a congressional hearing about the crisis.[422]

22 February 2010: Leaked emails indicate that Toyota staff boasted about how they had saved the company US$100 million by persuading American regulators that they did not need to implement a full recall over problems with its floor mats.[423]

23 February 2010: Toyota faced the prospect of criminal charges after a U.S. grand jury issued a subpoena demanding more evidence relating to the recalls. A man jailed after

---

[419] Anonymous, "Rückrufaktion.Toyota Ist Nicht zu Bremsen," *Zeit Online*, 9 February 2010, available from http://www.zeit.de/wirtschaft/unternehmen/2010-02/toyota-rueckruf ; Internet, accessed 24 June 2010.

[420] Bernie Woodall and Soyoung Kim, "Another Runaway Toyota Prius Reported," *Reuters*, 11 March 2010, available from http://www.reuters.com/article/idUSTRE6293IC20100310; Internet, accessed 25 June 2010.

[421] Dan Strumpf, "Group Seeks National Lawsuit Against Toyota for Lost Resale Value," *USA Today*, 2 May 2010, available from http://www.usatoday.com/money/autos/2010-02-10-toyota-lawsuit-resale-value_N.htm; Internet, accessed 25 June 2010.

[422] Chang-Ran Kim and Bernie Woodall, "Toyota President Apologizes for Global Recall," *Financial Post*, 3 February 2010, available from http://www.financialpost.com/story.html?id=2521331; Internet, accessed 25 June 2010.

[423] Peter Valdes-Dapena, "U.S. Seeks $16,4 Fine Against Toyota," *CNN.com*, 5 April 2010, available from http://money.cnn.com/2010/04/05/autos/toyota_nhtsa_fine/index.htm?cnn=yes&hpt=T2; Internet, accessed 27 June 2010.

crashing his Toyota, killing three people, demanded a retrial. His request for a retrial was supported by his relatives.[424]

5 March 2010: The Department of Transportation National Highway Safety Administration (NHTSA) fined Toyota Motor Corporation US$16.4 million for failing to notify the agency of a 'sticky pedal' defect in its cars for at least four months. Under the U.S. federal regulation, automakers are required to inform the agency within five days of determining that a safety defect exists in one of its products. NHTSA learned, through documents obtained from Toyota that the automaker knew of sticky gas pedal problems since at least September 2009. A US$16.4 million fine is the highest sum an automaker can be fined for a single violation.[425]

15 May 2010: Despite recalls, Toyota managed to post a US$ 1.2 billion quarterly profit compared to a 766 billion yen posted last year. Toyota announced that quarterly revenue was up 5.28 trillion yen (US$57 billion) from 3.54 trillion yen the year before.[426] Toyota is forecasting even better results for the fiscal year ending in March 2011, projecting an annual profit increase of 48 percent to 310 billion yen (US$3.3 billion).[427]

18 September 2010: Toyota reaches settlement with two families after fatal crash, namely Saylor (a California Highway patrolman who was killed in his Lexus vehicle along with his wife, daughter, as well as his brother in-law, Chris Lastrella). Lexus is a division of Toyota. Saylor's Lexus sedan accelerated uncontrollably on a San Diego Freeway last year and crashed over an embankment. A 911 call recorded this tragedy on the highway. The amount of settlement was not revealed.[428]

---

[424] Rajesh Mirchandani, "California Sues Toyota for Faults," *BBC News Los Angeles*, 13 March 2010, available from http://news.bbc.co.uk/2/hi/americas/8565637.stm; Internet, accessed 23 June 2010.
[425] The Associated Press, "Toyota Drives Back Into Black with $1,2 Billion 2Q Profit," *CBS News*, 11 May 2010, available from http://www.cbsnews.com/stories/2010/05/11/business/main6471790.shtml; Internet, accessed 25 June 2010.
[426] Anonymous, "Toyota Reports A Return on Profit," *CNN*, 11 May 2010, available from http://www.cnn.com/2010/BUSINESS/05/11/toyota/index.html; Internet, 25 June 2010.
[427] Anonymous, "Trotz Rückrufaktion: Toyota Schreibt Wieder Schwarze Zahlen," *Handelsblatt*, 11 May 2010, available from http://www.handelsblatt.com/unternehmen/industrie/medienbericht-toyota-erreicht-offenbar-schwarze-zahlen;2567804; Internet, accessed 24 June 2010.
[428] CNN Wire Staff, "Toyota Reaches Settlement with Families After Fatal Crash," *CNN*, 18 September 2010, available from http://www.cnn.com/2010/US/09/17/toyota.settlement/index.html?iref=allsearch; Internet, accessed 22 September 2010.

28 October 2010: Toyota announced worldwide recall of 270,000 cars due to defective motors. Affected from this recall are Toyota's high-end products, Lexus and Crown Sedan.[429]

15.3.2.5. Toyota and PR Disaster

Toyota's slow response indicates the staunch characteristic of a traditional Japanese corporation despite its global operation. The relationship between subsidiaries and headquarter (in this case Toyota City in Tokyo) has been on a top-down basis. Information flow is strictly controlled by headquarter and is therefore not adequate to managing crisis efficiently. Reacting quickly to issues by identifying key problems and addressing them coherently before they get out of control, is crisis management at its best. This requires an organizational culture that is vigilant for potential crises, has open lines of communication from staff to management, and a willingness to address unpleasant truths.

The delay in dealing with problem now leaves Toyota in an untenable public relations situation. It is forced to alarm customers and take vehicles off the market before the repair parts are ready. Toyota likely had the information required to diagnose the matter effectively. There are always customer complaints and warranty information, and parts return data which are source of information. Instead, corporate denial appears to have been the order of the day, with the company following the advice of the Japanese proverb: "if it stinks, put a lid on it."[430]

In contrast, it seemed that Toyota had a culture ill-equipped to quickly identify and address flaws. The challenge is created by two elements of culture: firstly, an obsession with quality, which means that anything less than perfection, is seen as shameful and embarrassing. As a consequence, problems with quality are literally inconceivable and denial takes over.[431]

---

[429] Anonymous, "Toyota Prüft Rückruf von 270,000 Autos," *Tagesschau.de*, 28 October 2010, available from http://www.tagesschau.de/wirtschaft/toyota234.html; Internet, accessed 29 October 2010.
[430] Jonathan Hermus, "Accelerating Towards Crisis: A PR View of Toyota", *The Guardian*, 9 February 2010, available from http://www.guardian.co.uk/business/2010/feb/09/pr-view-toyota-reputation-management; Internet, accessed 26 June 2010.
[431] Nathan Layne, Taiga Uranaka, and Kevin Krolicki, "Special Report – Inside Toyota's Epic Breakdown," *Reuters*, 10 February 2010, available from http://in.reuters.com/article/idINIndia-46038520100209; Internet, accessed 26 June 2010.

The second interlinked element of culture is a hierarchical approach to management and a lack of open communication. Where this existed, junior employees who are at best placed to detect early signs of crisis feel incompetent to point out flaws. As a consequence, problems go unnoticed and unresolved until they explode into a major crisis.

Akio Toyoda has been widely criticized as slow in responding to the recalls, which have hampered Toyota's image for high-quality and reliability.[432] This positive image has helped Toyota in overtaking General Motors to win the global number slot. Toyoda should have formally the media on the recall problem by providing convincing explanation and a heartfelt apology from all employees (including the CEO).[433]

Another mistake which Toyoda made was avoiding almost all interviews with foreign medias and had not worked with PR advocates in resolving this controversy. Toyoda refused to be surrounded by critics but rather he created a one-man power centre.[434] This attitude manifested itself to be an absolute disaster when at a news conference, a little-known Toyota executive in charge of quality, Shinichi Sasaki, said part of the reason Toyota decided to use U.S. auto parts maker CTS's accelerators was to help contribute to the local U.S. economy.[435] That was not what customers want to hear, least of all when public memory is still fresh of a 911 call of August 2009 accompanied with the sounds of the caller's (in this case was a state trooper) Lexus crashing, killing its driver and three members of his family. [436] *Crisisu managemento* (Japanese word for

---

[432] Jorn Madslien, "Toyota Boss Akio Toyoda Apologizes for Fault," *BBC News*, 24 February 2010, available from http://news.bbc.co.uk/2/hi/business/8533352.stm; Internet, accessed 23 June 2010.
[433] Alan Ohnsman and Makiko Kitamura, "Is Toyota's Reputation Finished?" *Bloomberg Businessweek*, 28 January 2010, available from http://www.businessweek.com/lifestyle/content/jan2010/bw20100128_413922.htm; Internet, accessed 23 June 2010.
[434] Yuri Kageyama, "Toyota Expert Sato Calls for New Leadership," *Associated Press Financial Wire*, 20 May 2010, available from http://abcnews.go.com/Business/wireStory?id=10697038; Internet, accessed 26 June 2010.
[435] The Associated Press, "Toyota Recalls 1,09 Million More Vehicles," *MSNBC.com*, 27 January 2010, available from http://www.msnbc.msn.com/id/35111646/ns/business-autos/; Internet, accessed 26 June 2010.
[436] Jorn Madslien, "Toyota's Reputation Could Be Tarnished For Years," *BBC News*, 4 February 2010, available from http://news.bbc.co.uk/2/hi/business/8498036.stm; Internet, accessed 23 June 2010.

crisis management) is relatively new in Japan and is a harsh wake up call for Japanese companies with sprawling global operations.[437]

Nevertheless, some people who argue that Toyota did what it could, as soon as it grasped the gravity of the problem. Toyota ran full-page ads in major U.S. newspapers in the weekend alerting consumers to the recall and production shut down. Jim Lentz, president of Toyota Motor Sales USA, appeared on U.S. TV and expressed regret for worrying drivers of its cars.[438]

15.3.2.6. Toyota and Social Media

When Toyota announced product recalls nationwide, it was surprised to find that they were numerous loyalists on various social media platforms (Facebook, Twitter, YouTube). Toyota supporters believe that the brand vouches for its reliability and high safety standards.[439] The marketer has been accused of communicating poorly and too slowly in traditional media, but it has out-performed its communication skills in social media. It can be said that Toyota's brand resilience is maintained thanks to the company's effective use of social media as a crisis communication tool.[440]

Jim Lentz was also featured on a Question and Answer (Q&A) session on Digg on February 11, 2010 at 14:00 pm PST (Pacific Standard Time) or 17:00 pm Est (Eastern Standard Time). The live Webcast interview lasted a half an hour in which users were able to ask questions. The session was moderated by a moderator who chose the ten most popular questions from the Digg community. A total of approximately 870,000 viewers were garned for this event.[441]

---

[437] Mariko Sanchanta, "Toyota Rouses Japan's Firms," *The Wall Street Journal*, 4 March 2010, available from http://online.wsj.com/article/SB10001424052748704187204575101013413122130.html?mod=WSJ_auto_IndustryCollection; Internet, accessed 23 June 2010.

[438] Chris Woodyard, "Toyota PR Blitz Plays Catch-Up After Storm of Problems," *USA Today*, 10 February 2010, available from http://www.usatoday.com/money/autos/2010-02-10-toyotaad10_ST_N.htm; Internet, accessed 23 June 2010.

[439] Michael Bush, "The Cult of Toyota," Advertising Age, 1 March 2010, available from http://adage.com/article?article_id=142335; Internet, accessed 23 June 2010.

[440] Lauren Delisa Coleman, "Toyota Recall and the Social Media Analysis," *The Huffington Post*, 3 February 2010, available from http://www.huffingtonpost.com/lauren-coleman/toyota-recall-and-the-soc_b_448232.html; Internet, accessed 24 June 2010.

[441] Anonymous, "Toyota Takes Social Approach to Public Relations," *Toyota in the News*, 18 February 2010, available from http://www.toyotainthenews.com/toyota-takes-social-approach-to-public-relations/; Internet, accessed 22 June 2010.

15.3.2.7. Effect of Product Recall

The optimistic view is that Toyota's travails will spur Japan, finally, to become less insular and more open to new ideas. Initially, many in Japan denied the problem, called the controversy an American overreaction, and concocted conspiracy theories about the U.S. government or unions sabotaging Toyota cars to boost sales of the government-supported General Motors.[442] Now, however, the Hatoyama administration is moving to push change on Toyota in ways its business-friendly predecessors in the LDP never would have done. The mainstream media have also criticized Toyota by embarrassing Japan in the world by administration is moving to push change on Toyota in ways its business-friendly predecessors in the LDP never would have done. The mainstream media have also openly criticized Toyota for embarrassing Japan in the world, and that Toyota must regain the trust of its customers.[443]

In the U.S., Congress took the first steps towards a comprehensive auto safety bill that would require devices like event data recorders (similar to black boxes in aircrafts) and brake override systems in cards marketed in the United States.[444] The measure would strengthen federal regulators' enforcement powers. The bill is Congress's first serious look at auto safety in a decade since reforms passed after fatal accidents involving Firestone tires on Ford Explorer.[445]

15.4. Toyota and NGOs

15.4.1. Freedom from Oil Campaign

In its striving to achieve a balance between curbing emission and producing innovative cars, Toyota faces a challenge in addressing its environmental commitments from

---

[442] Ken Voigt, "Japan Inc.'s Reputation Rides on Toyota", *CNN*, February 2010, available from http://www.cnn.com/2010/BUSINESS/02/24/toyota.toyoda/index.html; Internet, accessed 25 June 2010.
[443] Devin Stewart, "Toyota and the End of Japan," *Newsweek*, 5 March 2010, available from http://www.newsweek.com/2010/03/04/toyota-and-the-end-of-japan.html; Internet, accessed 23 June 2010.
[444] Micheline Maynard, "In Washington, A Renewed Taste for Auto Safety," 6 May 2010, *The New York Times*, available from http://www.nytimes.com/2010/05/07/business/07auto.html; Internet, accesse 26 June 2010.
[445] Peter Whoriskey, "Auto Bill Draft Would Require Black Boxes, Allow NHTSA To Issue Quick Recalls," *The Washington Post*, 30 April 2010, available from http://www.washingtonpost.com/wp-dyn/content/article/2010/04/29/AR2010042904700.html; Internet, accessed 26 June 2010,

various NGOs. The most recent campaign launched by numerous environmental organizations against Toyota, is the Freedom from Oil Campaign.

During the New York Auto Show 2007, two members of the Freedom from Oil Campaign scaled a façade at the Jacob Javitz Center and unfurled a banner denouncing the Toyota Motor Company and its Tundra truck on the first day of press previews.[446]

A heading on the banner read, "The truck that's changing the climate" mocking Toyota's own "The truck that's changing it all" catchphrase. Toward the bottom, the banner read, "not environmental leader" in a font similar to the one Toyota uses for its own "moving forward" tagline. Police taped off a small section of the Jacob Javitz Center around the wall-crawlers, and a small crowd of reporters already on hand for the auto show soon appeared to follow the action. Officers arrested the men before they could make it back down to the ground.[448]

According to the Freedom from Oil Campaign website, the organization's objective is to stop global climate change by convincing the entire auto industry to dramatically improve fuel efficiency and eliminate vehicle greenhouse gas emissions.[449] Toyota cannot have it both ways in that it actively promotes sustainability (through the production of *Prius*) but at the same time opposes legislation to curb CO2 emission by still manufacturing gas guzzling SUVs as well as trucks.[450]

A Toyota representative commented that the campaign initiators are misinformed and that all Toyota vehicles are ranked superior in fuel economy and the lowest in smog-forming emissions levels.[451]

---

[446] David Welch, "Toyota's Hit and Myth Marketing," *Business Week*, 28 October 2005, available from http://www.businessweek.com/print/innovate/content/oct2005/id20051027_151002.htm; Internet, accessed 4 June 2007.

[448] Leo Shvartsman, "Environmentalists Protest Toyota at New York Auto Show," *Forbes*, 16 April 2007, available from http://www.forbesauto.com/news/autoshows/2007/new-york/toyota-protest_print.html; Internet, accessed 6 May 2007.

[449] Keith Naughton, "Seeing Green," *Newsweek*, 13 December 2005, available from http://www.msnbc.msn.com/id/6652237/site/newsweek/print/1/displaymode/1098; Internet, accessed 4 June 2007.

[450] Peter Robison and Gregory Viscusi, "Ecologist Unmoved by Green Advertising Wave in Advertising," *International Herald Tribune*, 18 January 2006, p. 6.

[451] Nedra Pickler, "Japanese Cars Still Top Green List," *CBS News*, 4 December 2002, available from http://www.cbsnews.com/stories/2002/12/04/tech/printable531758.shtml; Internet, accessed 4 June 2007.

The Freedom from Oil Campaign, a coalition of environmental and human rights advocates organized by Global Exchange, Rainforest Action Network, and Ruckus Society, strives to end America's oil dependence, reduce oil related conflicts, and stop global climate change by convincing the entire auto industry to dramatically improve fuel efficiency and eliminate vehicle greenhouse gas emissions.

Global Exchange is a membership-based international human rights organization dedicated to promoting social, economic and environmental justice worldwide. Since its founding in 1988, this organization has successfully increased public awareness of the root causes of injustice while building international partnerships and mobilizing for change.

Ruckus Society provides environmental, human rights, and social justice organizers with tools, training, and support needed to achieve their goals. Working with a broad range of communities, organizations, and movements – from high school students to professional organizations – Ruckus facilitates the sharing of information and expertise which strengthens the capacity to alter our relationship towards the environment and vice versa.

15.4.2. Bluewater Network

Bluewater Network is a San Francisco-based NGO which promotes policy changes in government and industry to reduce dependence on fossil fuels and eradicate other root causes of air and water pollution, global warming, and habitat destruction. In the face of Toyota's failing environmental performance, Bluewater Network decided to go on the offensive by publishing an ad in the *New York Times* and on *Mother Jones online*.[452] The target of the ad was to alert consumers of Toyota's anti-environmental actions and to encourage the public to personally contact the corporation.[453]

The ad itself, which was launched in October 2005, depicted Toyota CEO Katsuaki Watanabe dressed in a sheep outfit with a headline which stated, "Is Toyota a wolf in

---

[452] John Gertner, "From 0 to 60 to World Domination," *The New York Times*, 18 February 2007, p. 1.
[453] Danielle Fugere, "Toyota's Green Commitment Fact or Fiction?" *Friends of the Earth Newsmagazine* 35, (Winter 2005): 6.

sheep's clothing?"[454] Additionally, it also depicted the average fuel mileage for Toyota's fleet for 2005 was far worse than 20 years ago—27.5 miles/gallon in 2005 versus 30.0 miles/gallon in 1985.[455]

Thousands of comments urging Toyota to stop blocking the national efficiency improvements and to drop its obstruction of the California Clean Cars law have been generated by Bluewater's public outreach.[456] Bluewater has also joined the State of California as a party to the lawsuit being waged against the state by Toyota along with numerous automakers to hinder the implementation of this law.[457]

15.4.3. Workers' Rights Issue

Toyota may be the world's most profitable automotive company and the second largest, but it still has not observed labour rights. For instance, there is the case of Philippine union members and workers who were laid off in 2006 for having established a workers' representative body. 233 workers were simply laid-off despite Supreme Court and International Labour Organization (ILO) rulings in the workers' favour.[458]

In the United States, Toyota faces a similar issue in that the company is accused of having hindered the establishment of a workers' union at its Georgetown Plant in Kentucky.[459] In April 2007, the United Auto Workers (UAW) and Jobs With Justice, a pro-labour group, held a meeting entitled "The Human Cost of Toyota's Success" during which several former Toyota employees complained about poor safety measures at their plant, labour cost reports, the company's use of temporary workforce, as well as

---

[454] Ian Rowley and Hiroko Tashiro, "Online Extra: Toyota: Greener Cars—and Factories," *Business Week*, 12 December 2005, available from http://www.businessweek.com/print/magazine/content/05_50/b3963412.htm?chan=gl; Internet, accessed 4 June 2007.
[455] Bernard Wolfson, "Transportation: Faster? Faster? Cleaner?" *International Herald Tribune*, 7 June 2005, available from http://www.iht.com/bin/print_ipub.php?file=/articles/2005/06/06/news/rsuscar.php; Internet, accessed 4 June 2007.
[456] James Healey, "Drivers Irked as Mileage Fails to Add Up," *USA Today*, 17 August 2004, available from http://usatoday.printthis.clickability.com/pt/cpt?action=cpt&title=USATODAY.com+-+...; Internet, accessed 4 June 2007.
[457] Sarah Webster, "Environmental Group Questions Toyota's Efficiency and Record," *The Seattle Times*, 23 October 2005, available from http://seattletimes.nwsource.com/cgi-bin/PrintStory.pl?document_id=2002579445&zsec...; Internet, accessed 4 June 2007.
[458] Sarah Irving, "Beneath the Gloss…Advertising Promise vs. Reality," *New Internationalist*, 1 September 2006, p. 18.
[459] Scott Sloan, "Worker's Rights Group Aims at Toyota Georgetown Plant," *The Lexington Herald Leader (Kentucky)*, 31 March 2007, p. 3.

low salaries and benefits for injured workers. Approximately 150 Toyota employees attended the gathering.[460]

A spokesman at Toyota accused UAW of meddling in internal corporate issues and stated that the company feels that third-party engagement in this matter is not necessary. So far, Toyota has received USD$371 million in State and local government tax subsidies since 1986.[461]

15.4.4. Toyota and Deutscher Alpenverein

Despite negative publicity concerning Toyota's CSR performance by NGOs, there is an example worth mentioning and that is the partnership between Deutscher Alpenverein (DAV) and Toyota Germany. Toyota Germany supports the DAV by becoming a mobility partner and supporting its "Berg.Schau!"-Congress, which was held on 11-12 July 2008 in Dresden. It is the first time both parties have formed a cooperative partnership to protect the environment. The DAV in return, endorses the Toyota Avensis Combi Travel, as its choice for an environmentally clean car for travel.462

In addressing the global warming issue, one often comes into conflict between saving the planet and being mobile. Toyota wants to contribute its expertise in hybrid cars by informing DAV members to drive only when necessary (and not for short distances of less than 4 km) and to shift gears efficiently.

This type of cooperation is a good example of a well endorsed a cause-related marketing. The DAV is a historical NGO which dates back to 1869 and has presently 780,000 members. DAV's solid reputation and Toyota's green image provide a harmonious symbiosis.[463]

---

460 Katie Merx, "UAW Fears 2-Tier Auto Pacts/Up Close," *The Baltimore Sun*, 28 March 2007, p. 2D.
461 Vince Piscopo, "Toyota Workers Demand a Share in Company's Success," *U.S. Newswire*, 31 March 2007.
462 Toyota Deutschland, Toyota wird Mobilitätspartner des Deustchen Alpenvereins. Prius beim Kongress Berg.Schau!, available from http://www.toyota.de/about/news/details_2008_03.aspx; Internet, accessed 21 March 2008.
463 Deutsche Alpenverein, DAV und Toyota sind offizielle Mobilitätspartner, available from http://www.wm-sportklettern.de/template_loader.php?tplpage_id=1&_article_id=111; Internet, accessed 21March 2008.

15.5. Toyota and Blogging

Most Toyota consumers complain or share their concerns in an online platform which is similar to that of Mitsubishi. Although not as radical as www.mitsubishisucks.com, www.autoblog.com does provide users with information and insight into major safety as well corporate issues which affect Toyota Motor Corporation in the United States.

Nevertheless, Toyota is not free from attacks launched by environmentalists. The most recent online rally was posted last year (25 October 2007) in www.autobloggreen.com. Supporters for a greener world were asked to picket in front of local Toyota dealer in Santa Monica. The goal of the protest is to boycott Toyota for not embracing the AB 1439 State Bill. This bill requires California Air Resources Board to devise standards for reducing CO_2 emission. The bill itself has been passed in 2002 but unfortunately, automotive companies argue that feds should institute fuel economy and not them.[464]

16. Canon Corporation

Canon is well known for supporting community services in its localities. One example is the "Summer Eco-Festival." Canon has hosted this event for four years since 2002. This is a collaborative event with local government and NGOs, and Canon's employees voluntary participate in the operation. Once a year for one summer weekend, Canon opens their headquarters building and site to the public. Canon invites elementary school pupils, junior high school students and the local residents to various programs related to environmental issues. Such programs include: lectures by guest speakers, exhibitions on Canon's efforts towards environmental problems; and workshops on cameras, printers, and scanners using their personal products. This contributes, according to Canon, to receiving feedback from the participants from both outside and inside the company in several ways.

First, such events promote further understanding by the local people of Canon's business operation. In Canon Social & Cultural Support Activities (SCSA), Canon places communication with local communities as one of the core aims of such activities

---

[464] Sebastian Blanco, "Finally News from Monday's Protest against Toyota," *AutoblogGreen*, 25 October 2007, available from http://www.autobloggreen.com/2007/10/25/finally-news-from-mondays-protest-against-toyota/; Internet, accessed 10 May 2008.

to create trust and constructive relationships, and to sustain growth together. Secondly, Canon's stance on environmental issues can be communicated to all participants, including the employees volunteering at the festival. Thirdly, the event actually supports youth. Most Japanese schools assign their students and pupils independent research projects during summer vacation. By attending this event, they can obtain some ideas and advice for their research topics. Also, it is a good opportunity for the youth to learn about the latest technological developments and Canon's products. Besides this festival, Canon's employees regularly visit the elementary schools bringing their own products along. Canon states that education and science are supporting children as trustees of our earth.

16.1. Canon and Stakeholder Communication

For the fourth year in a row (since 2002), Canon has invited external stakeholders to comment on the transparency of its sustainability report. Under the section "Third-Party Opinions," Canon provides its target audience with information which enables readers to evaluate the company's performance as well as generate suggestions for further improvements. On its current corporate website, Canon has presented commentary from two CSR experts. Both CSR experts cited the Canon 2006 Sustainability Report as well organized and concisely structured as compared to the 2005 version. Nevertheless, the report lacked substantiality or credibility in the social and human rights issues. The report ought to provide more concrete data and statistics on workers health and safety, conditions and training of contract and temporary workers outside Japan and policies on workplace diversity and inclusion. In other words, most information provided by Canon has strong environmental aspects but lacks explicit information on social aspects. Societal aspects need to be more quantifiable and traceable through the establishment of a corporate rating procedure which enables these aspects to be easily integrated into existing Canon's business policies.[465]

---

[465] Canon Environmental Activities, Third-Party Opinions, available from http://www.canon.com/environment/eco2006e/p69.html; Internet, accessed 1 August 2007.

16.2. Forms of CSR Practiced by Canon

16.2.1. Cause-Related Marketing

For the fourth year, Canon USA has been working with the National Center for Missing & Exploited Children (NCMEC) and the New York Yankees to help locate missing children. This year Canon has presented NCMEC with a check for USD$765,928 representing the amount of money donated and raised by Canon USA.[466] Through the Canon4Kids program, Canon works to educate parents and guardians with tips on how to best take and maintain updated photos of their children. With time being a critical element in assisting law enforcement locating missing children, digital photos can be transmitted and displayed instantly nationwide. This technology increases the possibility of a child being found.[467]

In cooperation with Canon4Kids, the New York Yankees sponsors the "Tag-A-Kid Program" at Yankee Stadium. Through this initiative, wrists bands are offered at customer service booths throughout the Stadium to assist security personnel in identifying seating locations of lost children and reuniting them with their parents. Promotion of the program is featured on the centerfield matrix and DiamondVision Boards, as well as on the new light-emitting diode (LED) side scoreboards.[468]

The current Canon4Kids program also features pictures of missing children along with the NCMEC hotline (1-800-THE-LOST) at various venues. As part of the PGA (Professional Golf Association) Tour golfer Briny Baird and Ladies Professional Golf Association (LPGA) Tour golfer Michelle McGann each place a photo of local missing child on their golf bags during each tournament in which they play.[469]

Canon USA and NCMEC have collaborated since 1997 to raise public awareness about the growing issue of child abduction. Canon has provided more than 1200 photographic

---

[466] Mike Virgintino, "Canon4Kids Raises Awareness about Missing Children for Third Consecutive Year on PGA Tour," *Business Wire*, 4 January 2005.
[467] Geiff Coalter, "Inc. Helps Educators Integrate Technology into the Classroom at the FETC Conference in Orlando Digital Imaging Leader Display Its Solutions for Educators and…," *Associated Press Financial Wire*, 23 January 2007.
[468] Mike De Meo, "Canon Promotional Day at Yankee Stadium Focuses on Child Safety and the Use of Digital Photos to Help Locate Missing Children," *Business Wire*, 7 May 2007.
[469] Mike Virgintino, "Canon U.S.A. Again Places LPGA's Michelle McGann on the Leader Board for Canon4Kids; Digital Photos of Missing Children Appear on Her Bag Through 2005 Tour," *Business Wire*, 10 February 2005.

and printing products to law enforcement agencies to aid in the recovery of missing children.[470]

16.2.2. Corporate Philanthropy

The Canon Envirothon is a yearly competition in which winning state and provincial teams compete for recognition and scholarships by demonstrating their knowledge of environmental science and natural resource management.[471] The teams, each consisting of five high school-aged students from participating U.S. states and Canadian Provinces exercise their training and problem-solving skills in a competition centred on four universal testing categories (i.e. soils and land use, aquatic ecology, forestry, and wildlife) and a current environmental issue.[472]

The Envirothon program is an effective educational tool, capable of supplementing environmental education both inside and outside the classroom.[353] Led by a volunteer advisor teams usually meet from late autumn until spring. Teams work collaboratively to develop their knowledge of ecology and natural resource management and to practice their environmental problem-solving skills in preparation for Envirothon competitions.[473]

Team training includes field trips to natural resource sites, museums, or other areas of interest; listening to presentations given by natural resource professionals; and careful study of natural resource materials. Through these learning activities, teams increase their knowledge of and ability to understand complex environmental and natural resource issues.[474]

---

[470] Nicolas Mokhoff, "Grand Slam for Missing Children," *Electronic Engineering Times*, 1 August 2005, p. 4.
[471] Canon Envirothon, What Is Envirothon?, available from http://www.envirothon.org/about/what.php; Internet, accessed 30 June 2007.
[472] Kay Asher, "Pennsylvania Teens Take Top Honors at 2005 Canon Envirothon," *Business Wire*, 25 July 2005.
[473] Sherrie Dunham, "Lawton Ecology Club Wins First Place," *Kalamazoo Gazette (Michigan)*, 18 June 2007, p. 2.
[474] Editorials, "On to the Envirothon," *The New York Dispatch (Pennsylvania)*, 11 June 2007, p. 4.

The 2007 Canon Envirothon took place in summer at Hobart and William Smith Colleges in Geneva, New York. More than 50 teams from the United States and Canada were expected to compete at the national event.[475]

16.2.3. Corporate Governance

Canon prides itself on never having laid off employees in its entire history. Since 1950, Canon has introduced the Tripartite Profit Sharing System, whereby one-third of its profits go towards labour, one-third to the shareholders, and the rest to management.[477] This remuneration system is still presently active. As of 2000, Canon abolished the senior-based salary system, which characterizes Japanese lifetime employment.[478]

Canon's CEO Mitarai believes that good workers are valuable assets; committed and dedicated employees foster self-discipline as well as improve corporate performance. What sets Canon apart from other companies, is the distinctive way their workers are grouped; the very structure of these companies make them conducive to differentiation.[479]

Canon Marketing Japan's Corporate Governance Structure. In addition to the Board of Directors and Board of Corporate Auditors, the company has also installed an internal auditing system comprised of: Corporate Ethics and Compliance Committee, Disclosure Committee, the Internal Evaluation Committee, and the Information Security Committee.[480]

As of March 28, 2007, there are 17 directors. By limiting the term of office to one year, Canon has established a management structure capable of adapting quickly to changes

---

[475] Beth Horsey, "Winners of Maryland Environthon To Be Announced June 21," *US States News*, 20 June 2007.
[477] Masaru Yoshimori, "Does Corporate Governance Matter? Why the Corporate Performance of Toyota and Canon is Superior to GM and Xerox?" *Corporate Governance* 13 (May 2005): 450-451.
[478] Kotonari Imamura, "Companies Having Trouble Leaving Seniority System Behind," *Knight-Ridder Tribune Business News*, 27 February 2006.
[479] Iwai Katsuhito, "The Company in a Post-Industrial Capitalist Economy," *Business Recorder*, 20 June 2007.
[480] John Buchanan, "Japanese Corporate Governance and the Principle of Internalism," *Corporate Governance* 15 (2007): 29-30.

in the business environment.[481] Important decisions are made by the Board of Directors, which normally convenes once a month, and at Management Committee Meetings attended by the Directors of Canon Marketing Japan and presidents of key subsidiaries. There are no outside directors.[482]

The Board of Corporate Auditors is comprised of eight auditors, five are corporate auditors and three are appointed from outside Canon. The Board of Corporate Auditors determines audit policies and allocates responsibilities to the auditors, who then perform stringent audits in accordance with existing policies. Specific activities include attending board meetings, interviewing directors and examining documents pertaining to important Board resolutions. The corporate auditors also monitor the company's operations and assets.[483]

Internal audits are executed by the Internal Auditors Office, an independent specialist unit that also assesses and advises the company as well as its subsidiaries on legal compliance, effectiveness of processes, internal control systems and information security. The Internal Auditors Office operates in coordination with similar units established in major subsidiaries. The Canon Marketing Japan Group has 39 audit staff members. [484]

Canon Marketing Japan's accounts are audited under an audit agreement with Ernest & Young ShinNihon. There are no special provisions between the parties, nor are any operating offices of the audit corporation involved in the conduct of internal audits of Canon Marketing Japan. To ensure that involvement is limited to specific periods, the audit corporation rotates operating officers who have been involved in audits of any company for over seven years.[485]

---

[481] Chiaki Nakano, "The Significance and Limitations of Corporate Governance from the Perspective of Business Ethics: Towards the Creation of an Ethical Organizational Culture," *Asian Business & Management* 6 (2007): 166-168.
[482] Michiyo Nakamoto, "Open Up? How the Livedoor Affair Could Change Japan's Opaque Corporate Culture," *Financial Times (London)*, 30 January 2006, p. 17.
[483] Kunio Saijo, "Interview: Unique Culture Gives Japan Strength," *The Nikkei Weekly*, 19 June 2006.
[484] Canon Marketing Japan, The Link to Value – Annual Report 2006, p. 22, available from http://cweb.canon.jp/co-profile/ir-e/business/pdf/2006-review.pdf; Internet, accessed 5 July 2007.
[485] Ibid. p.22.

All employees of Canon Marketing Japan Group are subject to the Canon Group Code of Conduct, which mandates compliance with laws and corporate rules.[486] To raise awareness and ensure full implementation of the Code of Conduct, handbooks and pocket-sized Compliance Cards have been distributed to all employees. Every week, compliance case studies relating to business operations are issued and distributed to all Canon Marketing Japan Group employees. All departments hold compliance meetings twice a year. There are also continual corporate-level activities under the leadership of Corporate Ethics and Compliance Committee.[487]

Canon Marketing Japan has established an internal reporting system know as the "Speak Up System," to facilitate the early discovery and rectification of compliance infringements and prevent recurrences. Employees can report problems within the Canon Company or to a legal office outside the organization.[488]

16.2.4. Social Marketing

Canon Canada, Inc. provides financial support to the ALS Society of Canada. ALS, or amyotrophic lateral sclerosis, also referred to as Lou Gehrig's Disease, is a progressive and ultimately fatal neuromuscular disease.[489] The Walk to D'Feet ALS is the ALS Society of Canada's national signature event, aimed at raising funds for research and local support services. Canon Canada, Inc. is a national sponsor of the Walk. Two years ago (2006), Walk for ALS events generated more than USD$1.93 million in funds. 77 communities across Canada participated in this event.[490]

In line with finding a cure for the Lou Gehrig's disease, *EW* (Entertainment Weekly) arranged with Canon to give celebrities digital cameras to take pictures which were featured in the magazine's October 5, 2001 issue in its section "Photo Issue." The

---

[486] Christine Tan, Daniel Mann, and Michelle Caruso-Cebrera, "Corporate Regulations Analysis," *Analyst Wire*, 26 January 2006.
[487] The Economist Special Report, "Rising Above the Sludge – Business in Bad Times," *The Economist*, 5 April 2003.
[488] Robert Tucker, "Innovation: The New Core of Competency," *Strategy & Leadership* 29 (2001): 11-14.
[489] Globe and Mail Update, "Canon Canada Supports Walk to D'Feet ALS," *Breaking News from Globemail.com*, 16 September 2003, p. C/Technology.
[490] The ALS Society of Canada, 2007 Walk for ALS, available from http://www.als.ca/walkforals/; Internet, accessed 1 July 2007.

pictures were also sold online to raise money for Project ALS. Canon benefited from mentions in the magazine and on the *EW* Web site.[491]

Thirteen celebrities were chronicled during their daily routines by Sarah Jessica Parker and Moby. The two photographers were given Canon PowerShot S110 Digital Elphy. Founded by producer, Jennifer Estess, who was diagnosed with ALS in 1997 and passed away on December 16, 2003, Project ALS serves as Hollywood's contribution in fighting the Lou Gehrig's disease.[492]

16.2.5. Corporate Sustainability

Based on the concept of *Kyosei* (meaning living together in harmony), Canon has well positioned itself as an innovative and sustainable company. In North America, the company began with the Clean Earth Campaign in 1990 which donated USD$1 million to be divided between Wildlife Federation and the Nature Conservancy. The five year effort resulted in the recycling of several million toner cartridges along with corresponding donations. Canon contributed USD$1 for each toner returned to either National Wildlife Federation or The Nature Conservancy depending on the customer's choice.[493]

In Europe, the company had to devise different collection schemes to accommodate differences in language, environmental regulations and so forth. As a result, Canon utilized its dealer network as collection points for the European region. Parties involved in the recycling program had the following responsibilities: The manufacturer is responsible for the transportation costs and has to recycle the returned cartridges as effectively as possible; the retail store sent the returned cartridge back to the manufacturer at no cost, and the customer returned the used cartridges to the retailer stores or manufacturer.[494]

The World Wildlife Fund (WWF) was the company's first pan-European corporate 'conservation partner.' Behind the scenes, it has also supported WWF by helping with

---

[491] David Hessekiel, "For the Good of the Cause," *Folio*, 1 December 2001.
Entertainment Weekly, "Candid Hollywood," *EW.com*, 5 October 2001, available from http://www.ew.com/article/0,,254191.html?print; Internet, accessed 1 July 2007.
[493] Globe and Mail Update, "Canon Focuses on Environment," *Breaking News from globeandmail.com*, 3 December 2004, p. C/Technology.
[494] Deanna J. Richards, "Environmentally Conscious Manufacturing," *World Class Design to Manufacture* 1 (1994): 17.

the digitisation of all the pictures in its photo-library.[495] Due to Canon's marketing strategy, the company was able to increase its sales by almost 50% by using the slogan "It's a wild life. Capture it with Canon."[496]

Among other notable sustainable initiatives, Canon USA supports the following programs: 'Nature Serve,' a comprehensive program for public about the species that are threatened by extinction, The Nature Conservancy's scientific knowledge and expertise on natural resources;[497] and 'Expedition into the Parks,' a program with the National Parks Foundation to inventory and protect rare plant and animal species found in national parks.[498]

The initiatives mentioned above assist Canon USA, Inc. demonstrate its environmental concern to the American public and serves as a model for other Japanese multinational corporations. The depth and scope of these efforts allow Canon to promote its participation directly to all stakeholders via the PBS (Public Broadcasting Service) series 'Nature' and ads in National Geographic.[499]

In each issue of *National Geographic*, Canon runs a one-page advertisement featuring a picture and description of a different endangered species. Titled "Wildlife as Canon sees it," this ad campaign has appeared more than 290 times in *National Geographic Magazine*, which has a worldwide circulation of approximately 6.6 million readers.[500] Canon has been placing advertisements in this magazine since 1981.[501]

The Canon Earth Day 2006. Commemorating Earth Day 2006 and its commitment to a sustainable environment, Canon USA hosted the Earth Day festivities at its Long Island

---

[495] Philippa Hankinson, "Brand Orientation in the Top 500 Fundraising Charities in the UK," *Journal of Brand Management* 10 (2001): 349.
[496] Robert Gray, "Cause Related Marketing: Developing A Tight Fit Is Crucial to CRM," *Marketing*, 4 May 2000.
[497] Ken Miller, "Conservancy: Most Species Hold Their Own," *The Chicago Sun-Times*, 7 January 1996, p. 49.
[498] Judy Raichek, "Canon Clean Earth Crews Join Forces For A National Conservation Day," *Business Wire*, 28 October 2000.
[499] Canon U.S.A., Commitment to the Community: Environmental Donations and Employee Voluntarism, available from http://www.usa.canon.com/templatedata/AboutCanon/ciwccenvdon.html; Internet, accessed 1 July 2007.
[500] Brian D. Till and Linda I. Nowak, "Toward Effective Use of Cause-Related Marketing Alliances," *Journal of Product & Brand Management* 9 (2000): 476-477.
[501] Jacquelyn Ottman and Virginia Terry, "Strategic Marketing of Greener Products," *The Journal of Sustainable Product Design*, 5 April 1998, available from http://www.greenmarketing.com/articles/JSP1Apr98.html; Internet, accessed 28 June 2007.

headquarter on April 21st. The Canon Earth Day celebration featured Yellowstone National Park and the Yellowstone Park Foundations (Eyes on Yellowstone is made possible by Canon's contribution and is an educational research program), PBS Nature series, the Canon National Parks Science Scholar Program (a grant which supports doctoral students to analyze scientific problems critical to national parks) and Canon Envirothon.[502]

Organizations which joined the company event were: The Theodore Roosevelt Sanctuary and Audubon Centre in Oyster Bay, N.Y., Cold Spring Harbour Fish Hatchery & Aquarium in Cold Spring Harbour, N.Y., Alley Pond Environmental Centre in Douglaston, NY., and the National Environmental Education and Training Foundation (NEETF), based in Washington, D.C.[503]

The Earth Day Celebration marked the beginning of a new season for the Canon Clean Earth Crew (founded in 1996). Through this program, Canon employees volunteer their time for conservation efforts at parks, beaches, and nature preserves in communities nationwide. On April 29, 2006, Canon USA headquarters employees helped to prepare Old Bethpage Village Restoration, a historic 19th century Long Island village for the Spring and Summer seasons by pruning trees and painting fences.[504]

For the Japanese employees, Canon hosted the Sixth Eco-Festa Wonderland (entitled "Local Community Thinks about the Future of the Earth") which was held at Ota Ward Omori Dai-ichi Elementary School. This festival was sponsored by Ota Ward along with citizen organizations, NPOs, and Canon Corporation. School children participated in a fishing game at which used cartridges were made to look like fishes. Participants were asked to deposit their catch in a recycling container upon completion of the game.[505]

---

[502] Dale Buss, "Eco-Efforts Rely on Authencity; Green-Washing Is Out and Even Wal-Mart and Ford Step Up, Sustainability Becomes Key Facet of A Number Of Marketing Plans," *Advertising Age*, 13 June 2005, p. 32.

[503] Business Wire, "Canon U.S.A. Celebrates Earth Day 2006," *Business Wire*, 21 April 2006, available from http://findarticles.com/P/articles/mi_m0EIN/is_2006_April_21/ai_n16130763/print; Internet, accessed 1 July 2007.

[504] Patti Charles, "10-Year Study Documents Americas' Nature Deficit," *U.S. Newswire*, 21 April 2006.

[505] Canon Corporation, Social and Cultural Support Activities: The 6th Eco Festa (Festival) Wonderland, available from http://www.canon.com/scsa/community/eco_festival/index.html; Internet, accessed 2 July 2007.

16.2.6. Socially Responsible Investment

Canon is listed in the FTSE4Good and Morningstar-SRI Japan indices for socially responsible investment as of September 2004. The company's fund is rated by most stock analysts as one of the top ten funds to invest in.[506] For the fiscal year 2004, Canon was ranked second after Toyota Motors by the FTSE Group, a global index provider owned by the Financial Times and New York Stock Exchange.[507] Canon fulfils the criteria of socially responsible investment in that it focuses on the environment and the well-being of its female employees (e.g. increasing the number of female employees as assistant managers by 8.6 % in 2005 as compared to the previous year, part-time employment, child-care leave, sexual harassment consultation, and re-employment after childbirth).[508]

16.3. Canon's CSR Performance

Although it was not easy to locate scandals pertaining to this company, I managed to find some recent issues which can jeopardize Canon's impeccable CSR records. The issues depicted below are broken down into two categories, namely national and international level.

16.3.1. National Level

Despite the company's impeccable record of being a socially responsible company, Canon has a problem in dealing with the issue of temporary workers.[509] One example is the lawsuit between Canon and Hideyuki Ohno, a 32- year old temporary worker at the company's Utsunomiya factory, near Tokyo. He organized seventeen other temps to form a union after being seven years on the job and is still employed by a temp agency and not Canon. Ohno who earns USD$2,200 a month polishing glass lenses for steppers, the complex machines used to produce semiconductors, has not had a raise in the last five years. After he read in the newspaper in early 2007 that Canon might have

---

[506] Amanda Paulson, "Mainstream Firms Go 'Green,' But With Very Little Fanfare," *Christian Science Monitor*, 22 April 2002, p. 16.
[507] Henry Hongbo Jin, Olivia Mitchell, and John Piggott, "Socially Responsible Investment in Japanese Pensions," *Pacific-Basin Finance Journal* 14 (2006): 429.
[508] Canon Sustainability Report 2006, Relations with Employees: Employee-Friendly Work Environment, available from http://www.canon.com/environment/eco2006e/p62.html; Internet, accessed 2 July 2007.
[509] Alison Maitland, "ISIS Warns That Technology Companies Faces Many Risks," *Financial Times (London)*, 19 January 2004, p. 2.

violated Japanese employment law for not offering him a permanent position after numerous years with Canon, he filed a complaint with the Labour Standards Office.[510]

Despite growing profits, Canon still relies heavily on outside assistance. In 2006, the corporation increased its ranks of contract employees by 19% to 37,000; permanent staff rose 4% to 50,753.[511]

What does Canon have to say in this matter? Following a series of reports indicating that the company has violated employment laws by not offering adequate protection to its employees, a Canon spokeswoman mentioned that the company would take on approximately 5,000 full-time employees over the next two years to stop its workforce from shrinking. An estimated 1,000 of these will be casual employees who already put in a full day's work at its factories. The company will provide direct, temporary contracts to another 2,500 casual employees, including many who were hired through employment agencies. Additionally, Canon seeks to recruit 1,500 recent university graduates.[512]

Brief Background Information on the Status of Japan's Temporary Workers. After years of sluggish economic growth, Japanese executives have been forced to redefine Japanese management style. Aided by labour-market deregulation, companies have quietly but steadily replaced millions of expensive full-time workers with lower-paid temporary workers.[513] Just a decade ago, only one in five Japanese employees were temporary workers, but now it is one in three is a temp. Not only has Japanese labour become more affordable, but factory automation and the implementation of manufacturing robots have reduced reliance on human capital.[514]

According to the present CEO of Canon, Mitarai, who is also chief of Nippon Keidanren, the new look of the Japanese company would have to accept world standards in terms of balance sheet and cash flow management, transparency and cost control while at the same time preserving Japanese distinctive practices such as

---

[510] Ian Rowley, Kenji Hall, and Hiroko Tashiro, "Japan's Lost Generation," *Business Week*, 28 May 2007, p. 40.
[511] Richard Katz and Peter Ennis, "How Able Is Abe?" *Foreign Affairs* 86 (March – April 2007): 75.
[512] XFN-Asia Tokyo, "Japan's Canon Moves to Avoid Looming Labour Squeeze," *AFX International Focus*, 26 March 2007.
[513] Timothy Sturgeon, "How Globalization Drives Institutional Diversity: The Japanese Electronic Industry's Response to Value Chain Modularity," *Journal of East Asian Studies* 7 (January 2007): 10-12.
[514] Yuka Hayashi, "Japan Adds Factories at Home," *The Wall Street Journal*, 12 June 2007, p. A8.

employment and close ties to their suppliers.[515] No executive in Japan argues that Japanese companies are obliged to maintain unrealistic employment levels as a matter of social responsibility. But many executives asserted that they had prevented massive layoffs, such as in the United States with Enron and WorldCom.[516]

16.3.2. International Level

On September 18 2006, Canon issued a voluntary recall of approximately 800,000 desktop copiers due to a fire hazard.[517] This product recall was initiated by Canon and the U.S. Consumer Product Safety Commission. Canon officials commented that an improperly fitted electrical connection inside the copiers could cause overheating, smoke and eventually fire. The following Canon copier models are affected by the recall: PC6, PC6RE, PC65; PC7RE, PC8, PC11, PC11RE, PC12, NP1010, and NP1020. These copiers were on the market from January 1987 until December 1999 in the price range of USD$1,500 up to USD$2,300.[518] Consumers were advised to stop using the copiers immediately and to contact Canon for a free repair. So far, there are no reports of any incidents resulting from these defected copiers in the United States, Canada, and in Europe.[519]

---

[515] The Nikkei Weekly, "Interview: Mitarai – Competition Will Rest on Labour," *The Nikkei Weekly (Japan)*, 13 February 2006.

[516] Patrick Smith, "In Japan's Front Offices, A New Fusion of East and West," *International Herald Tribune*, 31 August 2006, p. 13.

[517] The Bureau of National Affairs, "Product Recalls: Canon USA Recalls 800,000 Copiers Because of Overheating, Fire Hazard," *Product Safety & Liability Reporter*, 25 September 2006, available from http://subscript.bna.com/SAMPLES/psl.nsf/4d230313cc0513e485256d030062adf8/cf8a123b3035bc27852571f10070e801?OpenDocument; Internet, accessed 7 July 2007.

[518] Canon USA Corporation, Safety Recall for Repair Information Product Advisory Statement, 18 September 2006, available from http://www.usa.canon.com/statement/PC_NP_Copiers.html; Internet, accessed 7 July 2007.

[519] CSA Canada, CSA International Canada and Canon Canada Inc. Announce A Voluntary Recall of Desktop Copiers for Repair, 26 September 2006, available from http://www.csa-international.org/product_recalls/search/default.asp?articleID=8845&language=english; Internet, accessed 7 July 2007.

16.4. Canon and NGOs

Below are highlights of some of Canon Europe's successful cooperation with environmental and social organizations:

16.4.1. Wilderness Club

A unique way to establish a cooperative relationship with an NGO is the Canon Europe partnership with WWF PAN Parks, known as the Canon WWF PAN (Protected Area Networks) Parks Programme. This partnership focuses on conserving Europe's natural heritage and wilderness in protected areas. Building on Canon's long term support of WWF conservation activities in Europe, the Middle East and Africa, the WWF PAN Parks Programme is a five-day conservation scheme organized by Canon Europe, WWF International, and PAN Parks to enable Canon employees to obtain hands-on experience by contributing valuable conservation at Europe's national parks. PAN Park Programme took place on 17 -21 October 2006 in Majella National Park in central Italy.[520]

In order to be selected for this programme, potential volunteers have to submit in writing their motivation and interest in joining the WWF Canon Pan Parks Team. In 2006, twenty-five Canon employees participated in this event. At Majella National Park, the Canon volunteers built stairs and cleared a trail in the Eremo area of the park, repaired and renewed fences, as well as reconstructed a boardwalk in a cave in the Bolognano area. All of these activities helped to protect the region's top biodiversity spot.[521]

Canon Europe has been involved three times in this programme, the first was in Bieszczady, Poland in October 2003, and the second in September 2005 at the Fulufjället, Sweden. Initial partnership with PAN Parks was through sponsorship for the grand opening of PAN Parks in February 1999. At this time, Canon supports photo exhibitions throughout Europe pertaining to European national parks.[522]

---

[520] Gavin Bell, "Canon Europe: Canon Europe Extends Support for Third WWF PAN Parks Conservation Initiatives," *M2Presswire*, 16 October 2006.
[521] Ibid
[522] PAN Parks, History – PAN Parks, available from http://www.panparks.org/Introduction/History; Internet, accessed 7 July 2007.

PAN Parks is designed as a reliable trademark for outstanding nature and high quality tourism facilities, well-balanced with the needs of Europe's wilderness protection. The initiative was initiated in 1997 by WWF and Molecaten, a Dutch leisure company. Tourism generates public awareness of their environment, communicates conservation messages and provides local inhabitants with stable income. In pursuing its mission, PAN Parks cooperates with travel agencies, local and national interest groups, and the business community.[523]

16.4.2. Haus der Familie (Canon Deutschland GmbH)

Canon Germany GmbH donated proceeds from "On the other side of the lens" exhibition to a social facility of the Red Cross in Berlin, namely "Haus der Familie" or House of the Family. In the House of the Family, underprivileged parents get assistance whenever their children are faced with educational problems.[524]

16.4.3. Kinderschutzbund (Canon Deutschland GmbH)

Canon Germany GmbH also provided support for the Krefeld office of the "Kinder-schutzbund". This organization helps children whose families cannot provide adequate support, with day care projects for children age 3-6 years old and counselling sessions.[525]

16.5. Canon and Blogging

In contrast to other Japanese companies' blogging sites, the company's site only pertains to product reviews as opposed to product boycotts as in the case with Mitsubishi. The website http://canonblog.wordpress.com/ provides customers with detailed reviews on Canon's cameras and photography equipment. Users are asked to login to the forum before using the chat room.

---

[523] Vladivoj Vancura, "Mediterranean Countries Lag Behind in Protecting Europe's Nature," *WWF News & Publications*, 9 October 2004, available from http://www.panda.org/about_wwf/where_we_work/europe/what_we_do/balkans/news/index.cfm?uNewsID=15733; Internet, accessed 7 July 2007.

[524] Deutsches Rotes Kreuz Berlin, Unternehmenskooperation, available from http://www.drk-berlin.net/spendensich_beteiligen/unternehmenskooperation/; Internet, accessed 7 July 2007.

[525] Canon Social & Cultural Support Activities, Europe: Local Communities, available from http://www.canon.com/scsa/group/europe/community/index.html; Internet, accessed 7 July 2007.

Recent attacks launched by environmentalist groups against Japanese companies involved in whaling activities, puts Canon in awkward position. Known for its environmentally friendly corporate slogan, "Wildlife as Canon sees it," Greenpeace demands the company to take an active stance in saving the whale population from depletion.[526] Greenpeace is not calling consumers for a product boycott but rather for Canon to live up to its word. Recent development on this issue is posted in www.greenpeace.org.[527]

SUMMARY

Unfortunately we witness that even the "cleanest" and most responsible Japanese corporations, are faced with scandals which could or have tarnished their reputation. It is often the case that corporate objectives do not correspond to the reality mainly because of economic reasons. For example, Canon and Toyota are both statutory examples of successful Japanese enterprises which managed to increase their revenues substantially despite the nation's economic recession. Yet, even these companies built their profits to some extent on, for example, hiring temporary workers at low salaries.

In the next chapter, I will discuss some unresolved CSR issues which companies can work towards for further improvements. In addition, I will also provide some critical issues which the Japanese companies currently face in addressing their CSR commitments.

[526] Greenpeace International, "Does Canon Support Shooting Whales?" *Greenpeace News*, 24 January 2008, available from http://www.greenpeace.org/international/news/canon-shooting-whales-240108; Internet, accessed 10 May 2008.

[527] Stuart Biggs, "Canon Rejects Greenpeace Request to Condemn Japan's Whale Hunt," *bloomberg.com*, 25 January 2008, available from http://www.bloomberg.com/apps/news?pid=20601101&sid=aPXxDQSZNGKc&refer=japan; Internet, accessed 10 May 2008.

CHAPTER FIVE: DISCUSSION AND OUTLOOK

In this final chapter, we discuss the advantages and disadvantages of implementing CSR activities (expressed below as strengths and weakness of CSR). As with most of the arguments put forth by corporations, CSR practices are expensive, require long-term commitment for success, and are questionable in their impact on societal expectations (difficult to quantify or measure the success of implementing CSR practices). Nevertheless, based on my research I derive the following conclusions:

Strengths or reasons for implementing CSR measures:

- Moral and ethical reasons – to 'do the right thing.'
- Sustainability of the markets companies rely upon for income – potentially lucrative market opportunity.
- Brand image and reputation.
- Employee and stakeholder motivation.
- To enable the company to respond proactively to changing stakeholder agendas and be able to cooperate efficiently under a range of business conditions.
- To account positively for its performance to stakeholders in a way that will enhance the company's reputation.
- To provide managers with a framework for managing the business in a more holistic manner.

Significant weaknesses in present approaches to promoting CSR:

- An over-proliferation of CSR initiatives at the international level and lack of clarity about how these initiatives relate to each other.
- An excessive focus on getting business to make commitments to CSR and not enough focus on enabling them to implement them.

- An absence of credible monitoring and verification processes.

- A lack of effective mechanisms of redress for communities affected by companies that flout national or international norms on sustainable development or human rights.

- A lack of engagement with developing country governments and their sustainable development priorities (e.g. economic development and poverty reduction).

- A failure to bridge the government gap created by weak public sector governance of the private sector in most developing countries.

- A lack of government involvement and/or investment in international CSR initiatives, which is contributing significantly to their underperformance.

17. Debates and Controversies Surrounding CSR

In the following section, I will direct my attention to several unresolved issues which need to be addressed. The issues mentioned below are selected based on the frequency of these topics being discussed in numerous seminars sponsored by Japanese and Western (European and American) companies. The following eight topics will be highlighted:

1. Relationship Between CSR and PR

2. Japanese PR (*Koho*)

3. Japanese CSR Characteristics and Cultural Heritage

4. Foci of CSR in the West and in Japan

5. CSR: A Financial Return of Investment?

6. Civil Society Movement in Japan

7. Green Marketing

8. Changing Our Consumer Lifestyle

In order to provide readers with a better overview of the various issues mentioned above, I have broken down each topic into discussion and issue. In the discussion section, I will outline unresolved issues; possible solutions will be found under the recommendation section.

17.1. Relationship between CSR and Public Relations

Discussion. Corporate social responsibility has become important to public relations because such programs offer the opportunity to build good will by promoting the benefits of the company to its stakeholders. In addition to its advisory management role, public relations also provide the techniques to communicate these activities to target publics which may include the media and individuals seen to be of influence to the organization.[528] Corporate social responsibility falls within the public relations portfolio because it affects a company's image and reputation and public relations practitioners will want to capitalize on the opportunity because it tells the public exactly what sort of company they are dealing with.[529]

It can be argued that corporate social responsibility is a good example of business responding to society's needs. Public relations facilitate both the activity and the process of communication and understanding to the benefit of all. While the initial corporate social responsibility program such as an environmental program in the community, may be symmetrical in relation to its receiver, subsequent publicity may be directed at other influential publics for the purpose of image enhancement.[530] There are several ethical problems which arise from this approach. One wonders what will happen to the program once it becomes no longer necessary to approach the public (or if the action does not have the desired effect - say for example in helping a planning or development project through a local political arena). In other words, the commitment of

[528] Jennifer Bartlett, Stephane Tywoniak, and Caroline Hatcher, "Public Relations Professional Practice and the Institutionalization of CSR," *Journal of Communication Management* 11 (2007): 293.
[529] Anne Ellerup Nielsen and Christa Thomsen, "Reporting CSR – What and How to Say It?" *Corporate Communications: An International Journal* 12 (2007): 39.
[530] Joachim Westerbarkey, "PR Als Passion – Metaphern Imaginärer Intimität," in *Kommunikation über Kommunikation*, ed. Edith Wienand, Joachim Westerbarkey, and Armin Scholl (Wiesbaden: VS Verlag für Sozialewissenschaften/GWV Fachverlage, 2005), 193.

the company may be contingent on factors other than the primary relationship between donor and recipient.[531]

Recommendation. If the programs were chosen by public relations practitioners to appeal in the first instance to some public other than the recipient then both the motivation of the company with regard to its stated intention and its commitment to the project must be questioned. This is the crux of the moral problem which lies at the centre of corporate social responsibility. Corporate social responsibility is potentially an example of symmetrical public relations but when communicated to a third party it becomes publicity or public information.[532] In a case where a company acknowledges and communicates its self interest public relations is being truthful (and could be defined as the public information model) but it is not symmetrical in that it is not representing the views of publics and recipients to management in a way that will encourage management/the organization to change. This is not to accept that corporate social responsibility and public relations are two separate actions; it is simply arguing that two different types of public relations are taking place.[533]

A good solution to overcome mistrust about CSR publicity is by establishing independent corporate foundations. This practice has gained significant popularity in Germany and has generated positive outcomes in terms of combining PR activities with CSR. Foundations can generate positive impacts on the credibility and image of a corporation.[534] Furthermore, the status of foundations as being neutral and objective provides more acceptance as well as credibility when performing CSR activities. After all, the core question for the existence of a foundation should be: what was the reason for establishing the foundation in the first place?[535]

---

[531] Kenneth Ameshi and Bongo Adi, "Reconstructing the Corporate Social Responsibility Construct in Utlish," *Business Ethics: A European Review* 16 (January 2007): 13.
[532] Stephen Brammer, Andrew Millington, and Bruce Rayton, "The Contribution of Corporate Social responsibility to Organizational Commitment," *International Journal of Humans Resource Management* 18 (October 2007): 1715.
[533] Bodo Schlegelmilch and Irene Pollach, "The Perils and Opportunities of Communicating Corporate Ethics," *Journal of Marketing Management* 21 (2005): 283.
[534] Daniel Silberhorn and Richard Warren, "Defining Corporate Social Responsibility: A View from Big Companies in Germany and the U.K.," *European Business Review* 19 (2007): 366.
[535] Denise Kleinrichert, "Ethics, Power and Communities: Corporate Social Responsibility Revisited," *Journal of Business Ethics* 78 (2008): 476.

The benefits the corporation receives from the foundation are mostly perceived as long-term and indirect; society is seen as the main beneficiary. The foundation assumes two important roles, namely (1) as an expert in the field of CSR, and (2) as mediator or interface between the company and its community. Furthermore, through the foundation's close interaction with the society, companies are able to develop new insights for creating innovative CSR programs which are relevant and beneficial to enhancing the corporate image.[536]

17.2. Japanese Public Relations (*Koho*)

Discussion. The main purpose of a news release to the media is to provide the society with an accurate understanding of corporate activities and to carry out one's responsibility to inform the public. Most corporations and governmental organizations considered these two purposes more important than using public relations to create a better image of the corporation and to advertise merchandise. During the past 30 years, corporations' perceptions of the link between the media and public relations have been changing dramatically, and they have become far more aware of the importance of public relations. Publicity is influenced by the power of the media.[537]

Recommendation. In order for a corporation to proceed with its business, it is important to provide information about the corporation to the public. In contrast to advertising, news materials are selected by a third party such as journalists and editors, which makes them more reliable in the public's eyes. Therefore, it is important for the *koho* division to pay attention to how they offer news materials to the media, and to have the knowledge and skills to deal competently with interviews.

The two types of media relations that involve *koho* are active relations in which a corporation offers news materials to media, and passive relations in which a corporation responds to interviews by the media. The basic stance that should be taken in relation to media is as follows:

- *koho* should be a front line operation for media relations;

---

[536] Martina Westhues and Sabine Einwiller, "Corporate Foundations: Their Role for Corporate Social Responsibility," *Corporate Reputation Review* 8 (2006): 148.
[537] Kiyoshi Yamauchi, "Corporate Communication: A Powerful Tool for Stating Corporate Missions," *Corporate Communications: An International Journal* 6 (2001): 134.

- the role of the *koho* division is to unify the opinions of top-level management, the members of the *koho* division, and all members of the corporation;
- a *koho* person needs to attend and assist at interviews whenever members of a company division are responding to media interviews; with some exceptions, it is necessary to accept as many interviews as possible.

Given the widespread influence of media publicity, a corporation needs to prepare to respond to the media especially in the case of incidents which may damage a corporation's reputation. It is necessary for a corporation's *koho-bu* to establish relationships with the media not only through providing newsletters and responding to interviews but also by exchanging a variety of information and through media relations.[538]

The importance of good relationships with media is that they affect advertising as well as the recruiting of good human resources. Relationships with media often influence both the quality and quantity of publicity. In addition, increasing understanding with media people at the personal level is important for the accurate presentation of news about the company. A veteran *koho* man who has worked for a company for 25 years commented that his efforts were directed toward influencing the media to release accurate news. Therefore, he tried to develop better relationships with media people in order to reduce misunderstanding.[539]

A *koho* employee also needs to be a guide for journalists. In most cases, journalists change their section every few years. A journalist who is in charge of the economics section may move to the agriculture press club the next year. Although they change sections frequently and their time is constrained by their daily schedule, journalists study hard to understand the industry that they cover. The role of *koho* is to help them improve their understanding of corporations and industries. In the long run, the relationships that journalists establish might be useful since a journalist who was

[538] Seijiro Tsukamoto, "Social Responsibility Theory and the Study of Journalism Ethics in Japan," *Journal of Mass Media Ethics* 21 (2006): 62.
[539] Anne Cooper-Chen, "Public Relations Practice in Japan: Beginning Again for the First Time," in *International Public Relations. A Comparative Analysis*, ed. Hugh Culbertson and Ni Chen (Mahwah: Lawrence Erlbaum Associates Publishers, 1996), 228.

covering a particular industry from the time he or she first became a journalist would build a strong network within that industry over a 20 year-period.[540]

In conclusion, Japanese public relation practices are similar to those in the United States. *Koho* is the equivalent of public relations. There is pressure on Japanese companies to release information to the public through the media, and failure to do so can damage a company's reputation. The media may have served as servants of the large companies in the 1950s and 1960s, but this is no longer the case. *Koho* in Japan emphasizes long-term relations with media representatives to a greater degree than in the United States, but *koho* people are involved in the same efforts to promote the viewpoint of their company within the Japanese media. They expend much energy in maintaining positive relations with media and in presenting their ideas, all of which would be unnecessary if the Japanese media were simply captives of companies or of the government. Their explanations of the reasons for their activities have the same mixture of self-interest and ethical impulses as their American peers, although the language they use may sound more naïve and less cynical than the discourse of U.S. practitioners. To conclude this topic, there is no justification for considering the public relations world of Japan as alien or for viewing public relations in Japan as "backward" due to the absence of a public relations tradition.[541]

17.3. Japanese CSR Characteristics and Cultural Heritage

Discussion. Japanese executives argue that the CSR activities sponsored by Western corporations are of an Anglo-Saxon nature. The historical background of CSR in the U.S. is primarily based on religious attitudes, namely the teachings of the Bible. In the European Union, CSR is being used like a banner to integrate Europe. European CSR focuses on legislation and social policies. It does have an impact on various legislation as well as social policies.[542]

---

[540] Maggie Farley, "Japan's Press and Political Scandal," in *Media and Politics in Japan*, ed. Susan J. Pharr and Ellis S. Krauss (Honolulu: University of Hawaii Press, 1996), 137.
[541] David R. Watson and Lynne M. Sallot, "Public Relations Practice in Japan: An Exploratory Study," *Public Relations Review* 27 (2001): 400.
[542] Christina Genest, "Culture, Organizations and Philanthropy," *Corporate Communications: An International Journal* 10 (2005): 322.

How about Japan? The debate on CSR in Japan originally started with environmental concerns as Japan is a natural resources poor nation. At the end of the 1980s, Japanese awareness of the environment increased and with the Rio Earth Summit in 1992, this issue generated more awareness. Towards the latter half of the 1990s, environmental issues and the environmental framework were broadened to encompass sustainable development and later CSR.

Based on my research, Japanese CSR has the following characteristics due to its cultural traits (namely Confucianism), which are as follows:

17.3.1. Collective interest

Confucianism dictates that the well-being of the society takes precedence over the individual. This means that Japanese CSR is often projected out of the interest of the company (often symbolized as one big family) rather than a crisis prevention mechanism.

In Japan, the individual should devote themselves to contributing to the wealth of society as a whole. Whilst in the Anglo-American context the individual works to serve their own well being which is located within the society. The difference is between a solidaristic and individualistic formation of society. In the Japanese context, whilst the welfare of individuals is taken extremely important (with businesses themselves providing much of the social framework within which they live), emphasis is placed upon the holistic relationships between individuals, not on the individuals themselves. The problem with such an emphasis is that it can miss out on some of the detail that is often expected of CSR reporting, as practised and imposed by the West.

17.3.2. Monetary Perspectives

By abiding by the rules and norms, companies hope to gain respect and at the same time increase profits to satisfy stakeholders. This situation poses a dilemma as CSR is often measured against the profit margin of a company's revenue. As a result, CSR is often viewed by critical consumers as a marketing tool. The focus of interest in a Western company is the quantity or hard-core figures to provide proof of success.[543]

On the other hand, Japanese companies are more interested in maintaining the welfare of the community, environment, and suppliers. Japanese management style is perceived as an inter-connected structure by nature in that every constituent part is connected to another in one huge network (*kereitsu*). Companies not only consider economic values for their stakeholders, but also their social approval and recognition for practices and activities. Therefore, in a closely connected system the range and scope of CSR cannot be confined to the monetary relationships between shareholders and managers, but must be inclusive of all formal and informal stakeholders. The quality of a relationship is the main interest for Japanese companies in order to ensure the success of CSR.

17.3.3. Long-term Outlook

The priorities of Japanese companies are growth and market share and not shareholder returns and profit maximizing. This is a result of their long-term goal of catching up and overtaking the Western industries and technologies of the past.[544]

On the flip side of the coin, the Japanese economy is often criticized as being bureaucratic, slow in adapting to changes, and paternalistic. Two typical examples of Japanese long-term management outlook are the seniority principle and life-time employment.

17.3.4. Performance Measure in Terms of Output

Western companies evaluate their output mostly in terms of market value and profits. Japanese companies, on the other hand, focus on procedure which encompasses Research & Development, innovative products, and quality customer service in order to achieve market value and profit.

---

[543] Grahame Dowling, "How Good Corporate Reputations Create Corporate Value," *Corporate Reputation Review* 9 (2006): 137.
[544] Olived Falck and Stephan Heblich, "Corporate Social Responsibility: Doing Well by Doing Good," *Business Horizons* 50 (2007): 253.

It is well known that Japanese products are often classified by Western consumers as innovative and of good quality. One example is the *Prius*, a hybrid technology car developed by Toyota which combines both environmental aspects and horse power.

17.3.5. Scope and Target of CSR

Critics of capitalism often argue that CSR is only geared towards shareholders and direct customers. The type of CSR practiced in the Western hemisphere is of an institutional nature in which all components are inter-connected within a system. It is therefore beneficial for companies to interact with their stakeholders in order to address their corporate interests and to avoid potential crises. In other words, CSR is a preventive measure against possible attacks and is often conducted out of self-interest.[545]

It is generally argued that collectivism is preferred in Japanese society, and people tend to participate cooperatively and collectively. Japanese capitalism is often referred to as "communitarian-capitalism" where the government has cooperated with the private sector to promote economic and social development in the initial stages so that the industries can operate self-sufficiently later.

Considering the founding principles of modern Japanese corporations, Japanese businesses have the following characteristics: paternalistic management, collectivistic and cooperative business practices.

17.3.6. Premise of CSR

Critics of CSR perceive corporate social responsibility as an opportunistic manoeuvre with an asymmetrical relationship for its donors. That companies can also perform altruistic deeds, is often viewed with scepticism.

In Japanese society, CSR has traditionally been fully integrated into the local culture in that it is performed on a consensus, relationship and coordinated basis.

---

[545] Peter Frankental, "Corporate Social Responsibility – A PR Invention?" *Corporate Communications: An International Journal* 6 (2001): 19-20.

17.3.7. Perception of CSR Innovativeness

In Western society CSR is regarded as a limited utility for the formal stakeholders. This means that actual benefits (or financial returns) profit immediate stakeholders (including supporting NGOs) and not society in general. In Japan, CSR is perceived as a mediator to economic performance due to its communitarian capitalism.

17.3.8. Drivers of CSR

In Japan as well as in the United States, CSR is management-driven rather than government-driven as in Europe. This means that CSR is created internally and is executed by corporations individually.

However, despite the historical differences between Japan and the Western world in CSR development, one similarity exists and that is, CSR is not a new concept. The concept of CSR existed during the Samurai period (prior to the Meiji Restoration) in that wealthy landlords built schools and tradesmen practiced fair business practices. It was not labelled as CSR but the concept resembled that of present CSR practice.

The principle of *Sanpo Yoshi* which translates to 'good on all sides,' or more accurately a three-way relationship of the buyer, the seller and the society, was practiced by the *Ohmi* merchants in the mid-Edo Era (1700s). Ohmi merchants were not only to have a flair for business but also to have practised their own unique managerial creed. It is not that using money is one thing and earning money another, but that these transactions are in an inseparable relationship. In order to use personal fortune ethically, one must have a clean method of earning it.

In the Western nations, the Catholic Church had been practicing alms since the establishment of Christianity. Rich merchants were required to donate their profits to the poor as a sign of brotherhood and solidarity. Again, this act was not labelled as CSR but its actions resembled that of modern CSR practice (wealthy nations providing foreign aid assistance to the poorer nations for economic development).

Recommendations. Standardization of CSR is not the solution to this matter as each corporation has a unique culture and tradition. It is often the case that if a company devises its own policy, as opposed to copying another company or simply joining the bandwagon, employees are more supportive and dedicated.[546]

For Japanese executives, standardization of CSR means giving it their identity and culture, in this case Japanese management style. The Japanese management style has some positive features such as a long-term outlook, life-time employment, and a group-oriented outlook. However, sixty years after World War II, the society's mindset has dramatically changed, especially among the younger generation. There is no company which can assure lifetime employment and they cannot follow the seniority system anymore. Japan's younger generation are becoming more individual and independent which results in a civil revolution.

The Japanese are not willing to sacrifice their identity and their group-mindset for the Anglo-Saxon system as this system has its flaws and is not adaptable to Japanese society (i.e. short-term outlook versus long-term perspective). Enron and WorldCom are two examples that the Anglo-Saxon system is not perfect. Nevertheless, Japanese corporate governance needs an overhaul due to several scandals which spurred shareholder activism and law suits. In the mid until the late 1990s when Japanese keiretsu companies were financially strapped, foreign investors started to 'infiltrate' Japanese companies by bringing more transparency and a stint of Western corporate governance as well as management style.

I believe that the *Kyosei* Principles advocated by Canon Corporation, is the answer for a Japanese version of CSR. For enterprises to be successful, they must strive for a harmonious balance between community relations and the environment. By giving back to the community, companies not only maintain a favourable reputation but also assure the well-being of their operations. Critical to achieving this goal are open communications and trust in one another. The principle *Kyosei* is very much based on the Confucian culture which stresses harmony and group-mentality.

Additionally, if CSR is to be aligned with ISO standards, then cultural aspects from Asia (or Asian virtues) need to be incorporated. Finding a middle ground will be a long endeavour for negotiators.

---

[546] Ronen Shamir, "The Age of Responsibilization: On Market-Embedded Morality," *Economy & Society* 37 (February 2008): 12.

17.4. Foci of CSR in the West and in Japan

Discussion: For Japan and Europe, sustainability is a big issue as some of the European countries (e.g. Germany) along with Japan are natural resource-poor countries and the export of environmentally friendly products has been very profitable.

Another focus of interest for the Japanese society in the field of CSR, is socially responsible investment (SRI). In the past, the Japanese are known for being thrifty and therefore, have a higher savings rate than the Americans. Due to numerous scandals in the Japanese banking system which almost paralyzed the Japanese economy (bad debts and unpaid loans), customers have become more selective in choosing where to invest their funds. In addressing this untapped market, several banks (e.g. Bank of Mitsubishi Tokyo) have offered SRI investment funds geared for old, established investors. Most of the Japanese SRI funds have been rated through the FTSE4Good and Morningstar Index.

In the U.S. the focus of CSR has been workers' rights, human rights, and governance. The issue of American apparel or retail companies being involved in sweatshop operations dated back to the mid 1990s. For instance, GAP and Nike are good examples for this case. Nike had been known to pay its employees minimally and having them work in appalling working conditions. Japan has had far less experience of human rights issues simply because it has remained a more mono-cultural society in comparison with the U.S. multi-cultural melting pot heritage.

As for human rights, companies often operate in militant nations where no democracy exists but on the other hand, labour costs are significantly cheaper. Some critics of CSR often cite this act as a CSR fraud because most companies often cooperate with local authorities and military (e.g. Nike in Indonesia) in its quest to curb workers' rights. CSR is therefore a public relations manoeuvre to pacify American consumers who are critical of sweatshop operations.

Japan believes that the language of CSR in the West ought to stress the visible commitment of developed nations to expand trade and exporting as a means of promoting development and alleviating poverty in developing nations. The argument here is how can developing countries achieve these social standards if their income is not sufficient. Investing in developing countries is an alternative way to increase the local society's living standard (by enabling their children to attend schools) and thereby improving working standards and introducing new sustainable technology.

CSR should not be another bureaucratic red tape measure which acts as a protective mechanism for industrialized countries. Exporters in developing countries can find the proliferation of laws and standards difficult to comply with. They often fear that 'process standards' on the way products are manufactured (e.g. labour standards, working environment, and animal treatment) will lock their products out of developed country markets.[547]

Nevertheless, there are similarities in the forms of CSR practiced by Japanese and Western companies. All companies have employee volunteer activities to clean-up local recreational areas and have opportunities to devote time (through employee sabbatical leave) and money to charities (through employee matching gift programs). Due to cultural reasons, Japanese companies tend to sponsor more educational activities in Asia (e.g. Canon and Beijing University, in which Canon won Best Corporate Citizenship Award in 2004 launched by The 21st Century Business Herald, China's premier national business weekly newspaper). Giving cash is not considered natural in Japanese culture.[548] Scholarship programs facilitate foreign exchange students and enhance international relations. Another form of educational sponsorships is paid internships in which most Japanese participate (e.g. Mitsubishi International Corporation and MBA students).

Recommendation: One major flaw for Japanese CSR is the lack of publicity which can be caused by lack of English proficiency and cultural heritage (humility versus publicity).[549] The Japanese people do not speak about their own abilities among

---

547 Alexander Dahlsrud, "How Corporate Social Responsibility Is Defined: An Analysis of 37 Definitions," *Corporate Social Responsibility and Environmental Management* 15 (2008): 6.
548 Patricia Bader-Johnston, "Getting the Word Out," *Japantoday*, 1 February 2008, available http://www.japantoday.com/news/jp/e/tools/print.asp?content=executive&id=285; Internet, accessed 31 January 2008.
549 Naoki Kameda, "A Research Paradigm for International Business Communication," *Corporate Communications: An International Journal* 10 (2005): 175.

themselves. Those who do are avoided by others, who may criticize such a person as a fake personality.[550]

CSR communication is critical in order for companies to present their CSR practices accurately and to improve their transparency. According to Hall (1987), however, Japan is characterised as a high-context culture where close relationship are critical to effective communication because a message cannot be comprehended without its social context, such as the sender's values, personal background, and corporate position[551]. The characteristics of communication in high context cultures immediately raise a challenge when adapting to more formal means of CSR reporting. Within high context cultures, words can seemingly carry less emphatic meaning. In addition, exercises in reporting and auditing can be perceived as against the Japanese virtue of the quiet man (*hugen jiko*)[552]. There is still a strong belief in good karma (*intokuyoho*), whereby if you keep to good practices without needing to draw attention to the fact, the returns are more rewarding. There is, then, a perceived problem that CSR reporting itself can be taken as an unnecessary or even vulgar marketing tool. The point being, a code of ethics can as much be in operation even when it is not explicitly stated.

Publicity will not hurt the company but instead, foster communication, transparency, and trust in interacting with various stakeholders. The impact of globalised operations is also significant factor driving the need for greater communication. Japanese companies also recognize the need to communicate their CSR practices to audiences who may not have a direct understanding of the Japanese context. Additionally, CSR reporting is a method of contributing to two-way communication which addresses concerns of stakeholders efficiently. It is worth while mentioning that re-defining the Japanese word for responsibility from *sekinin* to *sogo taio* meaning a mutual response to work together is an option of clarifying the Japanese concept of CSR. Significantly, then, a shift can be witnessed from traditional, implicit forms of communication to the more explicit 'walk the talk' (*yugen hujikko*) style of reporting associated with western CSR, which

---

[550] Naoki Kameda, "The Implication of Language Style in Business Communication: Focus on English versus Japanese," *Corporate Communications: An International Journal* 6 (2001): 146.
[551] Tony Morden, "Models of National Culture – A Management Review," *Cross Cultural Management* 6 (1999): 21.
[552] [552] Sonja Treven, "International Training: The Training of Managers for Assignment Abroad," *Education + Training* 45 (2003): 551-552.

can be understood entirely as the Japanese strategic response to CSR in the global context and wish to participate in global society.

A method, by which Japanese companies can promote their CSR efforts on a large scale, is by participating in various CSR Awards. It is recommended that Japanese companies actively compete for U.S. awards as their presence is very limited or virtually non-existent as compared to domestic awards. It is interesting to mention that most of these companies received numerous awards from the Japanese government (e.g. Minister's Award) and Japanese NGOs but in the U.S. and Europe, these companies have yet to achieve 'honourable mention' status.

Below are several awards categories in which Japanese companies can participate internationally:

- *PR News' CSR Award.* This award is sponsored by Cone Inc. (leading cause-brand agency), Georgetown University, Flag (a British communications agency), and CSRwire (leading information agency for CSR). The 2007 Award was presented at the National Press Club in Washington, D.C. on March 23rd. Most recent award ceremony was held on April 17, 2012 at JW Marriott in Washington, DC.

- *Stevie Award.* The Stevie Award is hosted by The American Business Awards – leading business awards program honouring great performances in the workplace. The 2007 Stevie Award was held in Munich on 10th September 2008 and is sponsored by the State of Bavaria. The most recent Stevie Award was hosted on 21st February 2012 in Miami Beach, Florida.

- *CSR Europe* A*nnual European Marketplace Awards*. This award is presented by the Centre for Sustainability & Excellence (CSE) and CSR Europe (European Union's institution for CSR). The Third European Market Place Award took place on 29th November 2007 in Brussels. The next event took place on 28th October 2010 in Brussels.

- *Global CSR Awards.* The annual Global CSR Award organized by The Pinnacle Group International, is Asia's most prestigious and highly acknowledged award for corporate social responsibility. Thirteen Asian companies won the 2012 award which was held on April 19, 2012 in Boracay, The Philippines.

- *Japan PR Award.* The Public Relations Society of Japan (PRSJ) established the Japan PR Awards in 1998, the Society's tenth anniversary, to promote greater understanding of both PRSJ activities and PR in general. Awards are presented annually for innovative and effective PR usage in business, culture and sports, society, and education and research. Additionally, the PRSJ also extended the PR Awards in 2001 to include notable public awareness programs and "Person of the Year."

One last aspect that we must take into consideration with regard to CSR, trade and assisting developing countries, is that giving money to poorer nations is not the solution to combating poverty. We must teach participants how to utilize the financial assistance in an effective fashion and to strongly uphold ethical and moral standards. This is true for countries that are known to be corrupt (for instance, Indonesia). Most NGOs argue that the most reliable form of foreign assistance is technological transfer and know how, especially in the area of sustainability and conservation. Educating local inhabitants as well as working with local governments in generating more awareness for the environment through efficient usage of existing natural resources, is more beneficial than dictating compliance with certain standards.[553]

17.5. CSR: A Financial Return of Investment?

Discussion: This question faces every managers and CEOs when it comes to investing money in CSR activities. There is no concrete evidence which indicates that socially responsible companies have been rewarded for their honourable actions.[554] Proponents of CSR would say that CSR activities enhance corporate reputation and image, and are a tool for managing crisis. On the other hand, opponents of CSR argue that corporations are by nature not altruistic or philanthropic institutions but rather, profit-seeking and

---

[553] David E. Hawkins, *Corporate Social Responsibility: Balancing Tomorrow's Sustainability and Today's Profitability* (Hampshire: Palgrave Macmillan, 2006), 255.
[554] The Economist, "Just Good Business," *Economist.com*, 17 January 2008, available from http://www.economist.com/specialreports/PrinterFriendly.cfm?story_id=10491077; Internet, accessed 27 February 2008.

maximizing entities. Corporations are looking out for the interest of their stakeholders and unfortunately the interest in CSR is short-term.[555]

Recommendation: Regardless of what an individual or organization believes about business practices, if society judges it to be unethical that perception will directly affect the organization's ability to achieve its business goals. The organization is dependent on the goodwill of stakeholders to continue to buy its products, to become its employees, and to provide it with its legal and social licence to operate. The interdependence is not always made explicit. It is the perceived two-way nature of the relationship between business and its stakeholders that is shaping modern day ethical accountabilities.[556]

Conducting business today is somewhat similar to living in a goldfish bowl where multiple stakeholders can watch in real time. Society is asking business leaders to manage in three areas:

1. *Social and environmental responsibility and accountability for corporate actions.* This behaviour is reflected in the interaction between company and its community concerning the usage of natural resources. Social responsibility includes respect for traditional landowners, direct negotiation with affected communities and the refusal to do business with corrupt local, state and national governments. A socially responsible corporate behaviour also involves ensuring transfer of wealth and skills back into local communities. Present environmental responsibility extends well beyond waste management and pollution control.[557] For ecologically responsible corporations it encompasses product stewardship, environmental restoration where damage has occurred, environmental conservation, sustainable business practices and a new identity for business as being a problem solver responding to society's acute environmental and social concerns.[558]

---

[555] The Economist, "Does CSR Work?" *Economist.com*, 17 January 2008, available from http://www.economist.com/surveys/PrinterFriendly.cfm?story_id=10491055;Internet,accessed 27 February 2008.
[556] Thomas Donaldson, "Part 3: Defining the Value of Doing Good Business," *Financial Times* (London), 3 June 2005, p. 4.
[557] Anna Glombitza, *Corporate Social Responsibility der Unternehmenskommunikation* (Berlin/Munich: poli-c-books – Fachverlag für Politische Kommunikation, 2005), 35.
[558] The Economist, "Third World Way," *Economist.com*, 20 July 2007, available from http://www.economist.com/business/globalexecutive/PrinterFriendly.cfm?story_id=953; Internet, accessed 10 February 2008.

2. *Internal and external corporate accountability*. This type of behaviour is reflected in the quality of relationships which characterize how business gets done internally and externally. Internally, the focus is on the organization's efforts to assist employees manage potential conflicts between personal and organizational values. It extends to work-life balance strategies, employee assistance programs, fitness programs, childcare and a host of 'added value' services made available to employees as critical stakeholders in the enterprise. Externally, it is an accountability that extends to the marketplace; to customers, suppliers, industry peers and host societies to ensure that their needs are taken into consideration.[559]

3. *Personal and collective responsibility and accountability*. There need to be standards in which personal and collective interests can be combined. These standards must adhere to the accepted societal values and cannot be disputed or compromised. It means accepting responsibility do impact others.[560] This commitment involves recognizing our worldviews and prejudices, and assisting members to recognize their own, then move beyond them together. This step will enable the formation of common ethical standards and the investment in the skills to act accountably. As individuals we cannot abrogate our own personal accountabilities to agreed ethical standards; as we act, we may also hold others accountable.[561]

17.6. Civil Society Movement in Japan

There are two aspects which can be discussed under the civil society movement, namely consumer activism and stakeholder activism.

17.6.1. Consumer Activism

---

[559] Shirley-Ann Hazlett, Rodney McAdam, and Lisa Murray, "From Quality Management to Socially Responsible Organizations. The Case for CSR," *International Journal of Quality & Reliability Management* 24 (2007): 679.

[560] The Economist, "Corporate Responsibility Is largely A Matter of Enlightened Self-Interest," *Economis.com*, 17 January 2008, available from http://www.economist.com/PrinterFriendly.cfm?story_id=10491124; Internet, accessed 27 February 2008.

[561] The Economist, "Do It Right," *Economist.com*, 17 January 2008, available from http://www.economist.com/PrinterFriendly.cfm?story_id=10491124; Internet, accessed 27 February 2008.

Discussion: What do Japanese consumers expect from Japanese enterprises and their government after numerous scandals? The relative cooperative relationship between consumer advocates and state and economic authorities was mirrored by the tendency of the consuming public to lean on the state for protection against the negative externalities of production. This can be largely attributed to the weakness of consumer rights in Japan. In contrast to the United States or Britain, where consumer protection is viewed as an inalienable right of the individual consumer, Japanese consumer protection has been carried out as an obligation of government and to a lesser extent, business.

After years of consumer group activism in support of stronger, non-regulatory safeguards for consumers, the Japanese government has taken significant steps towards meeting these demands. There are several reasons for the government's reversal in this issue, which are as follows: (1) consumer voices have become economically relevant with the development of niche markets and the lingering recession and drop in consumer demand; (2) consumers-as-voters have becoming increasingly intolerant of political scandals involving relations among politicians, bureaucrats, and the business community; (3) the temporary downfall of the Liberal Democratic Party (LDP) in 1993 and its ongoing struggle to regain its power have encouraged the LDP to focus more on the needs of ordinary citizens. This means that agenda setting and compromising for the sake of public interest are more relevant than a decade ago.

The younger generations are more vocal in addressing their concerns. Most sociologists would argue that Japanese society is shifting towards individualism and independence. Japan is moving from a rice village culture in which rice is harvested and sowed by all village members to a civil society which Japan has never experienced before.

It is interesting to note that law suits are starting to emerge in Japan. For instance, the Mitsubishi scandal has generated publicity and outcry as consumers were outraged at not having been adequately informed despite the government's knowledge of Mitsubishi's defect cover-ups. Even though the severance payment for the victim is not as high as compared to U.S. standards (as compared to Toyota Motor's sexual harassment scandal which took place in 2006), it is still considered to be a ground-breaking initiative towards active corporate social responsibility.

Another good example of the Japanese government's insufficient performance in the field of civil society was during the 1995 Great Kobe/Hanshin Earthquake. Help from the government was slow due to immense bureaucratic measures and the Japanese people were forced to take action by cooperating with local NGOs. The Kobe Earthquake marks the beginning of the NGO movement which led to the enforcement of the NPO Law.

Recommendation: The Japanese older generation often argues that the younger generation never had to work hard to rebuild the devastated economy after World War II. But Japan's elderly generation must remember that they too have a responsibility for the cause of the Second World War. They too, must come to terms with war atrocities and crimes, by admitting this to the younger generation. Only then can both parties engage in a meaningful discussion about future improvements.

The Japanese people often avoid disagreement as it conflicts with consensus and harmony. But people should welcome the opportunity to freely express their opinions. It is often the case that when opinions clash violently, there is the potential to explore new perspectives and insights which in turn, establish new values.

Japan is a democratic nation and the foundation for a democratic country is freedom of expression through debates and discussions. Japan needs a major overhaul in this area and what most frustrated Japanese citizens do (young and old) is to blog. Blogging is an opportunity for the Japanese to express their opinions and concerns without repercussions as the vehicle is considered to be anonymous. As a result, blogging could take off as a platform for indicating the society's expectations of their government's performance and act as a barometer for predicting potential election results.

17.6.2. Japanese Shareholder Activism

Discussion. Japanese stakeholders expect commitment and trust on the part of the corporations. Due to mistrust of the companies, there is a slow but steady fluctuation of shareholder activism. Prior to the burst of the bubble economy, Japanese executives could make decisions without formal consultation with employees or without taking employee interests into account. Of course, management is responsible for observing labour laws governing their relationships with employees, so they will be liable for any maltreatment of employees. But they will not be punished for not consulting employees before making important decisions, such as plant closures.

The post-war success of Japanese companies owes much to the good relationships companies maintained with their employees, clients, public authorities and keiretsu companies. This was a well-established business practice in Japan without written consent among stakeholders. Nonetheless, shareholders interests in non-*keiretsu* companies were often left outside this circle.

Cross-shareholding among stable corporate shareholders in order to maintain exclusive business relationships is a unique characteristic in Japan. Liberated from hostile shareholders, corporate executives were able to concentrate on business strategies based on a long-term outlook.

Foreign investors are the first step in as active players in the corporate governance in Japanese companies. These foreign shareholders provide Japanese companies with a solid shareholder base and represent long-term investors for Japanese equities. Against the backdrop of the unwinding of corporate cross-shareholding, the number of institutional investors, including foreign investors, has increased. This has resulted in a major shift in the relationships between corporations and their shareholders.

One idea foreign shareholders introduced to Japan is active voting in annual general meetings based on shareholder's interests. Many Japanese companies have received a large number of negative votes to their proposals relating to payment of retiring directors and corporate auditors, as well as to the amending of the articles of incorporation which give powers to directors in handling general meetings.

Despite some efforts by academics, business associations and self-regulatory organizations, Japan has not come up with any well-accepted corporate governance guidelines under the 'comply or explain' principle (a corporate governance principle adopted by the European Union in which the principle can only be utilized when its surrounding regulatory framework ensures that companies respect the obligation to give reasons for deviations from the applicable corporate governance codes).[562] This poses a problem for

---

[562] European Union, "Press Release: Corporate Governance – European Forum Clarifies 'Comply or Explain' Principle and Issues Annual Report," 3 June 2006, available from http://europa.eu/rapid/press

institutional investors who need some kind of guideline to refer to when they check and analyze the corporate governance practices of companies in which they have invested. This is why some prominent Japanese institutional shareholders, such as associations of public pension funds, have devised their own corporate governance principles.

Recommendation. Shareholder activism is a problem child for the Japanese investment scene. The hostility towards shareholder activism is being fuelled by xenophobia because most of the shareholder activists are foreign investors. The fact that shareholder activism is supported by foreigners, generates fears that the Japanese economy is being taken over by foreign elements. Nevertheless, Japanese institutional shareholders are not reluctant to invest in foreign funds (or activist funds) as long as they are not active in Japan.

But Japan needs shareholder activism in order to help unlock the intrinsic value of inefficiently managed companies and thereby improving their competitiveness and boosting returns for all shareholders. The rapid aging of Japanese society poses an urgent need to put the nation's wealth to better use in order to maintain, if not improve current living standards. Japanese investors whose life savings are in pension funds and bank deposits with historically low interest rates need a better performing stock market to ensure they can maintain a reasonable living standard for retirement.[563]

It is clear that Japanese companies are not returning enough to their stakeholders. The problem lies mainly in the balance sheet inefficiency. Hundreds of Japanese companies are sitting on mountains of cash, which are not generating funds or being put to efficient use. Company management argues that these reserves are needed to invest in the future or for unforeseen funding needs. But in many cases such reserves have not been used for many years, and managers cannot identify what they might use those funds for.

What the critics of activists often forget is that the reforms and higher dividends they are seeking would benefit all shareholders not only by providing them with more income but also raising the value of the companies they invest in and releasing capital to be reallocated where it is needed.

ReleasesAction.do?reference=IP/06/269&format=HTML&aged=0&language=EN&guiLanguage=en; Internet, accessed 21 July 2007.

[563] Julian Ryall, "Shareholders Revolt!" *ACCJ Journal* (August 2007): 14-19, available from http://www.acj.or.jp/document_library/journal2006/Aug07.pdf; Internet, accessed 21 February 2008.

Higher dividends would also be a powerful incentive for recapturing Japanese retail investors who have largely shunned the stock market in favour of more attractive assets overseas. A more vibrant stock market is also in the interests of the government, which wants to encourage a shift from savings to investments and boost Tokyo's competitiveness as an international financial centre.

Traditional values have established Japanese companies as major league businesses. But these values must be reviewed and if necessary, revised in order to adequately respond to a changing environment. We have seen numerous efforts by Japanese companies to improve corporate governance and accountability (e.g. SONY has reduced the numbers of directors while bringing in more executive officers in 1997 and designating this system as the separation of execution from decision-making).

Last but not least, Japan needs to revise its corporate governance system by more than just devising a new system, in this case Company with Committees. In 2005 the Japanese company act was enacted which enabled Japanese companies to introduce a board committee system. This board committee system is composed of an audit committee, a nomination committee, and a remuneration committee. The majority of the committee members are directors from outside the company. In 2005 approximately 100 companies, including SONY and Hitachi, adopted this model which promotes the separation of execution from supervision. However, it is worthwhile to note that Toyota, Matsuhita Electric, and Canon did not adopt this practice. All three companies are stoic proponents of the Japanese management system. In the case of SONY, the CEO is a foreigner (British) and Hitachi is known for being liberal in its quest for improving its corporate governance standard.

By hiring outside directors, more effective measures in promoting corporate ethics can be established. More efficient and professional in-house seminars can be created and an improved mechanism for corporate irresponsibility reporting system can be implemented. Several Japanese companies have prided themselves on establishing an effective ethics hotline. In order to protect the privacy and confidentiality of whistle-blower, Japanese corporations have been using outside, third-party service providers.

Whistle-blowing is against the Confucianism ideal as it disrupts the harmony process and the group dynamic. But one must remember that in order to maintain group harmony, there needs to be honesty and sacrifice on behalf of the group member for the well-being of others. A whistle blower is doing his or her job by reporting individual misdeeds to the ethic committee as it affects the well-being of a company.

17.7. Green Marketing – A CSR Act or Marketing Technique?

Discussion. Green marketing is the hottest item in the marketing world. Everybody believes that by purchasing products which are organically and biologically grown, they are helping to protect the environment (not using intensive farming or slash and burn technique), humane (fair trade and fair price), as well as healthier (no pesticide used). But most consumers face the dilemma that these so-called bio-products are often expensive and are imported from developing countries. As a result, a critical market observer would conclude that green marketing is a status symbol and a fad.

With ever-growing income disparity between North and South and the down side of globalization, CSR intentions are often critically depicted in the media. Critics cite that CSR-related themes (such as sustainability, philanthropy, and so forth) are marketing techniques to manipulate the consumers to purchase products. People want to feel good about their purchases (known as purchasing satisfaction) by contributing their money toward good causes.

A good example is hybrid cars and green marketing. Ever since the Japanese automotive manufacturers detected a marketing niche for selling their products, their American counterparts are joining the bandwagon of 'going green' (e.g. Ford, Opel or General Motors with their commercials of creating cars that are environmentally friendly out of consideration for our future generation). On the average, a hybrid car such as Toyota Prius, costs USD$3,000-USD$12,000 more than conventional counterparts. American consumers, when purchasing a car, bargain and compare prices with numerous auto-dealers. Toyota Prius has a luxury touch because several Hollywood celebrities (e.g. Tom Hanks, Leonardo Di Caprio, and Cameron Diaz) have endorsed this product.

Another issue which ties in with purchasing a car is power and size. In general, Americans love big heavy cars (e.g. Sport Utility Vehicles or SUVs and Pick-Ups) that have high horsepower and consume immense quantities of gasoline. The highways and the nation itself contribute to this picture (cruising down Interstate Highway 66 and the huge land space) of America being a land of unlimited opportunity and free spirit. Compare this idea to their Japanese and European counterparts, with limited land space and high gasoline prices (environmental taxes are imposed), big huge trucks do not sell well as parking spaces are limited and gas is expensive. The Europeans and the Japanese would rather purchase a hybrid car or small cars which are easy on their pocket. This is the reason why initially hybrid cars did not perform too well in the U.S. and that Japanese car manufacturers were forced to come back to the concept of 'environmentally-friendly' SUVs.

Of course we can argue that the more technological advanced we are, the more we are able to manufacture cars which are really green. But honestly, can we imagine gassing up our car at home by simply plugging our car into an electrical outlet as opposed to going to a gasoline station? Can we really be independent of oil and how much are we really willing to compromise for the sake of the environment? Changing our life styles involve more than purchasing green products, it is about altering the way we look at the material world. Can we lead a simple life with only one car? Do we need to be mobile at all cost? These are the questions that we must pose to decide whether CSR initiatives are of use for the society.

Recommendation. Every little step in reducing CO2 counts despite all the media-hype that went along with the Live Aid Concert on July 7, 2007. The fear that the issue of sustainability might only last a second, is a big concern for most environmental activists. But the fact that rock stars made the effort to contribute their income for the well-being of Mother Earth, is a big step in raising society's awareness of this ever critical issue. I found it to be interesting that the concert organizers first introduced recycling efforts to concert attendees by selling hot dogs in recyclable wrappers and filling drinks in re-usable cups. Compare this situation to the 1980s when hamburgers were packed in Styrofoam boxes and hot dogs were sold in double layered foils.

Another issue which needs to be addressed in term of promoting recycling efforts is how to make recycling easier for the average citizen to carry out. This means that local authorities must provide citizens with facilities to dispose of their trash efficiently – either by having citizens sort their garbage based on certain criteria (e.g. bio-products which consists of food-leftovers, plastic & metals, glass, papers, electronic scrap) or by providing citizens with clear instructions on disposing of their trash by setting up designated trash cans for specific trash.

In Germany, recycling efforts are well coordinated in that citizens are clearly instructed in how they should dispose of their trash. The brown garbage bins are designated for decomposing items, such as food leftovers. Yellow trash bags are for plastic and metallic garbage. Some communities in Germany (e.g. in Starnberg) even distribute special trash bags for paper waste to households. Bottles and glasses are also recycled as the local government provides special bins (green and brown). Bottles and glasses are disposed of based on their respective colours – green bottles in green bins and brown bottles in brown bins.

Japan has some of the world's best and innovative renewable energy technologies but the domestic market has not been well developed. Overall with a lack of Japanese government coordination, companies were not encouraged to make investments. Similarly, an 'eco points' scheme for cars and electronics that was introduced recently as part of economic stimulus measures may have had some effect to invigorate spending, but the real environmental effect needs to be assessed in the long term. The question is, then, how Japan can achieve economic as well as employment recovery at the same time as addressing sustainability, when it cannot be possibly expect to continue large spending.

With regards to green marketing, we have to be critical as well as consistent in tackling this issue. If we were to purchase an organically friendly product at our local grocery stores, we need to pay attention to the product origin. Is it easy to say that if we purchase organically grown peppers from an Argentine farm, we are then doing something good for the society? We need to calculate transportation costs and see if our local producers have the same item on the market. It is hypocrisy to buy an organic product but at the same pollute the world by paying for the high gasoline price. If we support local farmers in their effort to grow ecologically friendly products, then we support their income and thereby reduce the amount of intensive farming using pesticide and chemical fertilizers. We also need to consider that if we choose to purchase locally-grown products offered at local farmers' markets, then we are faced with the issue of seasonal products being of limited time and quantity. Typically, more vegetables and fruits are abundant in the Fall but as soon as the cold season sets in, we may have to purchase organically grown products at designated stores and at higher prices compared to discount supermarkets. Here is the issue of our inner most principles and how much we are willing to pay.

17.8. Changing Our Consumptive Life Style

Discussion. New booming economy countries, such as China, argue that Western countries often deprive citizens of these booming economies of enjoying a better lifestyle. The argument of catching up with the Joneses is often cited by governments of these booming economies as a reason to not adhere 100% to the Kyoto Protocol. If China were to adhere to its standards, then it would take a financial toll on their investors (meaning labour costs would significantly increase making the country unattractive for foreign investors to do business) and living standards for locals would be extremely expensive (adapting to Western standards of living involve higher living costs). How would this situation translate for us? We would be limited to purchasing items in restricted quantity as in the case of Russia during the Communist era.

Recommendation. Consumption and lifestyle are two elements that symbolize success for a person. We often classify successful individuals as those who possess high-end luxury goods and are able to afford the high-end lifestyle (e.g. first-class trips). It is sad to admit that our lifestyle has been determined by what car we drive, what clothes we wear, and where we live. These are materialistic values which reflect humanity. We don’t seem to have enough goods around us so we must constantly acquire new possessions. As long as this demand and mentality exist, we need to question ourselves as to why we have this short-term outlook as our world view.

Therefore, the success and responsibility of CSR lies in the hands of consumers as well as enterprises. As long as consumers do not care under which conditions their garments are manufactured, then there is no need for producers to adhere to CSR standards. When we expect that businesses hold on to their promise for upholding to CSR standards, then we must reward them by doing business with them.

18. Further Research Topics

There are five topics of interest which need future research, namely:

18.1. Women and Career Opportunity in an Aging Japanese Society

In Japan, the low birth rate and the resistance toward hiring foreign skilled labour have created a potential gap for Japan's future work force. Additionally, Japan's economic recession accompanied by numerous scandals have posed the question as to whether a revision is needed in the management system itself. This situation creates a problem for a nation whose retirement welfare depended on life-time employment and seniority payment. The Japanese social security system as well as the nation's pension system is not adequate to maintain the current living standard of most Japanese citizens in the years to come. But as companies now face the problem of not being able to support this system any longer, executives have come up with a temporary solution by slashing their operating costs, namely by hiring temporary workers and female workers for entry-level positions.

Temporary workers and female workers are not entitled to the benefits of permanent workers. Most young university graduates wind up working in companies as temporary staff and are exposed to long-working hours without the prospect of being hired by employers.

Despite the enactment of Equal Employment Opportunity Laws in 1985 which prohibit discrimination in hiring or promotions, Japanese companies set up dual career tracks which include management-track (*sogo-shoku*) and clerical-track (*ippan-shoku*). Most female employees fall into clerical track as their tenure is limited once they get married and have offspring. Those female workers who do manage to stay on board are faced with glass-ceiling problems or sexual harassment. With a bleak prospect of not making any career advancement, most female university graduates opt to work for foreign companies. However, there are exceptions to the rule. Japan has so far two female CEOs who are entrusted to run Japan's troubled companies.

The stark career-or-kids choice in Japan has created a demographic chaos because younger women are foregoing marriage altogether. Child-care facilities in Japan are neither popular nor common in a nation which strongly upholds traditional gender roles.

With regards to sexual harassment, charges have been pressed against violators, but the fines (or court settlement) remains far too minimal (as compared to Toyota's sexual harassment out of court settlement) to generate any significant awareness or action. It will be interesting to follow this issue along with other related female employment issue as Japan's civil society is undergoing major changes from old traditional Confucianism to a modern Asian society.

18.2. Galapagos Syndrome

A new disturbing phenomena has recently hit the Japanese society. The terminology 'Galapagos Syndrome' is coined to the development of Japanese cellular phone technological advancement but has the potential to spread to other parts of society. Japan's so called Galapagos Syndrome is what the Japanese describe as product development that evolves isolated from the world market. On a basic level this phenomena translates to technology which evolves in complete isolation from international standards.[564]

Much of what we see happening in Japan can be attributed to a plethora of social and economic turbulence; for instance, the dramatic increase in the cases of *hikikomori* or shut-ins who have given up on social life and who have become completely detached from society. In many ways, this type of behaviour is just the tip of the iceberg.[565]

Another example of the pervasive isolation in Japan is *Kodokushi* (or 'lonely deaths'), which refers to people who die alone, and go months before somebody notices the body. In 2008 in Tokyo, more than 2,200 people over 65 died lonely deaths, according to statistics from the Tokyo Bureau of Social Welfare and Public Health.[566] The deaths most often involve men in their 50s and the nation's rapidly increasingly elderly

---

[564] Hiroko Tabuchi, "Why Japan's Cellphones Haven't Gone Global," *The New York Times*, 20 July 2009, available from http://www.nytimes.com/2009/07/20/technology/20cell.html?_r=1&em=&pagewanted=print; Internet, accessed 2 September 2010.

[565] Youkou Kadoya, "Rehabilitation of People: Kodokushi—Solitary Death," in *Lessons from the Great Hanshin Earthquake*, ed. Yoshimitsu Shiozaki, Eiichi Nishikawa, and Toshikazu Deguchi (Tokyo: Creates-Kamogawa Publishers, 2005), available from http://www.shinsaiken.jp/oldweb/hrc-e/publish/lessons_ghe/index.html; Internet, accessed 3 September 2010.

[566] Aoki Mizuho, "Growing Old Alone: Cleanup After Unnoticed Death Now A Growing Industry," *The Japan Times*, 21 July 2010, available from http://search.japantimes.co.jp/cgi-bin/nn20100721f3.html; Internet, accessed 3 September 2010.

population. Presently, 1 in 5 Japanese is over 65 and by 2030 it will be 1 in 3. With senior citizens increasingly living away from family and a nationwide shortage of nursing homes, many are now living alone.[567]

Japan's two-decade economic slump is definitely a contributing factor to all of this. The percentage of the workforce employed in part-time, temporary, and contract work has tripled since 1990, forcing workaholic Japanese businessmen, many of whom never married into a lonely retirement. This present trend will likely to continue into the future as productive society and way of life, have evolved separately in many ways from the rest of the world.[568]

18.3. Japanese Blogging Activity and the Rise of Civil Society

In the United States and United Kingdom using the web to motivate and encourage action is no longer a dream. While America's MoveOn.org is probably the most successful example of web activism, some useful British blogging sites, such as The Virtual Activist, provide an excellent platform for anyone looking to build and promote their cause online.

Japan has several blogging sites at which users can exchange ideas. A good example for this situation is the existence of an English CSR blogging community. This particular English CSR blogging site is part of the Japanese Economy News website and can be accessed at www.japaneconomynews.com. The website is administered by an independent Western freelance journalist, namely Ken Worsley. He is a long time resident of Tokyo and a consultant for a Tokyo-based strategic consulting firm, marketing web-based solutions for various Japanese companies. Mr. Worsley is also co-founder of Trans-Pacific Radio.[569]

During my online research on CSR performance in Japan, I came across the website mentioned above, along with interesting feedback from various users depicting the

---

[567] Justin Nobel, "Japan's Lonely Deaths: A Business Opportunity," *Time Magazine*, 6 April 2010, available from http://www.time.com/time/world/article/0,8599,1976952,00.html?xid=rss-topstories; Internet, accessed 3 September 2010.
[568] Natsuko Fukue, "Neighbors More Than Kin, Face Onus of Keeping Tabs on Seniors," 21 July 2010, *The Japan Times*, available from http://search.japantimes.co.jp/cgi-bin/nn20100721f2.html; Internet, accessed 3 September 2010.
[569] Japan Economy News & Blog, About/Contact, available from http://www.japaneconomynews.com/about/; Internet, accessed 20 February 2008.

reason behind the reluctance of Japanese consumers to sue companies for negligence. The main cause is that, the filing fees for Japanese consumers are much too high because Japanese lawyers cannot work on contingency basis. As a result, the plaintiff has to pay the entire fee up front which in this case is unaffordable for most citizens. To put it simply, it is too expensive to sue and judges barely compensate the plaintiffs even if they win.

The Japanese blogger community is very active but the scope of interest is limited to discussing their personal lives (in the form of personal diaries) and miscellaneous other topics (i.e. what they ate). But this tendency has somewhat changed as more Japanese are becoming critical towards their government and corporations. Journalists have recently taken up the debate over ethics online. These media bloggers are becoming increasingly outspoken in discussion of their profession.[570]

By American standards, this discussion forum might seem pretty harmless, but in a country where maintaining face and politeness are of concern in public discussion forums, sharp criticisms online in which individuals cannot disguise their identities, have sparked a heated debate over Japanese journalism ethics in general. The blogging bloom reached Japan in 2003 and its membership has grown to over 1 million users over the years.

In the U.S. certain blogs have established a reputation for their journalistic expression in articles. Blogging is considered to be the next grass roots phenomenon in the U.S. as more activists can channel their information quicker and efficiently through chat rooms.

Japan, however, has yet to produce a blog site which is widely recognized as real journalism. Most critical journalists, such as Jin Mayama, argue that journalists have taken up the role of PR person for the administration as opposed to social watch dogs for the good of the citizens.[571]

---

[570] Asako Miura and Kiyomi Yamashita, "Psychological and Social Influences on Blog Writing: An Online Survey of Blog Authors in Japan," *Journal of Computer-Mediated Communication* 12 (July 2007): 1453.

[571] Bruce Rutledge and Sunie Kawami, "Media Scandals Stir Up Japanese Blogosphere Discussions on Ethics," *Japan Media Review*, 21 October 2004, available from http://www.ojr.org/japan/internet/1098407663.php; Internet, accessed 23 February 2008.

Does this mean that participatory journalism will never gain a foothold in Japan? There are several reasons why U.S.-style blogging is not successful in Japan, mainly:

1. Japan's political post-war history. The Liberal Democratic Party has almost been always in power and as a result, the Japanese society has little experience with political change. It is difficult for Japanese society to feel the impact of a democratic vote as ordinary citizens have never been involved in a political debate.

2. In the U.S. blogging sites are utilized by users to promote themselves in order to advance their career perspectives. However, in Japan the motivation for users is to unleash their dissatisfaction with their workplace. Consequently, the fear of Japanese employees being detected by their supervisors is high.

In predicting whether participatory journalism will ever be successfully launched in Japan, one must not forget the rise of NGO movements which have gained support from the younger generation. Japanese NGOs have become increasingly active in recent years, and I predict that these institutions will initiate a more active web-based debate in the future. Certain issues will be highlighted and discussed on blogging sites which in turn will generate a wave of discussion. Of course, this outing process will take some time in Japan as the society is in the process of challenging the government's authority.

Mobile really matters in Japan. The nation is famous for its mobile phones and present users are considered to be active bloggers (although passive in nature) as photos taken on cell phones are regularly posted online for viewing. Therefore, the blogosphere will be the next wave of communication in Japan once transparent sites are made available for users to post their concerns without fear and inhibition. Users want to feel safe that when they voice their opinion, they would not be punished or ostracized by other users.

18.4. CSR Performance and Development in Japan

In this section we will analyze the overall performance of CSR in Japan. The data retrieved goes back from 1999 until 2009. Japan has apparently focused more on the environment and reporting aspects of CSR in comparison to its U.S. counterparts which highlights more transparency (corporate governance) and community relations. With the establishment of Socially Responsible Investment (SRI) funds in 1999, the number of eco-fund articles increased significantly but decreased in 2001 as the name SRI funds became a common household name. By comparison, SRI articles began appearing in the 1990s, while CSR articles did not appear at all until 1998.

The idea that companies need to be socially responsible actually started in the 1980s and became widely publicized in the early 1990s following numerous bankruptcies by respectable banks (e.g. Yamaichi Securities and Hokkaido Takushoku Bank). Although slightly different from present CSR concept, the concept of corporate social responsibility itself has existed in Japan prior to the introduction of CSR from overseas.

Although the concept of corporate responsibility originated in the west, similar idea can be traced in traditional Japanese business models. The wealthy so-called Ohmi merchants of the Edo period in Japan (1603-1867), adhered to a principle known as *sampo yoshi*. Literally meaning 'three-way good,' this business ethic demanded that transactions be not only good for the seller and good for the buyer, but also good for the society. As travelling merchants who needed to gain trust in the places they carried out business, the Ohmi merchants strongly believed in social responsibility.[572]

The term corporate social responsibility came into wide spread use in Japan around the turn of the millennium, amid the Enron and Worldcom scandals. Interestingly a survey performed by The Economist in 1999, revealed that being socially responsible had nothing to do with part of cultural heritage of Japanese business. Of the survey respondents with CSR programs, 77% said that their company's decision to adopt CSR was influenced by the fact that it could address the potential risks faced by the company (of the respondents from outside Japan, the most common answer (41%) was that CSR would provide competitive advantage).

Japan is the world leader in both energy and resource efficiency, and also in the number of companies operating environmental management systems and issuing corporate responsibility reports. A survey conducted by KPMG in 2007 reinforced this idea. The survey revealed that Japanese companies were the most likely to produce reports with 72% of top companies doing so. KPMG suggests this is because of guidelines on

---

[572] Judit Kawaguchi, "Asahi Breweries Advisor Takanori Nakajo", *Japan Times Online*, 27 August 2009, avaialable from http://search.japantimes.co.jp/cgi-bin/fl20090924jk.html; Internet, accessed 28 July 2010.

environmental reporting and environmental performance indicators issued by the Japanese Ministry of Environment.

In February 2009, the Japan Foundation released a study – *An Investigation of Companies with World-Leading CSR Practices* – which attempted to delve into the actual substance of corporate social responsibility practices. The survey analyzed the quality of the programmes for 103 top companies with good disclosure practice. The framework is based on the traditional Ohmi merchant philosophy of “sampo yoshi.”

For each of these stakeholders, buyer, seller, and community, sixteen factors were evaluated on a scale from one to five. The study also surveyed members of the general public with an interest in corporate social responsibility on how important they believed each element to be, and utilized the score as a so-called weighting. Thus, the ranking reflects the levels of disclosure and activities, as well as public interest.

The highly ranked companies, such as Sekisui House (housing), Denso (cars) and Sapporo Beer (drinks), were found to share some common traits. CSR is recognized and integrated at each level of the organization into daily operations. In addition, progress is being made with firm commitments and actions from bottom-up.

The survey also clarified the difference in levels at which each corporate social responsibility issue is dealt with among leading companies. Most companies are active and making progress in CO2 reductions, development of environmental management systems, moving towards zero emissions and making charitable donations. Progress levels differ in disabled employment matters, health and safety issues, employee support and improving work-life balance (paid leave, child-raising, and elderly care).

What can we extract from this survey? Major Japanese multinational corporations are making an effort in instituting CSR practices in their management practices but unfortunately, traditional business models often have the upper hand and saying. It is difficult to evaluate the overall CSR of a large company, however, it is more feasible to evaluate on a project by project basis.

Additionally the survey also mentions two issues which need to be addressed by all segments of Japanese corporations (whether small medium enterprises (SMEs) or large multinational corporation), namely governance and social issues, especially human rights matters in the global supply chains. Another persisting issue which arises from shrinking Japanese population is workforce diversity (especially women and elderly/retired employees).

According to the Economist Survey conducted in 1999, problems mentioned above have been persistent due to traditional Japanese business culture. Japanese executives are reluctant to permit external parties – whether they are investors, non-government organizations (NGOs) or women – affect their position or the inner workings of their company. It is worthwhile mentioning that corporate mission, vision, values and internal standards ranked first with 84% as opposed to corporate governance with only 75% which placed this matter on the second place.[573]

A more recent survey performed by Ethical Investment Research Services (EIRIS) in 2007 also address that diversity is not well accepted in the Japanese society (only 2.96%). Many researchers have suggested eliminating questions on diversity because they did not apply to Japanese culture. The Japanese proverb a nail that sticks out will be hammered down best describes the prevalent attitude.[574]

What is interesting to mention is the prevailing idea of the Japanese to naively think that human nature is good. Strong governance means discipline and better management, which is ultimately good for society. But there is a lack of understanding as to the value of governance.

18.4.1. The Role of NGOs in Promoting CSR Practices

According to Edelman Trust Barometer Survey 2010, only 57% percent of the Japanese society trusts the private sector to do what is right. This is a decrease in sum as compared to 63% posted for 2009.[575] The aspect of trust is a fragile issue due to short term actions performed by companies which eventually resulted in worldwide financial

---

[573] Graham Davis, "Japan Behind US, in Adopting CSR," *EIU Media Directory*, 18 July 2005, available from http://www.eiuresources.com/mediadir/default.asp?PR=370001837; Internet, accessed 17 September 2010.
[574] CAPS Reserach Japan and NPO ISM, Inc. The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies (Tempe: CAPS Research, 2007),p. 30, available from http://www.capsresearch.org/pdfs-public/capsjapan2007es.pdf;Internet, accessed 17 September 2010.
[575] Edelmann.co.uk, Edelmann Trust Barometer 2010, p. 4, available from http://www.edelman.co.uk/trustbarometer/files/edelan-trust-barometer-2010.pdf; Internet, accessed 28 July 2010.

crises. This idea is once again reinforced by 49% Japanese who believed that once after the recession is over it is business as usual again. On the contrary, this pessimistic outlook is not shared by the Germans who displayed more confidence with 78%.[576]

The NGO sector in Japan is relatively underdeveloped and business associations tend to be conservative. There are some signs of this changing, but the long-term effects on corporate behaviour of a shift to a more progressive activist sector are not yet clear. There are no large and influential Japanese NGOs which can correspond to western standards. This situation can be best explained by the fact that the Japanese culture does not have a culture of donations when it comes to community-based NGOs. A local NGO executive even pointed out that NGOs with lobbying power are virtually non-existent in Japan, with just a few exceptions such as Peace Wins and Japanese NGO Center for International Cooperation (Janic).

The role of NGOs in Japan has been low key. There have been numerous attempts in the past for NGOs to confront businesses, but with very little success. One famous example is the campaign by Greenpeace Japan in the late 1990s about the use of CFCs in refrigerators. Greenpeace first confronted and the collaborated with Panasonic (then Matsuhita Electric) to bring non-CFC refrigerators and started selling them, with other companies following suit. Unfortunately, this remains a rare example of NGO-corporate collaboration in Japan. This is partly to do with the nature of Japanese culture to avoid confrontation. When an NGO engage a company, the company feels attacked and just shuts itself off.

From a westerner's perspective, activism seems to be much milder in Japan, there are no activists chaining themselves to a tree or a nuclear power plant. But this does not mean that Japanese NGOs and civil society will have a limited role in the future. As a matter of fact, there are some areas where Japanese civil society may have an edge, especially when it comes to the non-confrontational engagement approach. For instance, the Earth Day movement is gaining popularity in Japan. The number of participants attending this yearly event has reached the landmark of 100,000 visitors and is therefore

---

[576] Ibid. p.2.

considered to be one of the largest events of its kind in the world.[577] The Candle Light Movement, a pioneering version of Earth Hour where people turn off the electricity and enjoy the night with candles at the summer and winter solstices, has also become a mainstream movement. Each year, more NGOs and corporations participate in these events. The events are entirely non-confrontational, and everybody can support a cause as well as have fun.[578]

There are also established networks of sustainability-minded professionals. In Tokyo alone, there are hundreds of smaller green business learning and networking events such as the Green Leaders Forum at the British Council, Green Drinks Tokyo and Green Mondays.[579] Each event may have up to 100 people and interest is very high, especially for young entrepreneurs, business people and students. Collaboration between NGOs and companies continues to progress, although relatively slowly, supported by rising social and environmental awareness. This is being helped by recognition of international and social product labels such as those of the Forest Stewardship Council (FSC). The Marine Stewardship Council (MSC) is also starting to be recognized among general consumers. Aeon, one of the largest supermarkets in Japan, now promotes MSC certified fish products.[580]

Despite these non-confrontational events and collaborative projects, progressive CSR managers are still somewhat frustrated with the lack of pressure from civil society and consumers. According to a 2008 survey performed by the Hakuhodo Institute of Life and Living on environmental lifestyles in eight world cities, 88% of Tokyo residents noticed an increasing risk of climate changes. Nevertheless, only 47% actually purchase products from companies who practice CSR and are environmentally friendly. This

---

[577] Kazuaki Nagata, "Earth Day Tokyo Spreads, Celebrates 'Green' Issues," *The Japan Times*, 18 April 2010, available from http://search.japantimes.co.jp/cgi-bin/nn20100418b1.html; Internet, accessed 9 October 2010.
[578]Junko Edahiro and Yuko Kishikami, "Newsletter: 2008 Summer Solstice Marks Candle Night's Fifth Anniversary of Sending A Message to the World," *Japan for Sustainability Newsletter*, 31 May 2008, available from http://www.japanfs.org/en/mailmagazine/newsletter/pages/027849.html; Internet, accessed 9 October 2010.
[579] Alena Eckelmann, "Going Green in Japan," *International Business Times*, 5 October 2010, available from http://au.ibtimes.com/articles/68428/20101005/going-green-in-japan.htm; Internet, accessed 10 October 2010.
[580] Jill Marshall, "Can Eco-Friendly Fish Be Big in Japan?" *BBC World News*, 26 February 2010, available from http://news.bbc.co.uk/2/hi/business/8534166.stm; Internet, accessed 10 October 2010.

figure is the lowest among the cities which include London and Moscow. It can be said that Japanese ethical consumer is rather weak.[581]

A positive development is that in February 2010, Japan's prime minister Yukio Hatoyama announced the government would consider ways to support individual donations to NGOs by making them tax deductible. There is also an initiative to revamp the present companies' act, where the board of directors is exclusively responsible to specific shareholders as opposed to various stakeholders. This would make a difference and bring the duties of directors similar to those in the western corporations, for instance, where the primary responsibility is also to shareholders, but importantly, there is also a duty to consider other stakeholders.[582]

There are also signs of change from business associations. For traditional business associations, such as Keidanren (Japan Federation of Economic Organizations), progress is slow, however. This is because as many companies in these associations work to come to a consensus, there is a tendency to agree only the so-called the lowest common denominator. The primary role of these associations have played is to raise minimum standards, such as through promoting environmental management systems and communications. Recently, there have been movements to establish new types of business associations such as the Japan Climate Leaders' Partnership (Japan-CLP) and Alterna Business Community (ABC). Japan-CLP is a business network established in 2009 by a few leading companies, including Ricoh, Aeon and Bank of Tokyo-Mitsubishi UFJ, for the purpose of leading the transition and to promote strategic initiatives towards a low-carbon sustainable economy.[583]

ABC is just being launched with a vision to be an 'alternative Keidanren.' According to Setsuo Mori, its founder, the association has approximately 100 member companies including regional SMEs and will focus on creating proposals within the next two to

---

[581] Chien Nishio and Yukiko Oono, News: Survey of Concern About the Environment in 15 Cities in Emerging Markets, *Hakuhodo Institute of Life and Living*, 14 January 2010, 3, available from http://www.hakuhodo.jp/pdf/2010/20100114.pdf; Internet, accessed 13 October 2010.

[582] Jürgen Kahl, *Länderanalyse: Japan zwischen Reformverdrossenheit und Veränderungsdrück* (Berlin: Friderich Ebert Stiftung, 2008), 6-7.

[583] Japan Climate Leaders' Partnership, *About Us*, available from http://japan-clp.jp/en/about_us/about_japan_clp.html; Internet, accessed 12 October 2010.

three years. Although still in their infancy, these organizations represent progressive companies that are raising the bar.[584]

There are also signs of change from established professional organizations such as the Japanese Institute of Certified Public Accountants. In May 2009, the institute issued a basic policy on sustainability which encompasses transparency for disclosing corporate sustainability information, increasing credibility in sustainability information, and supporting sustainability policies through cap-and-trade policies and utilising market mechanism. The policy is designed to guide the institute and public accountants in their profession.[585]

18.4.2. Public Concerns

But the problem of getting all sectors of the Japanese public on same side and energized about sustainability issues remains. In a cosmopolitan and congested city like Tokyo, people are less likely to be receptive toward environmental issues and be more defensive when their life styles and convenience are at stake. This type of attitude is often reflected or transcends in the consuming patterns of most city dwellers. But as the global civil society develops, this trend will change. As traditional organizations and social models prove to be ineffective, there are traces of small changes coming from various sections of society. This is a challenge for each individual to establish an active civil sector whether it be through activism, non-confrontational events or co-operations.

Most business people in Japan have come to comprehend that the essence of CSR is based on the nature of management, and practical activities towards its implementation have been pushed forward in recent years. However, there are significant differences in how CSR is understood in each industry as well as in each company. Some companies perceive CSR as being almost equivalent to philanthropic activity, and others take the view that its core business activity itself can be of help in society, so there is no need to do more CSR activity. Some Japanese researchers believe that CSR activity is connected directly to the promotion of the corporate brand.

---

[584] Sanford Jacoby, "Japan's Alternative Economics," *Le Monde Diplomatique*, 6 June 2006, available from http://mondediplo.com/2006/06/06japan; Internet, accessed 11 October 2010.

[585] Japan for Sustainability, *Japanese Accountants Propose that Companies Disclose Climate Impacts to Investors*, 8 October 2009, available from http://www.japanfs.org/en/pages/029237.html; Internet, accessed 11 October 2010.

Some examples of the misunderstanding of CSR can be drawn from the construction and financial industries in Japan, which are both considered to have been slow in tackling CSR issues. Research performed in 2006 by both the Construction Industry Information Center and the Research Institute of Construction and Economy on the understanding of CSR in the Japanese construction industry depict the following outcome. The majority, 65.7% of the response chose ‘a good quality of construction’ as the best option describing the most important element of CSR within their industry. Another 8.9% chose tax payment, 6.5% chose community contribution and 4.3% the creation and retention of employment. In response to a question on their commitment to CSR, the number of companies answering “we have already tackled it’ reached 62.4%. A sum of 66.1% also responded that their most essential stakeholder was the outsourcer and customer. Asked for their reasons for tackling CSR issues, 85% answered that ‘it is a duty for a company.” This reflects the construction industry understands CSR as being equivalent to the core business itself. This, in turn, depicts that the industry has not come to comprehend what is being questioned regarding actual meaning of CSR, such as the process in which building are constructed and how management is held accountable.

For financial institutions, the CSR Survey of Japanese Financial Institution performed by *Kinyu-cho* (Financial Services Agency of the Japanese Government) in March 2006 provides some useful feedback. In depositary financial institutions, 78.1% of the total number of respondents answered they were implementing CSR as an important issue. In terms of the concrete areas on which their measures focused, the ranking was as follow (with the percentages given in parenthesis for the categories of major and local banks respectively): (1) community contribution, 32.7% (major, 9.4%; local 34.6%); (2) social contribution 27.9% (major, 33.9%; local, 25.4%); and (3) environmental preservation 15.1% (major, 22%; local, 21.4%). In terms of the reasons behind their decisions to implement CSR management, answers citing the coexistence and co-prosperity with community took first place at 80.1% (major, 27.1%; local, 90.8%), with only 7.1% (major, 18.8%; local, 2.8%) referring to the public nature of their business activities. For depositary financial institutions, then, it appears that CSR is regarded as a philanthropic activity and assistance to environmental preservation, and is not regarded as being a management issue.[586]

It is worth noting, the present discussion on the concepts of CSR differs from those formerly demanded from Japanese corporations in the 1960s-80s. The social responsibility to which a corporation would have been held previously was, fundamentally, to maintain its employment and to distribute its business results fairly as it could to its core stakeholders.

18.5. Outlook of CSR

A critical aspect lies in the commitment from the government as well as business to maintain the livelihood of CSR. We can breakdown the perspective of CSR into two categories, namely: positive and pessimist outlook.

A CSR pessimist will probably predict the following outlook:

- CSR is a quick fix against crisis and once the system is in place, the company losses interest in prolonging or improving its CSR performance.
- CSR will become too prescriptive and get labelled as needless red tape increasing the cost of business.
- Pressure on companies to cater to shareholders at the expense of all other stakeholders will continue if not increase; the imbalance of power will not change unless the membership on company boards alters to include stakeholder interests or until government legislation is enacted.
- Increasing inconsistencies between corporate actions and stated CSR commitments, have led companies to be critical in revealing their actual performance.
- Really substantive issues will not be addressed by CSR; we will come to a point where we can say there have been great improvements, but what is really changing?

---

[586] K.Tanimoto, "Structural Change in Corporate Society and CSR in Japan," in *Corporate Social Responsibility in Asia*, ed. Kyoko Fukukawa (Oxon: Routledge, 2010), 49.

- CSR will not be on the public's radar screen and there will not be any clarity around what CSR is and why it is important.

- The business case will not be clear enough for companies to take up en masse, unless it is legislated or there are other incentives.

- Most companies will hold back waiting for the business case to develop however, there may never be satisfied by the evidence of the business case and may use this as an excuse for inaction.

CSR optimists believe that the pessimists are only looking at the gap between where we are and where we need to be, without acknowledging that mindset change time and recognizing that the slow incorporation of these ideas is underway in business. They believe that the disillusionment is a function of the hope for too much too quickly.

CSR optimists believe that:

- In the future a significant number of companies will be convinced it is in their strategic interest to incorporate CSR substantively into their operations.

- There is a crisis in industrial capitalism, which lacks trust and social responsibility, and within this we will see a rethinking of the role companies should play in society.

- CSR is at a crossroads, in a time of real discontinuity, enormously in flux. We are in the very early stages of transition with cracks in the foundation of business such as Enron, WorldCom, WTO protests, sustainable forestry, and 9/11. These are little tremors before the big earthquake – we will see bigger and deeper cracks; there will be more shocks similar to 9/11 environmentally and socially – this will drive CSR in substantial and unpredictable ways in the future.

- High profile stumbles will continue to drive CSR.

- The crisis in global markets is broadening the discussion of accountability and transparency – in this climate there is more openness to CSR ideas. CSR will be seen as good corporate governance.

- There will be pressure through competition for better CSR performance – this will impact on suppliers to adhere to international standards.

- A small group of companies will be moving ahead quickly.

- There will be differentiation between different models and levels of CSR as a result of continuous improvement and quality assurance.

- CSR will advance, but it will advance inconsistently across sectors, depending on a company's economic performance, economic downturns, competitiveness of the market, etc.

- Underlying structural drivers will impact large scale companies, such as the value of knowledge workers and other intangible assets, driving companies to take different issues into account.

- Increasingly businesses will see CSR as resulting in increased competitiveness and profitability.

- The cynical corporations are dinosaurs and will be swept aside, though not in 10 years; change will be there, but it will not be dramatic.

- CSR is part of a search for a new social contract between business and society. This new social contract will not necessarily be through the creation of a set of rules, but through a new set of norms arrived at through experimentation.

In spite of the difference in views of social impact and degrees of corporate commitment, the majority of the optimists and the pessimists agreed that 5-10 years from now CSR will nonetheless become increasingly main stream within business, even if not within the public consciousness. CSR tools, resources, language – all will become more aligned with business norms and systems. CSR standards – to greater or lesser effect – will be part of business basics and not an add-on.

Most of this speculation points towards a continually slow progress in increasing the integration of CSR values into the corporate sector, with varying levels of commitment and impact within the 5-10 year time frame.[587]

18.6. Development of CSR in Japan and Germany.

As both nations have a similar historical development from an authoritarian and monarchy system, to a state-welfare and democratic nation after World War II, it would be interesting to track how far CSR has affected economic and social policies in Germany and Japan. Both nations have placed sustainability, socially responsible investment, and corporate governance as their core contribution for acting responsible towards an aging society. Japan and Germany have been actively developing environmentally friendly technology since the 1970s after the world's oil crisis. Both nations realized that natural resources are depleting and an alternative source of energy must be made available for the future generation. Solar and wind energy as well as, hybrid cars are potential goods for a greener world.

The difference in both countries' CSR motives lies in the cultural and social, and religious aspect. Japan is based on Shinto and Confucianism. In Japan fair trade is based on two embedded concepts, which are: *shobaido* ("the way of doing business") and *shonido* ("the way of the merchant"). The teachings of Confucius reinforce these two ideas in that a good merchant must "repay his indebtedness" to his community by providing welfare and employment. The concept of Japanese lifetime employment has its origin from these two concepts. CSR has always been around in Japan but has a different touch and name to it.

On the other hand, Germany's tradition of Christianity influences the existence of CSR. The church and its alms has its track in the establishment of CSR in that a good citizen ought to give some of his wealth back to the poor (or community).

In terms of their CSR performance, both countries are faced with a need for a major face lift in present rules and regulations in order to avoid future scandals, such as: food scandals, financial embezzlements, and tax evasions. The citizens in their countries

---

[587] Jane Collier and Rafael Esteban, "Corporate Social Responsibility and Employee Commitment," *Business Ethics: A European Review* 16 (January 2007): 25.

have become vocal in expressing their concerns about their welfare by staging protests through trade unions and tackling open-ended issues (e.g. low birth rate and female employment, high labour cost for factories operating in these countries) that lacked attention by their governments.

An appropriate example for the rising civil society movement in Germany as well as Japan, is the Occupy Wall Street Movement which commenced on September 17, 2011 in Liberty Square in Manhattan's Financial district and has spread over to more than one hundred U.S. cities and in over 1,500 cities worldwide. In Tokyo, approximately 200 people participated in the demonstration. Occupy Wall Street Movement is a people-powered movement which demonstrates against the abusive power of multinational corporations and financial institutions that generated a global economic collapse or recession in 2008.[588]

---

[588] Faz.Net, "Occupy Wall Street. Die Protestwelle Erfasst Alle Kontinente," *Frankfurter Allgemeine Zeitung*, 15 October 2011, available from http://www.faz.net/aktuell/politik/occupy-wall-street-die-protestwelle-erfasst-alle-kontinente-11494116.html#Drucken; Internet, accessed 9 June 2012.

19. Author's Final Remarks

Despite negative publicity surrounding the motive and goal of CSR performed by corporations, I view CSR as a voluntary moral commitment on the part of the business world. Multinational corporations (or MNCs) are social actors and their economic actions are embedded in concrete social actions. Consequently, the perspective of CSR and the resulting behavioural change are often products of the corporation's interactions with other external stakeholders.

For opponents of CSR the idea that corporations can operate morally may seem to be absurd, considering their financial earnings and leveraging power. Consider the following data. According to the 2006 World Investment Report published by the United Nations Conference on Trade and Development (UNCTAD), the combined assets of the world's 100 largest multinational corporations is estimated at a total of USD$14 trillion and employing approximately 62 million workers worldwide. Not to be ignored is the rapidly growing number of affiliates and parent companies registered, which is currently recorded at 77,000 parent companies with over 770,000 foreign affiliates.[589]

Another argument which supports the theory that CSR is merely a public relations manoeuvre is Friedman's perception on the role of a company. Friedman argued that corporate managers are inappropriate CSR agents because managers have the responsibility to maximize stakeholders' investment and are self-interested *homo economicus*. In other words, Friedman saw the danger of managers misusing shareholders' funds in the name of CSR for the enhancement of their own personal social status. Moreover, he did not perceive corporate managers as having adequate skills and knowledge to tackle effectively social issues.

Nevertheless, we should not forget that corporations are not isolated from their communities in which they operate. Survival of a corporation is affected not only by shareholders, but also various other stakeholders such as employees, governments, and

---

[589] United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2006* (New York and Geneva: United Nations, 2006), xviii, available from http://www.unctad.org/en/docs/wir2006_en.pdf; Internet, accessed 8 March 2008.

customers. Perhaps the most challenging issues in the discussion of shifting responsibilities from state and government to private sector or business enterprise are: unemployment and social security, environmental improvement, and urban regeneration due to low birth rates in developing countries. Governments have recently delegated services and initiatives to third party sectors or non-government organizations as well as businesses due to immense financial burdens. A good example for this case is Germany's Riester Rente in which citizens can set aside a percentage of their income (tax deductible) for their retirement. The German government is not able to uphold present retirement status for its citizens in the future due to the low birth rate.

Due to the shift of responsibility from state to private, we are now faced with an interesting constellation of NGOs, corporations, and governments. The main issue here is namely the degree of power among these three parties mentioned above. Activists and NGOs maybe the weakest in terms of financial resources but, should not be underestimated for their ability to mobilize society to boycott or protest against corporation whom they see as acting irresponsibly. Activists are by nature political animals. They are socially and culturally aware and have no trouble in outflanking unthinking corporate managers.[590]

In addition, NGOs and activists have become adept in the communication of risks. Whether through direct action, letter drops, email attacks, staged confrontations, legal challenges, or lobbying politicians, they are able to gain maximum exposure for their cause in various media. The media, then, are used as the primary amplifiers of the real or perceived risks. The ripple effects of amplification travel fast across boundaries and worldwide stigmatising companies with a further potential to taint entire industry sectors.

Marketing and public relations professionals have traditionally been employed to help nurture corporate reputations. While these individuals are exceedingly good at mounting slick advertising campaigns, undertaking valuable market research, and building brand equity, their comprehension of social forces is lacking. There has been an ongoing criticism of their lack of sensitivity to race and gender issues, as well as their approach

---

[590] Terry O'Callaghan, "Disciplining Multinational Enterprises: The Regulatory Power of Reputation Risk," *Global Society* 21 (January 2007): 114-115.

to environmental issues. To be an effective communicator, one needs to address the issues sensitively, coherently and factually. Journalists are prone to write negative articles if their inquiries are not promptly answered and replies are poorly formulated (with grammatical errors) and written. In other words, well-presented personal communiqués that are honest, well-researched and targeted are the first step in avoiding a corporate crisis.[591]

Journalists act as a lens of interpretation and filter news stories to the public. The processes and means by which this is performed are subjective and prone to personal or political bias. The orientations reflect the fact there are a variety of lenses journalists use to filter in or filter out stories. This statement suggests that the CSR story is open to misreporting and misinterpretation performed journalists due to the changing shape and form of CSR and inconsistent organizational communication. One should always keep in mind that negative publicity generates more readers because of the sensation and curiosity aspects. People are more alert toward negative headlines.

Corporations contribute finance and managerial expertise. NGO give localized know-how, popular support, and publicity. Outcomes differ as they do in a patron-clients pact: enhanced reputation or brand image for corporations, collective improvements to communities and environments or gains in human welfare for NGOs. The old feud between more powerful party (in terms of cash and resources) exercising overall power over the subordinate must be effectively channelled so that subordinates are granted some authority to make decisions (in other words empowerment facilitated by patron-client ties).

Most NGOs rely on corporate donations for their survival. Corporations need NGOs to assist them in building effective community relations and to enhance their corporate image and reputation. The logic of patronage limits engagements to select causes and usually, bilateral relations with relevant NGOs are more consistent with the new contours of markets, state and civil society. However, like other patron-client relationships, partnerships are not mere outlets for corporate power and interests for they both facilitate the exercise of a dominant power and obligate businesses to provide

---

[591] Ralph Tech, Ryan Bowd and Brian Jones, "Perceptions and Perspectives: Corporate Social Responsibility and the Media," *Journal of Communication Management* 11 (2007): 368.

particularistic but tangible gains for their clients. Indeed, beyond these bilateral relationships, broader civil society and environmental gains, through product certification and corporate codes of conduct, have been claimed for wider corporate-NGO coalitions with multiple members.

Globalization may provide companies with a degree of operational freedom but it has also created a new set of norms of behaviour in areas such as environment, human rights, and labour conditions. Corporations are not immune from these developing norms and are moderating their behaviour accordingly. The question posed by academics and NGOs is whether these rules and regulations ought to be regulated and enforced as opposed to voluntary adherence. Most social institutions and corporations opt for voluntary self-regulation in terms of CSR standards and norms. Corporate self-regulation can be defined as the voluntary adherence by a corporation to a set of objective rules, norms, or standards. These regulations can be institutionally derived, such as adherence to the ISO 14000 environmental management standard. These standards can be developed by industries, such as the Chemical Manufacturers Association's Responsible Care Programme, or they can derive from an individual's company philosophy. In each case, corporate self-regulation means acceptance and continuing monitoring if it is to be meaningful.

In terms of corporate self-regulations, there are two distinctions, namely: weak self-regulations and strong self-regulation. The effect of these two types can be determined when it comes to implementation and creation of new standards. Companies with weak self-regulation will only follow the flow as opposed to creating new standards which are uniquely tailored to their goals and cultures. As a result, these companies are likely to come into conflict with governments and NGOs because of their inconsistent behaviours.

Much research indicates that corporations are starting to set higher standards than are required by national governments. This situation is very much true for the automotive industry, despite accusations made by activist groups that car manufacturers are still producing cars with more horse power and higher fuel consumptions. Automotive manufacturers have abandoned anti-environmental groups and invested heavily in ways of lessening CO2 emission, e.g. Toyota *Prius* and Ford.

In many ways I do agree with CSR Europe (a non-profit organization representing European corporate interests) when it advocates for an unregulated CSR standard so that flexibility and diversity of European corporate culture can be sustained. Heavily regulated environment often leads to more bureaucracy and as a consequence, a slower implementation rate. Too much government intervention often hampers creativity in terms of devising new approaches to instituting CSR on a unique basis. State monitoring activities can be beneficial in preventing terrorism but they can also violate freedom of speech. Globalization provides companies with the opportunity to learn from mistakes as well as to exchange ideas with other stakeholders (also from national governments).

The challenge for businesses should therefore be to understand how CSR is socially constructed in a specific context (e.g. culturally) and how to take this into account when business strategies are developed. For instance, in Japan the concept of CSR has long been integrated into the Confucianism context but has only been labelled differently. Based on the three corporate examples, minimal difference is found between U.S. companies and Japanese companies in their implementation and strategy.

CSR should not be considered as a marketing ploy or public relations tactic but as a commitment on behalf of corporations to behave socially towards the communities in which they operate. CSR is a hidden asset which must be developed in order to gain a fruitful return of investment.

APPENDICES

1. Comparison of Internal Communication in Japanese and American Corporations

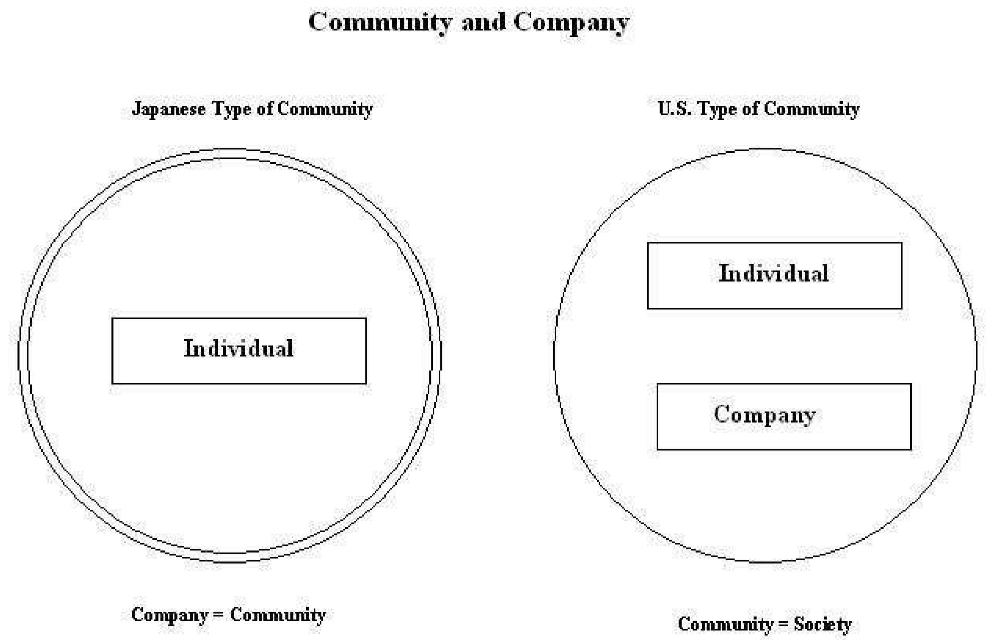
Table 1: Comparison of Internal Communication in Japanese and American Corporations

Japan	**America**
Purpose of communication to transmit information and provide emotional message	Purpose of communication to transmit information
Strong system of informal communication	Strong system of formal communication
Strong upward communication	Strong downward communication
Strong horizontal communication	Weak horizontal communication
Nonverbal communication an important part of message	Nonverbal communication almost totally ignored
Prefer indirect communication	Prefer direct communication
Strong group nurturing system of decision- making by consensus	Nurturing of individuals
Meetings frequent and long	Fewer and shorter meetings
Prefer compromise and conciliation at meetings	Invite confrontation at meetings
Communication shorthand established by long-term associations	High mobility of employees eliminates communication shorthand
Communication by personal contact	Communication by paperwork

Source: William V. Rauch, *Corporate Communications. A Comparison of Japanese and American Practices* (Westport: Quorum Books, 1984), 235.

2. Relationship between Community and Company

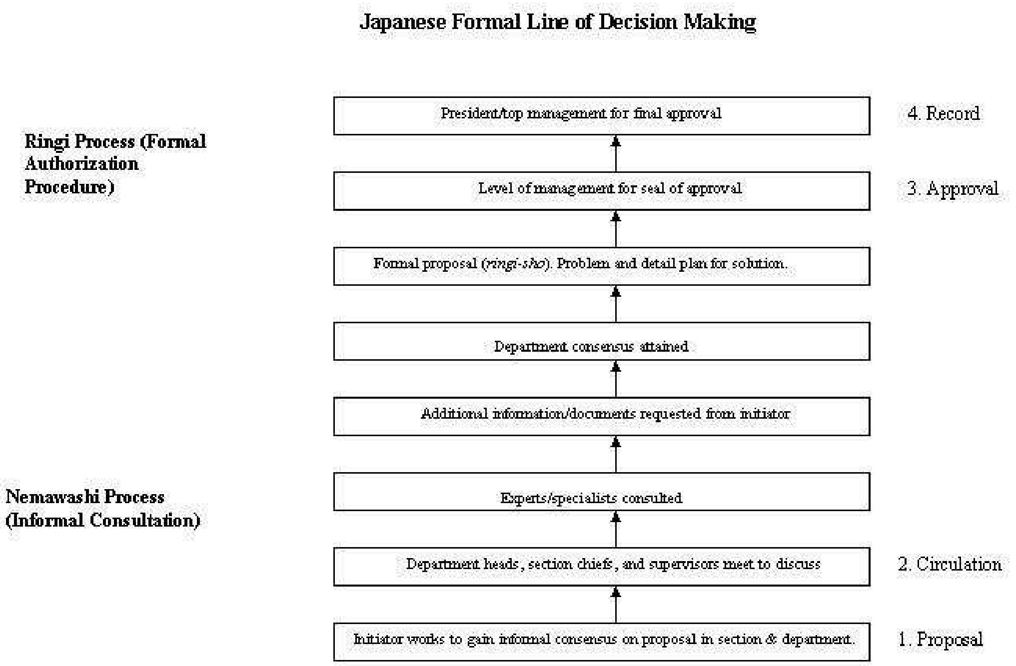
Table 2: Relationship between Community and Company



Source: Kyoko Fukukawa and Jeremy Moon, "Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting," Working Paper No. 03/10, May 2003, (Bradford University School of Management, 2003), 5, available from http://www.brad.ac.uk/acad/ management/external/pdf/workingpapers/2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

3. Japanese Formal Line of Decision Making (Ringi)

Table 3: Japanese Formal Line of Decision Making (*Ringi*)



Source: Helen Deresky, International Management: Managing Across Borders and Cultures (New York: Harpers Collins College Publishers, 1996), 178.

4. CSR Reporting in Japan

CSR has spread rapidly in Japan over the past two years. Socially responsible investment (SRI), the investment and financing facet of CSR, was already in use when eco-funds (investment funds that invest in environment friendly companies) first appeared in 1999.

The number of eco-fund articles increased sharply in 1999 when eco-funds entered the market, but decreased from 2001 as the name became commonplace (refer to figure Number of CSR Articles in Four Major Nikkei Newspapers). By comparison, SRI articles began appearing in the 1990s, while CSR articles did not appear at all until 1998.

However, the concept that companies need to be socially responsible actually started appearing regularly in the 1980s, and became widely discussed in the early 1990s following the string of high profile bankruptcies such as Yamaichi Securities and Hokkaido Takushoku Bank. Thus although slightly different from today's CSR concept, the concept of corporate social responsibility itself had existed in Japan prior to the recent introduction from abroad.

Recently, a wide variety of entities have been organizing study groups, seminars and symposiums on the CSR theme. For instance, the Japan Management Association (during its sixtieth anniversary symposium on environmental management and CSR) and the Network for Environmental Reporting (NER) focused on CSR at its fifth anniversary symposium. Moreover, the Global Reporting Initiative Forum Japan (GRI) has set up a study group on CSR. In fiscal year 2002, the Sustainable Management Forum of Japan, implemented an environmental management rating system based on CSR.[592]

Table 4: Number of CSR Articles in Four Major Nikkei Newspapers

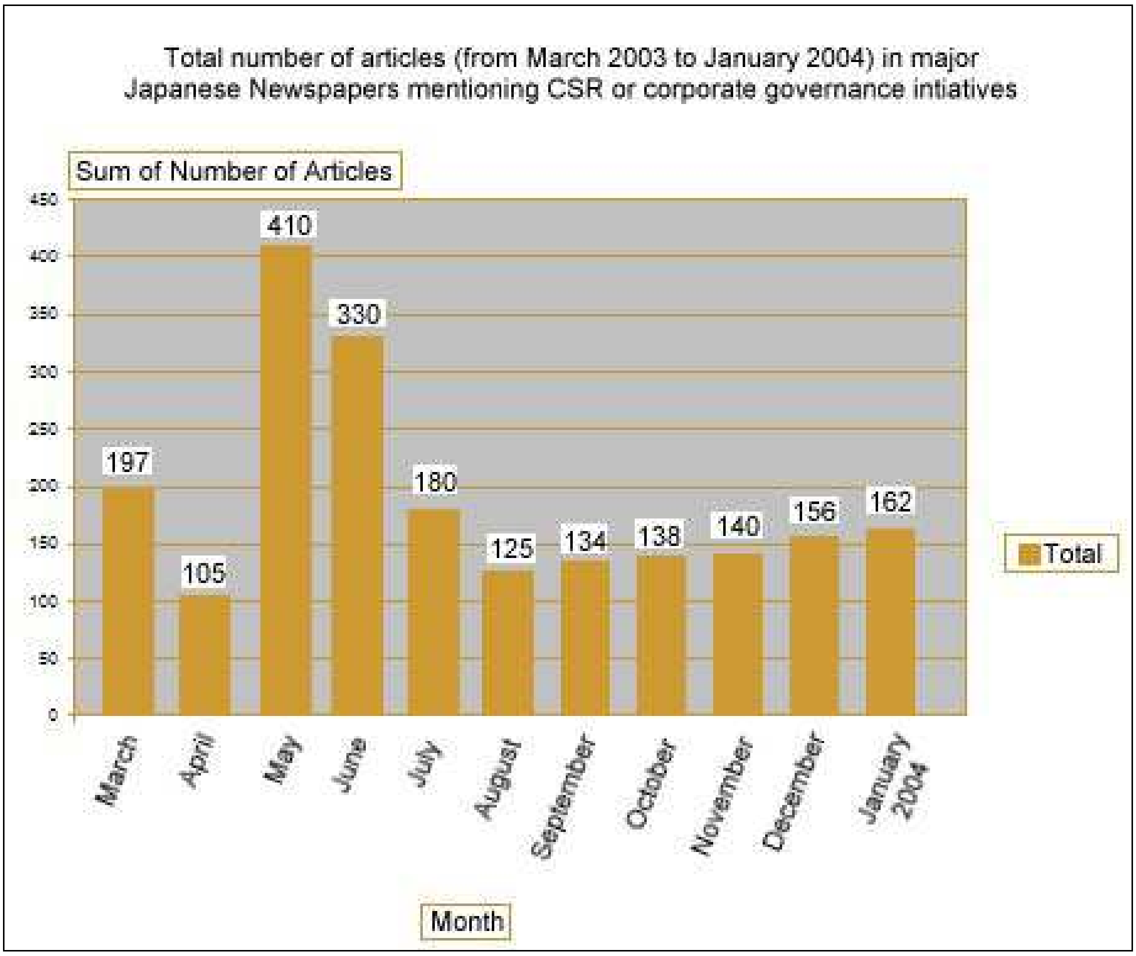
Year	Eco-fund	SRI	CSR	Concept of corporate social responsibility
2003	9	31	25	32
2002	17	45	20	38
2001	43	25	17	22
2000	85	6	8	20
1999	82	10	3	18
1998	3	2	0	13
1997	0	1	0	32
1996	0	0	0	21
1990～95	0	10	0	269
～1989	0	0	0	193

Note: For 2003, shows count through May.
Source: Compiled from *Nikkei Telecom 21* database.

Source: Masahiko Kawanura, "Japanese Companies Launch New Era of CSR Management in 2003," *NLI Research*, 6 August 2003, p.1-2, available from http://www.nli-research.co.jp/eng/resea/life/li030806.pdf; Internet, accessed 27 February 2005.

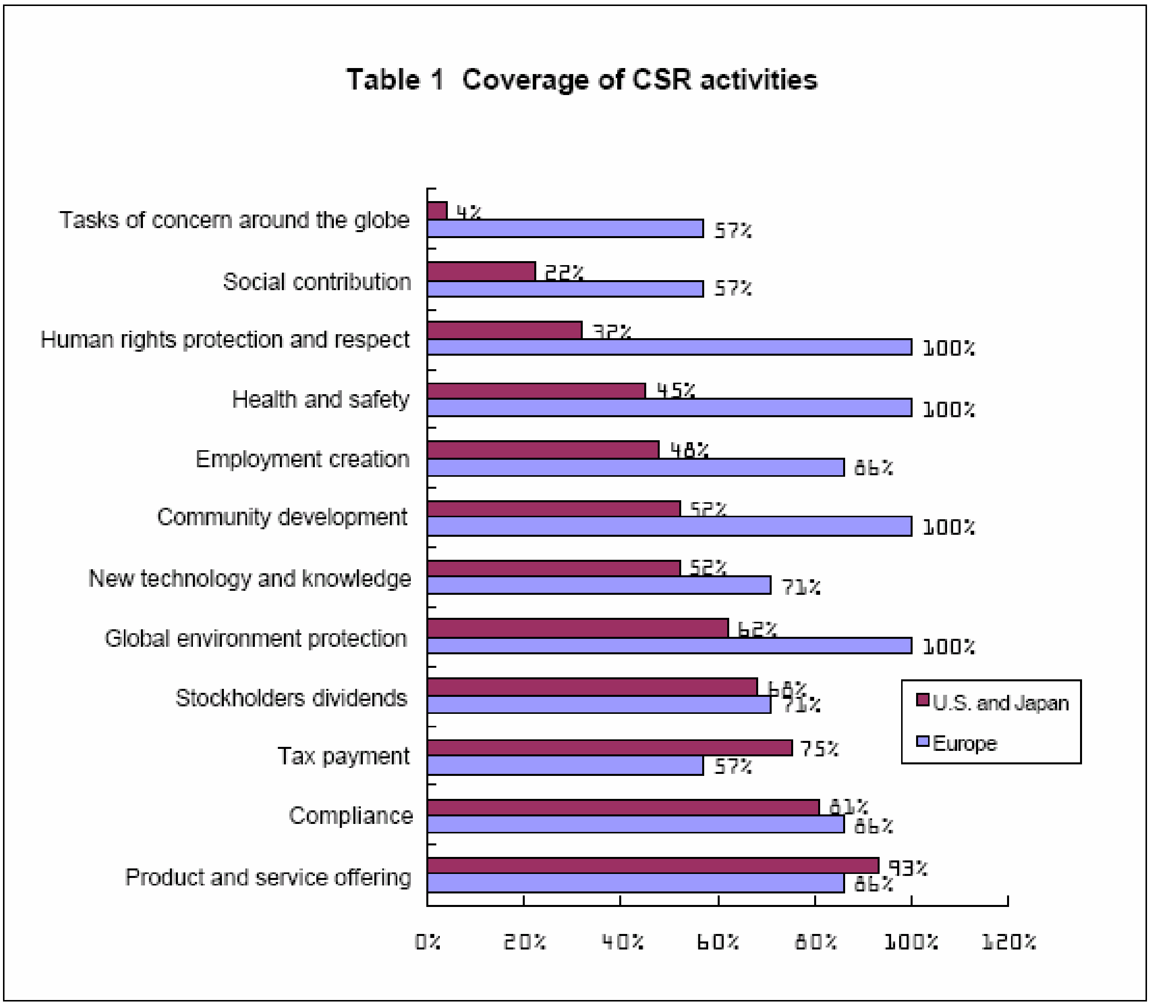
592 Masahiko Kawanura, "Japanese Conpanies Launch New Era of CSR Management in 2003," *NLI Research*, 6 August 2003, p.1-2, available from http://www.nli-research.co.jp/eng/resea/life/li030806.pdf; Internet, accessed 27 February 2005.

Table 5: Total Number of Articles in Major Japanese Newspapers



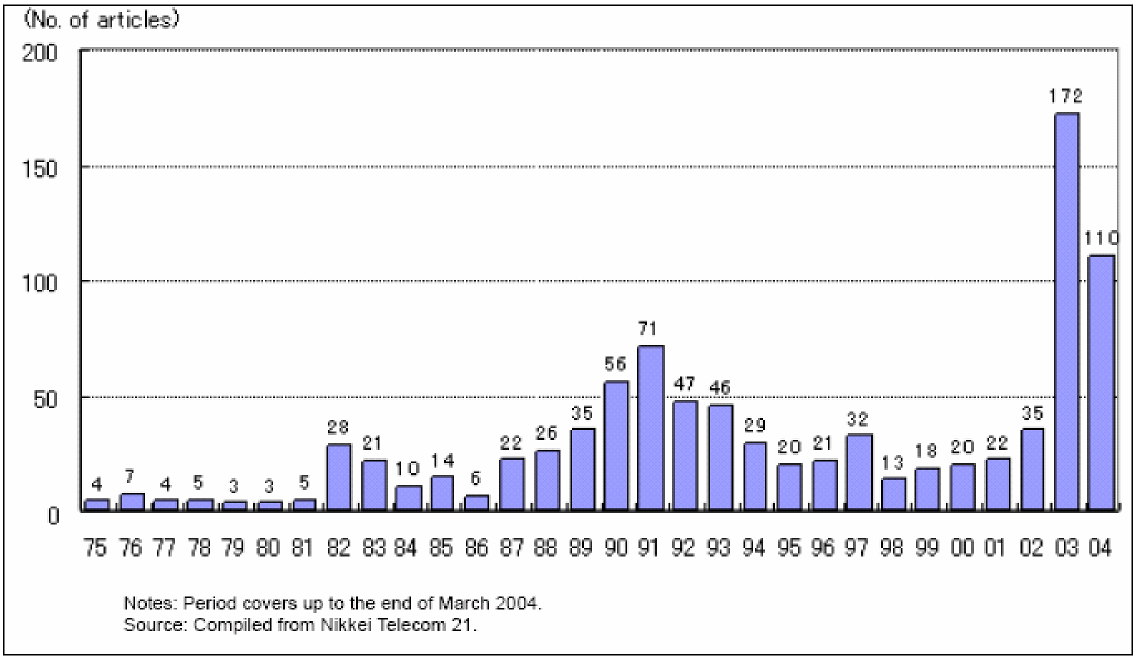
Source: Kuniko Okuwaki, "News Articles: Corporate Social Responsibility in Japan: Which Model Is the Best Fit?" *All Things Corporate – The Worldwide Corporate Practice Quarterly Newsletter*, (Spring 2004); available from http://atc.netcomsus.com/index.php/newsletters/newsletter_articles/13.html; Internet, accessed 18 February 2005.

Table 6: Coverage of CSR Activities



Source: Japan Industrial Policy Research Institute, A Study of Corporate Social Responsibility (CSR) Activities – Abridged Version, December 2003, p. 4, available from http://www.iso.org/iso/en/info/Conferences/SRConference/board_msg/04_JIPRI.pdf; Internet, accessed 27 February 2005.

Table 7: Number of Newspaper Articles on CSR Japan



Source: Masahiko Kawamura, The Evolution of Corporate Social Responsibility in Japan (Part 1) - Parallels with the History of Corporate Reform, *NLI Research*, 24 May 2004, p.1, available from http://www.nli-research.co.jp/eng/resea/life/li040524.pdf; Internet, accessed 27 February 2005.

4.1. KPMG Global CSR Reporting

The Graduate Business School of the University of Amsterdam and KPMG conducted a research study in 2002. Just under half (45%) of the Fortune global top 250 companies were issuing environmental, social or sustainability reports as well as financial reports. The level of reporting had increased from 35% of global Fortune 250 companies in 1999.[593]

The research study also assessed the sustainability reporting of the top 100 companies in 19 countries. The survey revealed that Japanese companies were the most likely to produce reports with 72% of top firms doing so. KPMG suggests this is because of guidelines on environmental reporting and environmental performance indicators issued by the Japanese ministry of environment.

[593] Anonymous, "CSR Reporting Still Not up to Scratch," *ForeignDirectInvestment*, 7 February 2005, available from http://www.fdimagazine.com/news/printpage.php/aid/1103/CSR_reporting_still_not_up_to_scratch: Internet, accessed 21 June 2005.

Table 8: KPMG Survey Respondents

Country	Amount (in Percentage)
Japan	72
Umited Kingdom	49
United States of America	36
The Netherlands	35
Norway	29
Sweden	26
Denmark	25
France	21
Canada	19
Australia	14
Italy	12
Spain	11
Belgium	11
Hungary	8
Slovenia	5
Greece	2
South Africa	1

Source: Pseudonym, "Global CSR Reporting – Japanese Firms Top Ranking," *Manifest*, 2 June 2002, available from http://www.manifest.co.uk/mafest_i/2002/0206Jun/020612globalcsr.htm; Internet, accessed 17 June 2005.

The most common type of reports published was concerning health, safety and environment but, reports pertaining to sustainability and social issues were beginning to be produced. Among the top 100 companies in 19 countries, those of which were most likely to have full sustainability reporting were Canada, USA, and Germany.

KPMG said that the level of external verification of these reports was also increasing while new approaches were also being developed. These include more web-based reports, developing reports for different stakeholder groups and preparing a separate set of accounts incorporating social and environmental costs.

Respondents to the survey said that taking into account sustainability can enhance business performance in a number of ways such as reducing operating costs and improving efficiency, developing innovative products, improving reputation and brand value, recruiting and retaining good staff and reducing a company's liabilities through integrated risk management.[594]

[594] Anonymous, "Global CSR Reporting – Japanese Firms Top Ranking," *Manifest*, 2 June 2002, available from http://www.manifest.co.uk/mafest_i/2002/0206Jun/020612globalcsr.htm; Internet, accessed 17 June 2005.

4.2. The Economist - The Way of the Merchant: CSR in Japan.

The Economist's report was based on 40 interviews conducted in Japan as well as worldwide. 1999 executives participated worldwide, 51 executives were Japanese and 148 were non-Japanese, as well as 40 corporate practitioners of CSR, senior managers, academics and investors. This survey was conducted in late 2004.

The survey and interview results indicated that while some aspects of CSR such as care for the environment, community relations and occupational safety were likely to remain part of Japanese business because they were already embedded in business practices, other aspects of CSR, among them improved governance, greater workforce diversity and better communication with stakeholders, seemed less likely to take root. Japanese firms found it relatively easy to install environmental management systems or to engage in philanthropic activities because, although they cost money, they did not affect the company's internal dynamics. The same could not be said of corporate governance that reduced the CEO's power and increased the attention to the demands of shareholders, or of an opening of managerial ranks to women.

Of the Japan-based survey respondents, 55% said they thought the expectations about CSR were the highest in Europe, while only 14% chose Asia. Moreover, only 10% of the Japan-based respondents felt that Japan had a high commitment to CSR. Key findings of the report include:

The adoption of CSR is an attempt to regain public trust. Japanese companies are on a par with their international counterparts in some areas of CSR, such as environmental protection and community relations. Two reasons were cited, namely: (1) the desire to regain lost public trust following a series of corporate scandals in Japan, and (2) government prodding or international pressure. Interestingly, being socially responsible had nothing to do with part of the cultural heritage of Japanese business. Of the survey respondents with CSR programs, 77% said that their company's decision to adopt CSR was influenced by the fact that it could address the potential risks faced by the company (of the respondents from outside Japan, the most common answer (41%) was that CSR would provide competitive advantage).

The emphasis on reassuring customers is strong among Japanese companies. Customer satisfaction (82%) as well as marketing and brand image (72%) were the two main issues Japanese companies were hoping to address through CSR programs. Customers were chosen most frequently (75%) by Japan-based companies as the stakeholder group with which companies had formal, structures and regular communications. Among overseas respondents, customers ranked third (64%) behind employees and shareholders.

Some aspects of CSR clash with traditional business culture. Where Japanese companies seem to lag their international counterparts, such as in the areas of corporate governance, stakeholder communications and workforce diversity, it is because Japanese executives are reluctant to let external parties-whether they are investors, non-government organizations (NGOs) or women-affect their position or the inner workings of their company. Though high standards of "accountability and transparency" ranked second (75%) behind "the establishment of our corporate mission, vision, values and internal standards" (84%) in the aspects of CSR that are most important to respondents, in practice there are many areas of corporate governance that are in need of improvement. At Sony, for instance, women account only 32% of managers at North American operations and 14% managers in Europe. But in Japan the figure is only at 2.4%.

There is no solid financial case for CSR. It is difficult to make a solid financial case for CSR because although the costs are accounted for upfront, the perceived benefits accrue in the long term and are often intangible. Indeed, of the Japan-based respondents to the Economist's survey, only 13% said that CSR resulted in reduced operating costs, while 53% thought it increased productivity and quality control. However, 93% said that CSR led to higher employee morale, and 75% said that it resulted in improved public relations and brand image. With shareholders demanding profitability more than ever, the pressure on Japanese companies to allocate profits first may lead to concreter implementation of CSR in the short term.[595]

---

[595] The Economist, The Way of the Merchant: Corporate Social Responsibility in Japan, available from www.eiu.com/CSR_Japan; Internet, accessed 15 February 2008.

4.3. Edelman Japan - Stakeholder Study 2006

A more recent survey of Japanese stakeholders' attitudes towards CSR was performed by Edelman Public Relations in Japan. The purpose of the survey was to examine and understand Japanese institutions and information sources, to allocate drivers of stakeholder opinions or Japanese corporations, to determine stimulants for socially responsible behaviors in Japan, and to compare Japanese stakeholder opinion to that of other Asia-Pacific stakeholders. The first annual Edelman Japan Stakeholder Survey was conducted in 2005.

Seven Japanese stakeholder groups were selected and they represented the following fields: government officials, NGOs/trade associations, institutional investors, media, senior business executives, employees, and up-scale consumers.

Important findings of the Stakeholder Study. Japanese stakeholders trust the government more than the business sector. In comparison to 2005, there was a slight increase in trust towards the government (33% in 2006 as opposed to 32% in 2005). There was a major shift in the second, third, and fourth position in terms of trust for year 2006. In the second place was business with 22% (as opposed to 13% in 2005), followed by the media with 19% (compared to 17% in 2005), and lastly NGOs with 12% (as opposed to 23% in 2005). One can conclude that stakeholders have slowly regained faith in businesses but at the same time, NGOs face severe losses. This reason was probably because of numerous scandals involving NGOs.

Japanese consumers rely heavily on newspapers as their trustworthy and reliable source of information. In 2006 there was a trust increase of 8% (from 53% in 2005 to 61%) followed by web-based media (23%) and television (15%). It is worthwhile mentioning that in 2005, 43% of the respondents believed that they have obtained more information through personal contacts rather than advertisements (only 3%). However, in 2006 respondents admitted using corporate websites to download information, which then was followed by reading daily newspapers (39%), and viewing national TV (36%). Japanese consumers are not eager to read analyst reports (with only 19%) or to refer back to association magazines (16%) as they feel the reports provided are not neutral but of sales or public relations nature. Respondents obtain more objective information by surfing the Internet (e.g. CNN, *Wall Street Journal*, *Asahi Shimbun*, etc) and reading the trade press (both of which were rated at 23%).

A new platform for providing companies with pressure in taking immediate action is blogging. The tremendous increase in blogging activity among Japanese consumers had significantly increased within a year (2005-2006). In 2005 52% of the Japanese society admitted having blogged or visited blogs on the Internet. However, in 2006 Edelman PR registered 79% of Japanese Internet users as regular bloggers. On the Pan-Asia regional level, Japanese stakeholders occupy a significant position with 79% in 2006.

Characteristics of a Good Japanese Corporation. When Japanese stakeholders were asked to evaluate what makes a Japanese corporation stand out among Western companies, 44% of the respondents in 2006 mentioned brand and product quality followed by management with 11% and innovation with 9%. Interestingly, in 2005 environmental protection did not play a role at all and only gained awareness in 2006 with 6%. Profitability was more of an issue in 2005 (with 9%) as opposed to the following year (with 6%).

Employee benefits and development were not much of an issue in 2006 (9%) as opposed to the previous year (12%). This trend might be caused by recent improvements in restoring tarnished corporate images due to scandals and socially irresponsible activities performed by Japanese companies. As a result, active promotion increased by 7% in 2006 as opposed to 1% in 2005.

What about management, corporate culture and corporate image? In terms of management, Japanese stakeholders were less concerned with this issue in 2006 (11%) compared to the previous year (24%). Again, Japanese stakeholders were pacified by the fact that new regulations for corporate governance and transparency were enforced and increased trust in the business sector was the result. Corporate culture was not an issue in 2006 for Japanese stakeholders (4%) compared to the previous year (8%). What is interesting is the fact that corporate reputation witnessed a steady increase (from 3% in 2005 to 4% in 2006).

Stakeholders' Attitudes towards CSR Activities in Japanese companies. When Japanese stakeholders were asked the following question: "Some people believe that corporations are paying more attention to CSR today as a way to improve their image in the marketplace. Others believe that increased attention to CSR is a sincere shift in the ways corporation do business. Which point do you agree the most?" 46% respondents in 2006 replied that corporations conduct CSR in order to improve corporate image. An increase was observed in 2006 in comparison to 2005 with 42%.

On the other hand, 55% of the respondents surveyed in 2006 (compared to 49% in 2005) admitted that Japanese corporations conducted CSR activities out of sincerity. Whilst 3% in 2006 (2% in 2005) opted to neither of the two reasons and none of the respondents had chose both options in the same year (compare to 3% in 2005).

In terms of classifying responsible characteristics of a corporation, 94% of the respondents in 2006 admitted that Japanese companies stand behind their products and services when a product defect occurs. Interestingly, the same figure was also collected in 2005. But for offering top quality products and services, a slight decrease was recorded in 2006 (in 2005 it was 76% and in 2006 it was 72%). For transparency within Japanese corporations, a slight increase was found in 2006 of 1% vs. 70% for 2005.

A slight decrease was also determined in the trustworthiness of senior management. In 2005 it was 71% of interviewees agreed with this statement and in 2006, it was only 65%. What about active community involvement? A tremendous increase was recorded in 2006 for establishing employee volunteer programs. 62% of Japanese stakeholders believe that employees should be more actively involved in their communities (compared to 48% in 2005).

In line with employee involvement is also employee and stakeholder communication. In 2006, 46% of the respondents mentioned the importance of keeping employees informed of corporate activities (in comparison to 41% in 2005). For stakeholder communication, 24% of the respondents in 2006 (21% in 2005) mentioned improving core stakeholder communication was needed.

Last but not least, Japanese corporations have been viewed as innovative and creative by their stakeholders. In 2006, 43% of the respondents agreed with this statement (in 2005 it was 21%).

4.4. Nippon Keidanren Survey 2005-2006

Nippon Keidanren surveyed 572 of its member companies in 2005. The table below indicates its findings. As a result of this survey, many members of Nippon Keidanren introduced business ethics programs. Nevertheless, numerous Japanese companies still believed that they could not be necessarily held accountable for their actions, especially toward foreign stakeholders in Japan.

Table 9: Nippon Keidanren Survey of CSR

Establishment of ethical conduct	84.8%
Appointment of CSR officer	66.3%
Formation of CSR committee	52.5%
Presentation of CSR report	30.4%
Presentation of environmental report	24.6%

Source: Keidanren, Nippon Keidanren Survey CSR, available from http://www.keidanren.or.jp/japanese/policy/2005/066.pdf; Internet, accessed 14 April 2006.

4.5. Ethical Investment Research Services (EIRIS) Survey 2007

Outline of the Survey 2007- The State of Responsible Business: Global Corporate Response to Environmental, Social and Governance (ESG) Challenges. This report provides an overview of the extent to which companies are addressing their environmental, social and governance (ESG) impacts. The companies examined are constituents of the FTSE All-World Developed Index and the data presented was taken from databases maintained by EIRIS in March 2007. The issues covered are corporate governance, equal employment, human rights, supply chain labour standards, environmental responsibility and community involvement. The report highlights these issues because they depict a cross section of key ESG risks that companies face along with key sustainability issues which are of interest to clients.

The EIRIS foundation is a charity that supports and encourages responsible investment. It promotes research into social and ethical aspects of companies and provides other charities with information and advice which enables them to choose investments which do not conflict with other objectives. The funds specifically finance projects which have charitable aims.

Ethical Investment Research Services (EIRIS) Ltd. is a non-profit, independent research organization which has been conducting environmental, social and governance (ESG) research on publicly listed companies for approximately 25 years. EIRIS Ltd. provides research on corporate ESG and other ethical performance indicators to over 100 institutional investors. It is a wholly-owned subsidiary of the EIRIS Foundation.

Major Findings:

- Over the past 25 years EIRIS has witnessed CSR evolve from a mainly philanthropic activity to a more mainstream approach which integrates responsible business principles into core business activities.
- Responsible business practices are increasingly being adopted by companies worldwide though there are significant differences.
- Japanese companies demonstrate strong performance on environmental issues, although they need to make progress on other areas in order to match their European counterparts.
- European companies have well developed responsible business practices across a wide spectrum of issues. This is due to an intricate responsible investment market, NGO pressure and a strong regulatory market.
- Beyond a core of companies which have adopted responsible business practices, North American companies significantly lag behind their European counterparts across all areas researched.
- Large companies are more likely to adopt responsible business practices than smaller companies. Larger companies by market capitalization are more likely to adopt human rights policies and demonstrate environmental performance improvements.
- Continued growth in responsible investment especially amongst mainstream investors. Driven by a belief that environmental, social and governance issues affect financial performance is expected to drive greater corporate take up of bad reporting on these issues.

Additional Findings:

- European and Japanese companies are obvious leaders with regards to managing environmental impacts. Over 90% of high impact companies in Europe and Japan have developed basic or advanced policies, compare to 75% in Australia/New Zealand, 67% in the U.S. and 15% in Asia excluding Japan.

- Progress is not as good with respect to human rights approaches both in companies' owned operations and in the supply chain, particularly in countries outside Europe. Approximately 75% of European enterprises operating in high risk countries have devised a basic or advanced human rights policy compared with less that 40% of North American companies and an estimated one sixth of Asian companies. Over 50% of European companies have adopted a basic or advanced supply chain policy where relevant; however, less than 20% of North American companies and less that 10% of Asian companies have performed similarly.

- Corporate governance practices are converging globally, Governance codes are being revised to improve levels of transparency and independence, and the proportion of companies adopting Western board structure models is increasing. The proportion of independent directors is on the rise, as are disclosure of director remuneration and the proportion of women on the board.

- Companies in Asia (excluding Japan) are least likely to have adopted responsible business practices in relation to all the criteria examined, although this situation may change as NGOs' presence are increasing in Asia and investors are becoming more interested in the emerging markets.

- Large companies are more likely to adopt responsible business practices. 56% of all companies in the FTSE All World Developed Index have adopted an environmental policy meeting at least the basic requirement. These companies represent 77% of the value of the index. Similarly, 43% of all companies operating in high impact countries have developed at least basic human rights policies and these companies represent 70% of the value of those companies in the index.

- Numerous factors have contributed to the increase in responsible business practices, including regulation, ethical consumerism, brand reputation management, process improvements and responsible investment.

Summary findings in relation to each of the ESG issues examined are listed below:

- Corporate Governance: 62% of the companies studied have executive boards consisting of more than a third of independent directors. However the proportion of independent directors varies greatly between nations. Over 90% of companies in the United States, United Kingdom, the Netherlands, Norway, Finland and Australia, have more than a third of independent directors, compared with less than 10% in Germany, Austria and Japan.

- Disclosure of directors' remuneration is consistently high, with 96% of all companies disclosing this information.

- In half of the countries studied, over 90% of businesses divide the roles of chair and chief executive. However, rates of separation are lower in the U.S. (30%), Japan (54%) and France (56%).

- These differences are driven by the fact that companies largely adhere to their relevant national Corporate Governance Guidelines. However corporate governance practices are converging. Governance codes are being revamped to improve levels of transparency and independence, and the proportion of companies adopting Western models of board structure is increasing.

4.5.1. Equal Opportunities/Women on the Board

Increasingly companies view equal opportunities less as a way to avoid criticism or lawsuits, but more as a mean to establish and gain competitive advantage by accessing a broader skill set.

An estimated 90% of corporations in the United States (94%), Europe (88%) and Australia and New Zealand (87%) have basic or advanced equal opportunities policies. On the contrary, just over 50% of Japanese and less than 25% Asian companies (excluding Japan) meet these standards.

The pattern differs minimally in term of managing the issue of equal opportunity. The criterion includes publication of staff demographics in comparison to women and ethnic minorities as well as the existence of flexible working hours in companies. Europe and Australia and New Zealand both perform well, with approximately 80% and 70% respectively demonstrating at least basic systems. Performance amongst Japanese companies is also strong at 60%, whereas it is weaker among U.S. companies at 25%. In North America, businesses are less inclined to publicize this type of information, maybe due to fear of litigation.

Globally only 8.1% of board members are women. Representation of women on the board continues to be lowest in Japan at less than 1% and remains generally low in the Mediterranean regions. These low levels are driven by a mixture of cultural factors including a history of fewer women in formal employment combined with weak legislative encouragement.

The highest rate is seen of 33% is seen in Norway where the government has established a quota for a minimum of 40% board members to be women by the end of 2007. The number of women on the board is set to increase in Spain as the Spanish government has recently established a quota similar to that imposed in Norway.

4.5.2. Human Rights

NGO campaigns have placed the spotlight on corporations in countries where human rights are seen to be at risk. Additionally, responsible investors are increasingly considering human rights and labour standards in their investment decisions. These factors are forcing corporations to better manage the risk and challenges of operating in such countries and their potential impact on human rights of their employees and the wider community.

Particularly, investors look for evidence regarding compliance with standards of fundamental human rights as acknowledged in the Universal Declaration of Human Rights and related international conventions.

Companies in Norway, the Netherlands, the United Kingdom, and Finland are more likely to have instituted advanced human rights policies; 50% or more of companies in these countries with large operations in high risk countries have progressive human rights policies.

On the contrary, a low portion of American and Japanese corporations operating in high risk countries have developed advanced policies, less than 5% in each case.

The low proportion of American companies achieving an advanced grade may be explained by the frequent omission of freedom of association and collective bargaining from human rights policies.

The low proportion of Asian companies achieving an advanced grade may be explained by the differences in their perceptions of what constitutes human rights, as well as relatively lower levels of NGO and responsible investor activities in Asian countries.

Large companies are more likely to address their human rights risks. 15% of all businesses in the FTSE All World Developed Index operating in high risk countries have adopted advanced policies. These companies represent 27% of the value of those companies in the index. Similarly, 43% of all enterprises have developed either basic or advanced policies and these companies represent 70% of the value of those companies in the index.

4.5.3. Supply Chain and Labour Standards

Companies are increasingly sourcing products from developing countries as supply chains have become more global. Consequently, corporations are under scrutiny from responsible investors and NGOs to demonstrate that their products are manufactured by employing acceptable labour standards.

Across all regions, with the exception of Europe, the majority of companies with a significant degree of reliance on global supply chains show little or no evidence of having a supply chain labour standards policy. Over 80% of companies in North America and Australia and New Zealand and over 90% of Asian companies do not demonstrate any evidence of a supply chain labour standards policy.

On the contrary, over 50% of relevant European companies have devised a basic or advanced supply chain policy.

4.5.4. Environmental Responsibility

Public concerns about environmental degradation have grown in the past years, particularly due to increasing public awareness of global warming.

57% of all companies have publicized their environmental policy statements. A similar percentage of companies have implemented environmental management systems (58%), despite a much smaller proportion (29%) report their environmental performance.

A greater proportion of companies with high impacts on the environment have environmental policies systems and reports (78% in Europe, 81% in Japan, 57% in North America, Australia and New Zealand and other Asian companies) intact.

Large companies are more likely to address their environmental concerns. 56% of all companies listed in the FTSE All World Developed Index have adopted environmental policies meeting at least the basic standard. These companies represented 77% of the value listed in the index.

Over 90% of high impact countries in Europe and Japan have developed basic or advanced policies for managing environmental impacts as compared to 75% in Australia and New Zealand, 67%, in the United States, and 15% in Asia (excluding Japan).

Environmental performance is the strongest amongst European companies in and Japanese companies. On the contrary, environmental performances in Asia (excluding Japan) and in the U.S. are less encouraging. 7% of Asian companies (excluding Japan) and 18% of high impact U.S. companies have demonstrated improvements in their environmental performances as compared to over 50% of companies in Japan and in European nations.

A number of factors have contributed to the strong performance demonstrated by European companies which included strict EU regulation and a high level of pressure on companies to adopt sustainable environmental practices from investors, NGOs and the civil society.

Performance is strong in Japan as ISO 14001 has been widely adopted and championed by the government as a venue of providing customer assurance and as a mean to avoid losing export business to certified firms elsewhere.

4.5.5. Community Involvement

Community involvement can range from simple financial contribution to volunteer work and donations of expertise as well as resources.

Community involvement is widely used in all regions of the world as a method to enhance corporate reputation. In all countries covered, approximately 50% of companies have installed basic or advanced (in Europe 85%, in Australia and New Zealand 77%, in North America 70%, in Japan 66%, and in other Asian countries 60%) community relations programs. Even in the lowest performing country, such as Hong Kong, 58% of Chinese companies meet the basic standard.

Differential tax rates as well as incentives for charitable giving vary from country to country and have significant impact in the amount donated.[596]

4.6. NPO ISM Japan, Inc. & CAPS Research Japan 2007 Survey

Outline of the Survey - The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies. The report is based on the results of a large scale survey of supply managers in the manufacturing, service and government/education sectors regarding the seven forms of CSR as defined by the Institute of Supply Management (ISM) Principles. The seven forms of CSR are as follow: community, diversity, environment, ethics, financial responsibility, human rights, and safety. The objective of this survey was to analyze the behavioural characteristics of Japanese companies in relation to these seven areas defined by ISM. The table below depicts the characteristics of the survey population for the United States and Japan.

---

[596] Bob Gordon, *The State of Responsible Business: Global Corporate Response to Environmental, Social and Governance (ESG) Challenges* (London: Ethical Investment Research Services (EIRIS), 2007, available from http://www.eiris.org/files/research%20publications/stateofrespbusinesssep07.pdf; Internet, accessed 21 February 2008.

Table 10: Characteristics of the Survey Populations fort he United States and Japan

	ISM – U.S.	ISM – Japan
Response Rate	12.5%	9%
Number of Responses	1,163	81
Major Respondents	Manager level or above	Director level in public relations, CSR department, management planning, human resources.
Industries	Manufacturing (45%) Service (30%) Government/educational institutions (9%) Others (16%)	Manufacturing (75%) Non-manufacturing (25%)

Source: CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies* (Tempe: CAPS Research, 2007), 12.

Based on the assumption that socially responsible companies are also highly competitive and high performing, survey questionnaires were mailed to top 1,000 Japanese listed companies. The data were representative of a broad range of respondents. The number of responding organizations was 1,163.

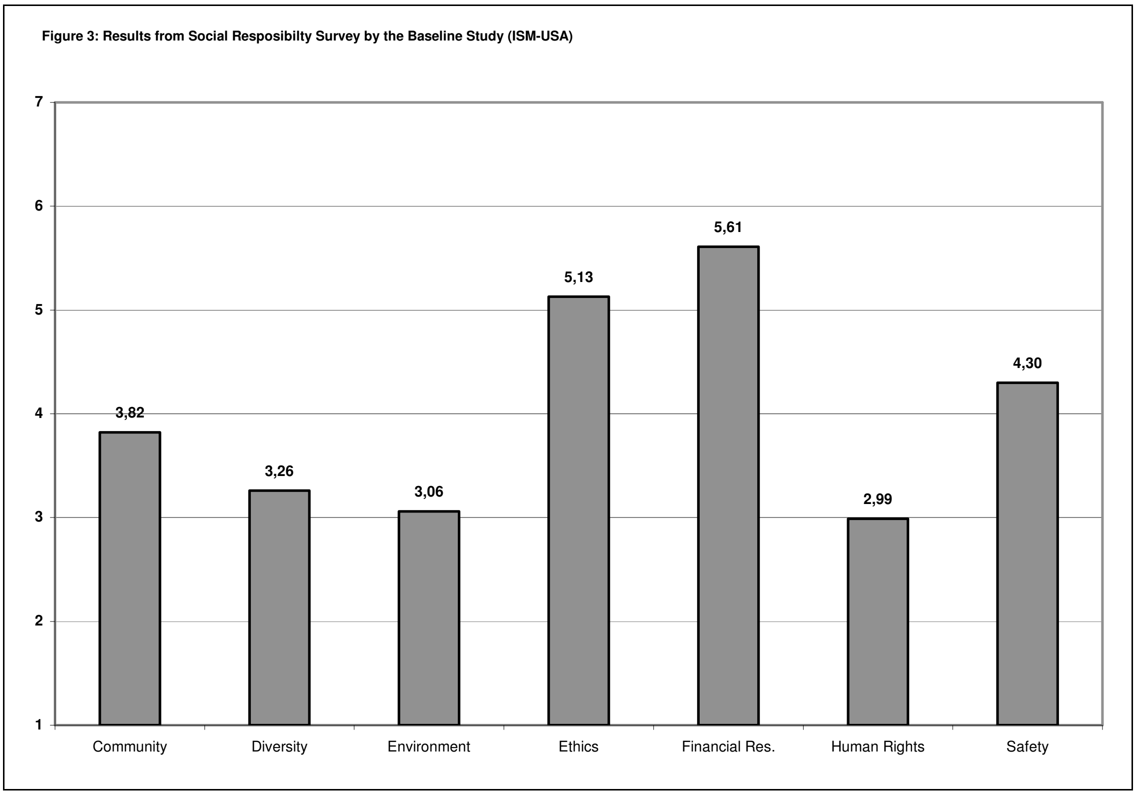
With this type of survey, a potential problem could occur when too many survey responses were received from one company. To help analyze the data, ISM utilized a scale for the responses with seven variable options that indicated the degree or level of answers. One being "to no extent whatsoever," three as "to a little extent," and seven classified as "to a very great extent."

Result from the Institute of Management (ISM) Social Responsibility Committee Survey (U.S.). In 2004 the Institute of Management (ISM) and CAPS Research Japan sent an electronic questionnaire to 11,119 companies in Japan. The following results were obtained: 1,809 returned with no forwarding address, 152 companies failed to respond, 157 were not recorded. The same electronic questionnaire was resent one week later. The second time around, the number of companies responding to the electronic survey was 1,163 (a response rate of 12.5%). Of the participating respondents, manufacturing firms comprised of 45% and service organizations made up 30% of the overall feedback. The majority of the respondents were at manager level or higher within their organizations: 47% were managers, 24% were directors, and 8% were employed at the executive/vice president level.

An annual budget in the range of USD$10 million to USD$50 million was most common among survey respondents (30%), whereas less than 20% reported spending below USD$10 million. An estimated one third of the respondents reported supply management headcount of five or lesser, while 15 % reported that their organizations employ more than 100 supply managers. Interestingly, organizations with fewer than five purchasers were concerned with corporate social responsibility.

The table below reveals the average rating for each facet considered in the research. Higher levels are noticeable in the ethics and financial responsibility areas.

Table 11: Socially Responsibility Survey Results



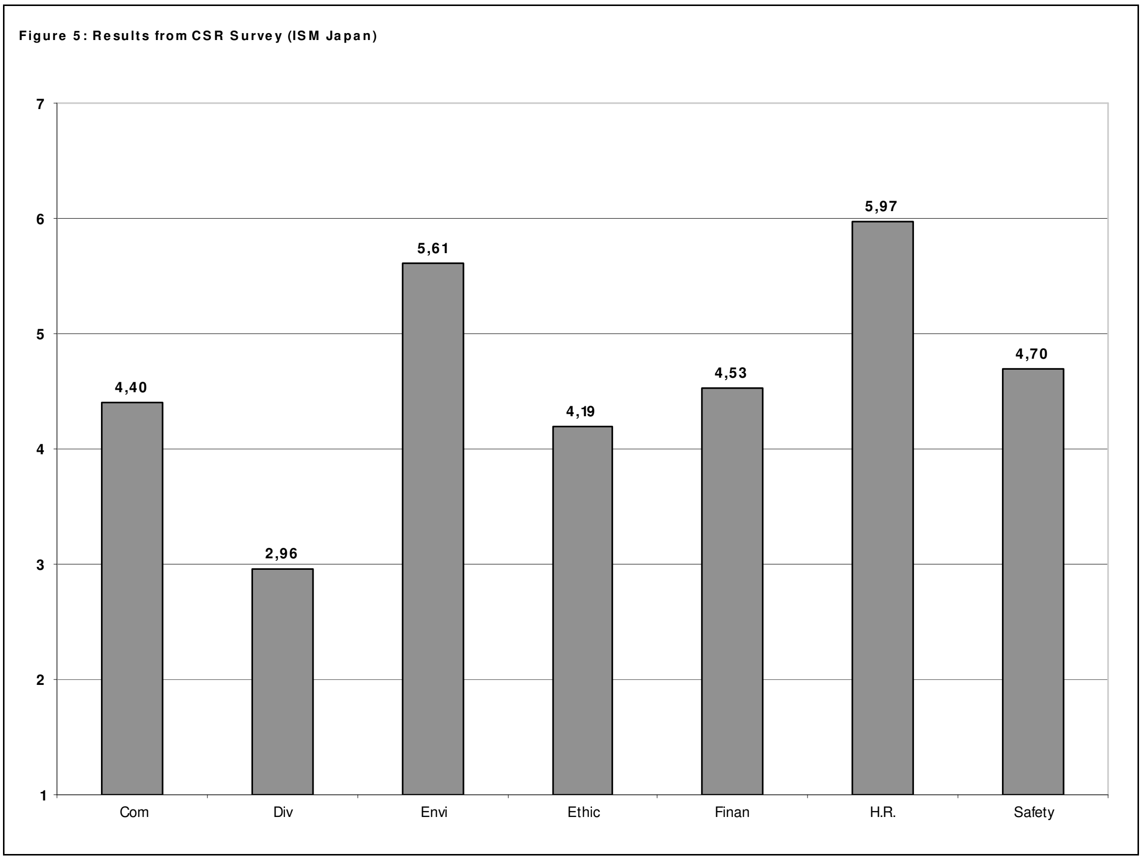
Source: CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies* (Tempe: CAPS Research, 2007), 14, available from http://www.capsresearch.org/publications/pdfs-public/capsjapan2007es.pdf; Internet, accessed 21 March 2008.

Result of the ISM CAPS-Japan Survey. In the CAPS-Japan survey, interviewers did not use identical questionnaires as with their U.S. colleagues. But instead, researchers took a more traditional Japanese approach which took into account the relationship between organization and the society. Hence, not all of the questions in the Japanese study offered the seven-level scale for responses. In addition, the questions pertaining to safety and to emergency were provided with yes or no answer sheets rather than the seven-level response scale.

It was not possible to verify the accuracy of respondents' answers to the questions in this survey, which could have been a significant source of error in analyzing responses regarding gender discrimination, sexual harassment and voluntary overtime work.

The table below indicates that diversity is not well accepted in the Japanese society. Many researchers have suggested eliminating questions on diversity because they did not apply to the Japanese culture. However, globalization has prompted markets to open up and managers cannot simply disregard this sensitive issue, especially handicapped and elderly employees. The concept of corporate social responsibility emerged in the United States and in the European Union member countries but has strongly influenced Japanese business culture. Therefore, ISM researchers predict that Japanese executives will eventually accept the importance of diversity in workplace.

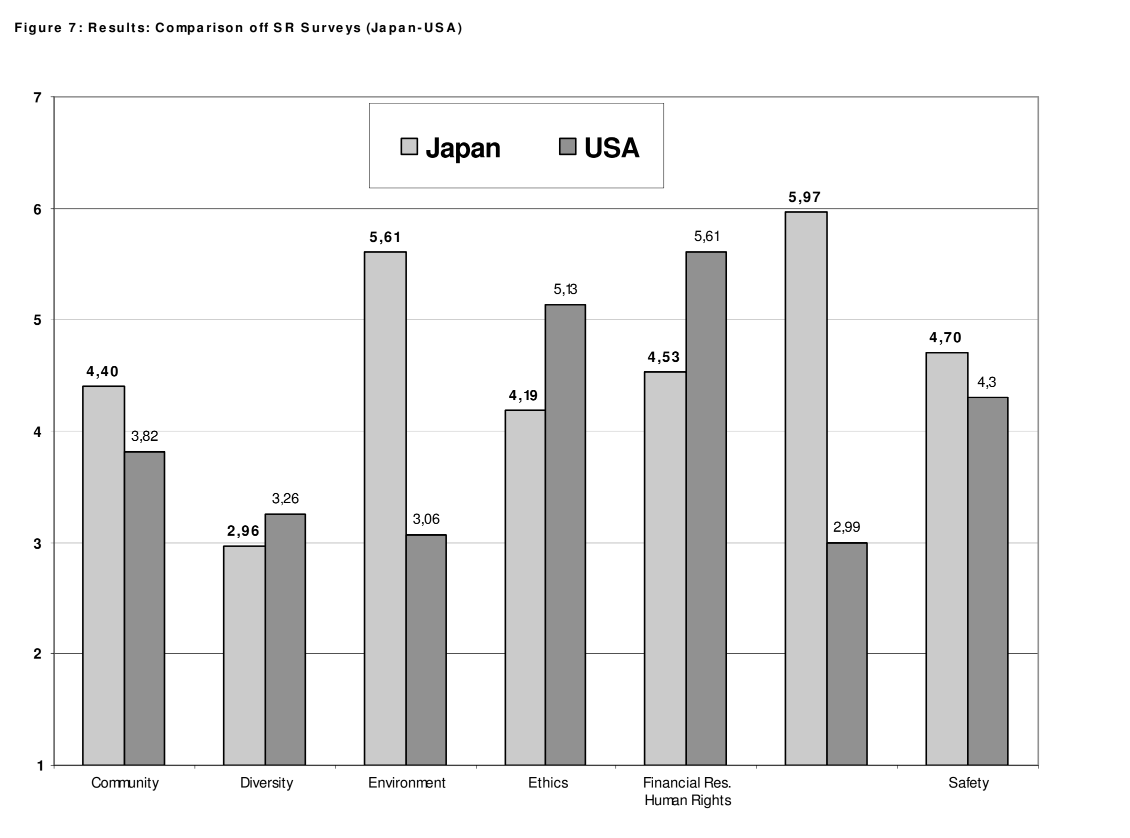
Table 12: Results from CSR ISM - JAPAN Survey



Source: CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies* (Tempe: CAPS Research, 2007), 14, available from http:// www.capsresearch.org/publications/pdfs-public/capsjapan2007es.pdf; Internet, accessed 21 March 2008.

Comparison of the Two Surveys. The table below nicely depicts results obtained from both surveys. Interestingly, the ratings for diversity are quite low in both countries. However, the concept of diversity is more developed in the United States but its implementation is still developing. European organizations, whose supply chains are most strongly affected by diversity, are most advanced in this field. The history of colonial policies in Europe as well as embedded deep economic impacts of globalization, have catapulted the issue of diversity in the forefront as NGOs are becoming more vocal and the speed of information dissemination via the Internet.[597]

Table 13: Results of Socially Responsibility Survey Japan and U.S.



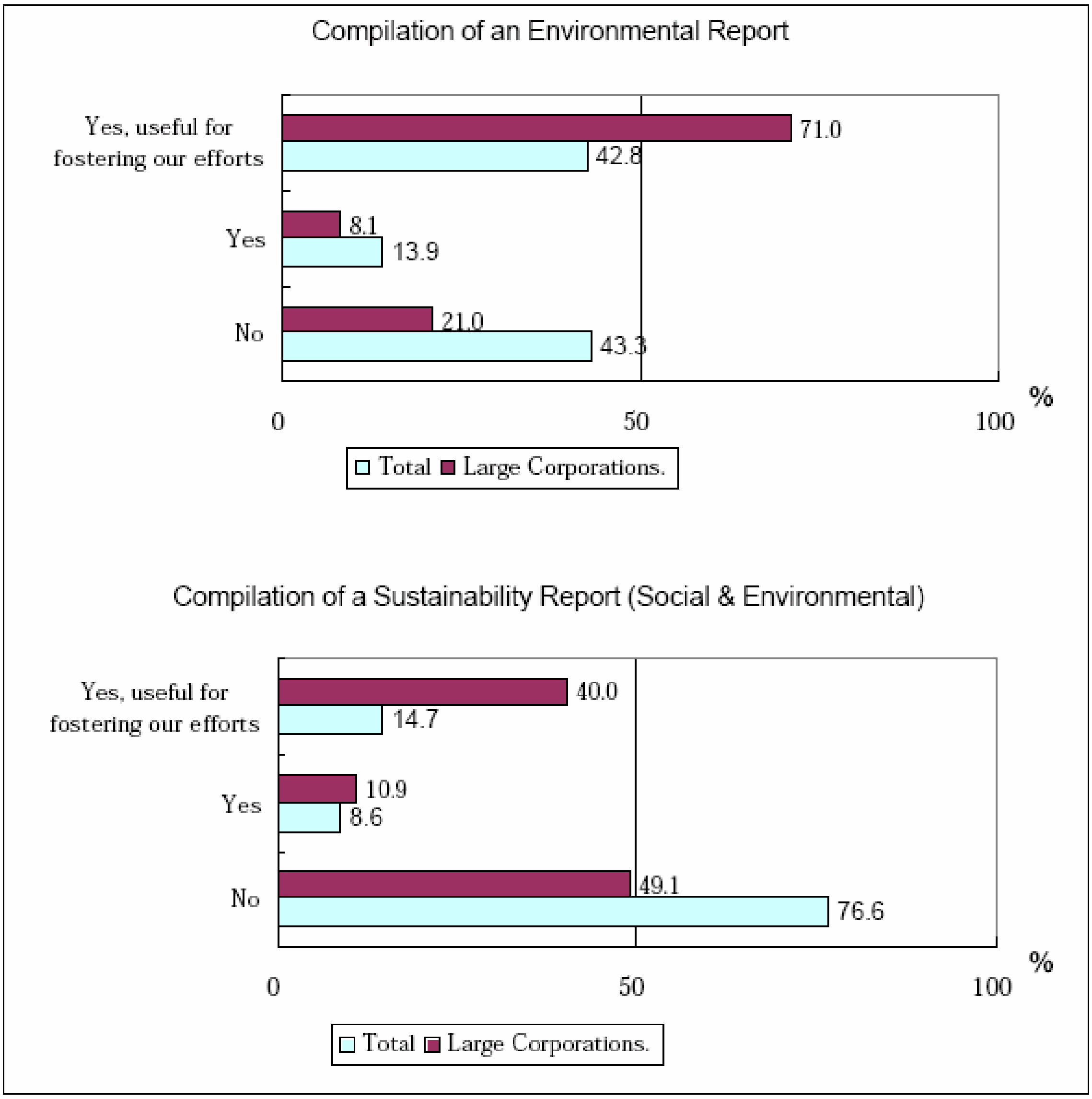
Source: CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies* (Tempe: CAPS Research, 2007), 15, available from http://www.capsresearch.org/publications/pdfs-public/capsjapan2007es.pdf; Internet, accessed 21 March 2008.

[597] CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies* (Tempe: CAPS Research, 2007), 15, available from http://www.capsresearch.org/publications/pdfs-public/capsjapan2007es.pdf; Internet, accessed 21 March 2008.

5. Sustainable Reporting in Japan

A survey performed by *Keizai Doyukai* (Japan Association of Corporate Executives) in 2003 indicated that 57% of companies responding to the survey, and 79% of companies with 5,000 or more employees, reported that they had prepared an environmental report. However, only 23% (51%) of large corporations) had prepared a 'sustainability' report covering both society and the environment.

Table 14: Compilation of an Environmental Report



Source: Keizai Doyukai, Corporate Social Responsibility (CSR) in Japan. Current Status and Future Challenges. Selected Summary (Unofficial Translation) 2003, 6, available from http://www.doyukai.or.jp/database/teigen/040116e.pdf.; Internet, accessed 11 July 2005.

6. Online CSR Reporting in Japan

In a study performed by the Bradford University School of Management in August 2002, researchers determined the scope of CSR communicated by Japanese companies through an examination of the corporate homepages of the top fifty companies. The sample included various types of Japanese industries. Interestingly with respect to the globalization of companies, only three company websites were exclusively in the Japanese language. All other companies presented their websites in both Japanese and English, 35 of them have domestic sites both in Japanese and English (the contents being almost the same or equivalent) while 11 have domestic sites in English (with the contents bearing some differences).

The extent of CSR was measured simply by the disclosure of any sort of organization of CSR within the business and any form of CSR reporting. A remarkable 96% of Japanese corporations claimed to have special units dealing with CSR and 90% also claimed to have a regular CSR report. These findings set Japanese CSR apart from that found in other Asian countries as illustrated in the table below. The incidence of CSR specific reports easily exceeded that of the United Kingdom and completely dwarfed that of other Asian countries studied.

Table 15: Japanese Company Claims About CSR Organization and Reporting Compared

Country	% Claiming CSR Organization	% Claiming CSR Report
Japan	96	90
UK	98	64
India	72	2
South Korea	52	8
Thailand	42	0
Singapore	38	2
Malaysia	32	4
The Philippines	30	0
Indonesia	24	0

Non Japanese data based on analysis of websites of top 50 companies by company turnover, August 2002 (Chambers et al. 2003).
Source: Kyoko Fukukawa and Jeremy Moon, "Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting," Working Paper No. 03/10, May 2003, (Bradford University School of Management, 2003), 7, available from http://www.brad.ac.uk/acad/management/external/pdf/workingpapers/2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

Table 16: Comparison of Three Dimensions of CSR in Japanese Companies in 1985/86 and 2002

	Our 2002 analysis*	Yamagami and Kokubu (1991)**
Environmental Responsibility	90.2%	11.0%
Community Involvement	55.1%	27.6%
Employee relations	44.9%	34.5%

*Average percentage of websites communicating the CSR dimensions.
**Average percentage of the three reports (Operating report, English version report, Public relations report)
Source: Kyoko Fukukawa and Jeremy Moon, "Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting," Working Paper No. 03/10, May 2003, (Bradford University School of Management, 2003), 7, available from http://www.brad.ac.uk/acad/management/external/pdf/workingpapers/2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

Table 17: Dimensions of CSR on Japanese Corporate Websites

CSR dimensions	Indicator	N	%
Environmental Responsibility	Unit dealing with environmental issues (e.g. environmental committee).	47	95.9%
	Environmental charter, policy or *guidelines* are available.	43	87.8%
	Environmental report published.	44	89.8%
	Information of environmental activities available.	48	98.0%
	ISO 14001 standard obtained	39	79.5%
Community Involvement (Social Contribution)	Unit dealing with community issues (n = 11) or foundation [*Zaidan* or *Kikin*] sponsored by company (n = 16)	27	55.1%
	Code, policy or guidelines concerning community involvement available.	16	32.7%
	Social contribution report published (n = 3) or included in Environmental report (n = 16)	19	38.8%
	Information of community involvement available.	46	93.9%
Employment Relations	Code, policy or guidelines concerning employment and employees available.	11	22.4%
	Information regarding recruitment, training, benefits available.	46	93.9%
	Information on career opportunities for the people with disabilities and for non-Japanese citizens.	9	18.4%
Consumer	Information on products / services available.	49	100%
	Customer contacts available	16	32.7%
	Customer contacts; customer service / support available	14	28.6%
	Customer contacts; customer services / support; and safety information available.	14	28.6%
	Privacy information available	15	30.6%
Supply Chain	Procurement policy, purchasing guidelines available, including green purchasing policy.	25	51.0%

N = 49

Source: Kyoko Fukukawa and Jeremy Moon, "Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting," Working Paper No. 03/10, May 2003, (Bradford University School of Management, 2003), 8, available from http://www.brad.ac.uk/acad/ management/external/pdf/workingpapers/2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

The study by Lewin et al. (1995) conducted in the mid-nineties found a relatively low level of business-derived CSR guidelines. Only 30% of Japanese companies studied used codes of ethics in contrast to the United States (85%), the United Kingdom (41%), and Germany (51%).[598] However, in recent years there was clear evidence that guidelines, codes of conduct, and corporate creeds and principles had become increasingly important to Japanese CSR practice. The Asahi Social Contribution Survey performed in 2002, for example, reported that out of 179 companies, 127 (70.9%) had set a corporate ethics policy (*kigyo rinri-hoshin*), and 79 of these companies (44.1%) stated that they publicized such a document. In addition, out of 178 companies, 120 (67.4%) had been said to set a code of ethics (*rinri-kitei*), and 41 of these companies (23.0%) stated that they publicized such a document.

In terms of publicizing these types of documents via the internet, the study found that 22 companies (44.9%) stated either basic guiding philosophies or code of conducts on their corporate websites. The information was distributed across the dimensions of CSR respectively: 87.8% for environmentally responsibility, 32.7% for community involvement, 22.4% for employee relations, and 51.1% for supply chain responsibility.

The area of greatest increase in the communication and reporting of CSR had been that of the environment. This was not just distinctive for the extent of reporting but also for the way CSR was institutionalized through the introduction of guidelines and policies, including the use of external standards. In addition, it was significant that the most common concern in supply chain policy was related to the environmental CSR dimension.[599]

The role of government guidance (*Gyosei Shido*) provided a clear demonstrating effect and even, a template for the reporting of other dimensions of CSR. Companies expected to comply with government guidelines as well as legal requirements. This practice was not simply understood as applying to operations in Japan but as having global applications (the majority of the top 50 companies operate domestic and abroad). Thus,

---

[598] Lewin A. and others, eds., "Corporate Citizenship in Japan: Survey Results from Japanese," *Journal of Business Ethics* 14 (1995): 83-101.
[599] Hiroyuki Tada, "Development of Corporate Social Responsibility (CSR) Management Systems in Japan," *Via3net*, 2003, available from http://www.via3.net/pooled/articles/BF_DOCART/view.asp?Q=BF_DOCART_102601; Internet, accessed 11 July 2005.

in this environmental dimension of CSR, Japanese companies could be expected to contribute to the internationalizing effects of CSR. However, there had also been specific globalizing trends which had contributed to the development of environmental responsibility in Japanese companies namely: the groundswell of international environmentalism which in turn gave a specific Japanese touch as in the case of Kyoto Protocol and finally led to the adoption of international reporting codes.[600]

[600] Kyoko Fukukawa and Jeremy Moon, "Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting," Working Paper No. 03/10, May 2003, (Bradford University School of Management, 2003), 13-14, available from http://www.brad.ac.uk/acad/management/external/pdf/workingpapers/2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

BIBLIOGRAPHY

Please note that the Chicago Manual of Style which was devised by Kate L. Turabian is used throughout this dissertation.

Ackerman, Robert, and Raymond Bauer. *Corporate Social Responsiveness: The Modern Dilemma*. Virginia: Reston Publishing Company, Inc., 1976.

AFX International Focus. “Japanese Government Tells Toyota Told To Improve Recall System.” *AFX-Asia*, 21 July 2006. available from http://emedia1.bsb-muenchen.de/han/LEXISNEXIS/www.lexisnexis.com/de/business/results/docview/docview.do?risb=21_T1580907260&format=GNBFULL&sort=BOOLEAN&startDocNo=1&resultsUrlKey=29_T1580907263&cisb=22_T1580907262&treeMax=true&treeWidth=0&csi=222277&docNo=14; Internet, accessed 28 May 2007.

Alon, Ilan, Christoph Latermann, Marc Fetscherin, Shaomin Lin, eds.“ Usage of Public Corporate Communications of Social Responsibility In Brazil, Russia, India and China (BRIC).” *International Journal of Emerging Markets* 5 (2010): 18.

Alsop, Ronald J. “Corporate Reputation: Anything But Superficial – The Deep But Fragile Nature of Corporate Reputation.” *Journal of Business Strategy* 25 (2004): 27.

Alston, John P. *The American Samurai –Blending American and Japanese Management Practices*. Berlin: Walter de Gruyter & Co., 1989.

Altman, Alex. “Congress Puts Toyota (And Toyoda) in the Hot Seat.” *Time Magazine*, 24 February 2010, available from http://www.time.com/time/nation/article/0,8599,1967654,00.html; Internet, accessed 27 June 2010.

Amenomori, Takayoshi. *Defining the Nonprofit Sector: Japan. Working Papers of the John Hopkins Comparative Nonprofit Sector Project No. 15*, ed. L.M. Salamon and H.K. Anheier, 4. Baltimore: The John Hopkins Institute for Policy Studies, 1993.

American Bird Conservancy and Mitsubishi International Corporation Foundation. “Mitsubishi Foundation Grant Protects Coastal Wetlands in Mexico Leverages Funds for Critical Restoration Works,” 16 February 2007, available from http://www.mitsubishicorp-us.com/pdf/pr/MIC_ABC_press_release. pdf; Internet, accessed 18 May 2007.

Ameshi, Kenneth, and Bongo Adi. “Reconstructing the Corporate Social Responsibility Construct in Utlish.” *Business Ethics: A European Review* 16 (January 2007): 13.

Anderson, Jr., Jerry W. *Corporate Social Responsibility: Guidelines for Top Management*. Westport: Quorum Books, 1989.

Asmus, Peter. "Environmentalists Finally Get Down to Very Serious Business Rather than Pressure the Federal Government and Affix Blame, Activists Seek Cooperative Solutions with Local and Corporate Leaders." *SFGate.com*, 8 January 2006, available from http://www.sfgate.com/cgi-bin/article.cgi?file =/c/a/2006/01/08/INGODGHE0E1.DTL; Internet, accessed 21 May 2007.

Asmus, Peter. "Special Report: NGO Engagement – Effective Partnership – Ten Lessons for Corporations Working with Activists," *Ethical Corporation*, 5 April 2007, available from http://www. rmi.org/images/other/Newsletter/ NLRMIsummer95.pdf; Internet, accessed 23 May 2007.

Asmus, Peter, Hank Cauley and Katharine Maroney, "Case Study: Turning Conflict into Cooperation." *Stanford Social Innovation Review* (Fall 2006): 57, available from http://www.erb.umich.edu/News-and-Events/May/ConferenceReading/ Stanford%20Case%; Internet, accessed 21 May 2007.

Austrian Standards Institute. *Corporate Social Responsibility. Handlungsanleitung zur Umsetzung von gesellschaftlicher Verantwortung in unternehmen "CSR Leitfaden.*" Vienna: ON Österreiches Normungsinstitut, 2004.

Bader-Johnston, Patricia. "Getting the Word Out." *Japantoday*, 1 February 2008, available http://www.japantoday.com/news/jp/e/tools/print.asp?content=executive&id=285; Internet, accessed 31 January 2008.

Baker, Mallen. "Analysis 2002: A Year in Corporate Social Responsibility." *Ethical Corporation Magazine*, 16 December 2002, available from http://www. globalpolicy.org/reform/business/2002/year2002.htm; Internet, accessed 28 February 2004.

Baker, Mallen. The Global Reporting Initiative, available from http://www. mallenbaker.net/csr/CSR files/GRI.html; Internet, accessed on 23 April 2004.

Baker, Mallen. The United Nations Global Compact, available from http://www. mallenbaker.net/csr/ CSRfiles/GobalCompact.html; Internet, accessed on 23 April 2004.

Balmer, John T., Kyoko Fukukawa, and Edmund R. Gray. "The Nature and Management of Ethical Corporate Identity: A Commentary on Corporate Identity, Corporate Social Responsibility and Ethics." *Journal of Business Ethics* 76 (2007): 13-14.

Barry, Norman P. "Controversy: Do Corporations Have Any Responsibility Beyond Making a Profit?" *Journal of Markets & Morality* 3 (Spring 2000): 104.

Bartlett, Jennifer, Stephane Tywoniak, and Caroline Hatcher. "Public Relations Professional Practice and the Institutionalization of CSR." *Journal of Communication Management* 11 (2007): 293.

Basil, Debra, and Jill Erlandson. "Corporate Social Responsibility Website Representations: A Longitudinal Study of Internal and External Self-Presentations." *Journal of Marketing Communications* 14 (2008): 130.

Batson, C. Daniel, Nadia Ahmad, and Jo-Ann Tsang. "Four Motives for Community Involvement." *Journal of Social Issues* 58 (Fall 2002): 435-436.

BBC News. "Runaway Prius Claim Dismissed by Toyota." *BBC News*, 16 March 2010, available from http://news.bbc.co.uk/2/hi/americas/8569465.stm; Internet, accessed, 23 June 2010.

BBC News. "Scandal Doubles Mitsubishi Losses." *BBC News*, 2 August 2005, available from http://news.bbc.co.uk/go/pr/fr/-/2hi/business/4245717.stm; Internet, accessed 4 May 2007.

BBC. "Snow Brand Mounts Scandals." *BBC News*, 8 February 2002, available from http://news.bbc. co.uk/1/hi/business/1808980.stm; Internet, accessed 17 January 2006.

Beck, Klaus. *Kommunikationswissenschaft*. Konstanz: UVK Verlagschaft, 2007.

Beckett, Robert. "Communication Ethics: Principle and Practice." *Journal of Communication Management* 8 (2003): 47-48.

Bell, Gavin. "Canon Europe: Canon Europe Extends Support for Third WWF PAN Parks Conservation Initiatives." *M2Presswire*, 16 October 2006.

Bennett, Milton J. D. "Developing Intercultural Competence for Global Leadership."in *Interkulturelles Management*, ed. Rolf-Dieter Reinecke and Christine Fussinger, 214. Wiesbaden: Gabler, 2001.

Benton, Joe. "Is Toyota Quality Slipping?" *ConsumerAffairs.Com*, 11 October 2006, available from http://www.consumeraffairs.com/printme.php?url=/news04/2006/10/toyota_quality.html; Internet, accessed 28 May 2007.

Berglind, Matthew, and Cheryl Nakata. "Cause-Related Marketing: More Buck Than Bang." *Business Horizons* 48 (2005): 445.

Bergman, Jens. "Gute Firma = guter Bürger," *Brand Eins*, 10 December 2004, 74-75.

Bhattacharyya, Som Sekhar. "Exploring the Concept of Strategic Corpoprate Social Responsibility For An Integrated Perspective." *European Business Review* 22 (2010): 91-94.

Biggs, Stuart. "Canon Rejects Greenpeace Request to Condemn Japan's Whale Hunt." *bloomberg.com*, 25 January 2008, available from http://www.bloomberg. com/apps/news?pid=20601101&sid=aPXx DQSZNGKc&refer=japan; Internet, accessed 10 May 2008.

Bird, Ron, Anthony Hall, Francesco Momenté, and Francesco Reggiani, eds. "What Corporate Social Responsibility Activities Are Value Added by the Market." *Journal of Business Ethics* 76 (2007): 191.

Birth, Gregory, Laura Illia, Francesco Lurati, Alessandra Zamparini. "Communicating CSR: Practices Among Switzerland's Top 300 Companies." *Corporate Communications: An International Journal* 13 (2008): 186-188.

Blanco, Sebastian. "Finally News from Monday's Protest against Toyota." *AutoblogGreen*, 25 October 2007, available from http://www.autobloggreen.com/2007/10/25/finally-news-from-mondays-protest-against-toyota/; Internet, accessed 10 May 2008.

Bostrom, Robert. "Theories, Data and Communication." *Communication Monographs* 70 (December 2003): 281.

Botan, C., and M. Taylor. "Public Relations: State of Field." Journal of Communication 54 (2004): 645-661.

Bowen, Shannon. "Autonomy in Communication: Inclusion in Strategic Management and Ethical Decision-Making, A Comparative Case Analysis." *Journal of Communication Management* 10 (2006): 332-333.

Bragman, Aaron. "Toyota Ordered to Modify Child Restraint Recall." *Global Insight*, 9 October 2006.

Brammer, Stephen, Andrew Millington, and Bruce Rayton. "The Contribution of Corporate Social responsibility to Organizational Commitment." *International Journal of Humans Resource Management* 18 (October 2007): 1715.

Brem, Maxwell. "Mapping Corporate Citizenship: A Survey of Global, National, and Local Initiatives." in *Promoting Corporate Citizenship: Opportunities for Business and Civil Society Engagement*, ed. Laurie Regelbrugge, 54. Washington, D.C.: CIVICUS, 1999.

Bronn, Peggy Simcic. "A Reflective Stakeholder Approach: Co-orientation As A Basis for Communication and Learning." *Journal of Communication Management* 7(2003): 293.

Brumm, James. "The Japanese Perspective." in *Corporate Social Responsibility. The Corporate Governance of the 21st Century*, ed. Ramon Mullerat, 337-338. The Hague: Kluwer Law International, 2005.

Brummer, James J. *Corporate Responsibility and Legitimacy: An Interdisciplinary Analysis*. Westport: Greenwood Press, 1991.

Brunsson, Nils. "Organizing for Inconsistencies: On Organizational Conflict, Depression, and Hypocrisy as Substitutes for Action." *Scandinavian Journal of Management Studies* 2 (May 1986): 166.

Buchanan, James M. *The Limits of Liberty – Between Anarchy and Levuiathan*. Chicago: University of Chicago, 1975.

Buchanan, John. "Japanese Corporate Governance and the Principle of Internalism." *Corporate Governance* 15 (2007): 29-30.

Buhmann, Karin. "Corporate Social Responsibility: What Role for Law? Some Aspects of Law and CSR." *Corporate Governance* 6 (2006): 190-191.

Burchell, Jon, and Joanne Cook. "Confronting the Corporate Citizen." *International Journal of Sociology and Social Policy* 26 (2006) 131-132.

Bush, Michael. "The Cult of Toyota." Advertising Age, 1 March 2010, available from http://adage.com/article?article_id=142335; Internet, accessed 23 June 2010.

Business for Social Responsibility. Working with Business to Build A More Just and Sustainable World, available from http://www.bsr.org/about/index.cfm; Internet, accessed 9 February 2008.

Business Respect. "Japan: Snow Brand Employees Get Suspended Jail Sentences." *Business Respect* 57, 27 May 2003, available from http://www.mallenbaker.net/csr/CSRfiles/page.php?Story_ID=954; Internet, accessed 5 February 2004.

Business Respect. "Japan: Snow Brand Food Brought Down By Scandal." *Business Respect 24*, 23 February 2002, available from http://www.mallenbaker.net/csr/CSRfiles/page.php?Story_ID=323; Internet, accessed 5 February 2004.

Business Wire. "Canon U.S.A. Celebrates Earth Day 2006." *Business Wire*, 21 April 2006, available from http://findarticles.com/P/articles/mi_m0EIN/is_2006_April_21/ai_n16130763/print; Internet, accessed 1 July 2007.

Business Wire. "Pennsylvania Teens Take Top Honors at 2005 Canon Envirothon." *Business Wire*, 25 July 2005.

Buss, Dale. "Eco-Efforts Rely on Authencity; Green-Washing Is Out and Even Wal-Mart and Ford Step Up, Sustainability Becomes Key Facet of A Number Of Marketing Plans." *Advertising Age*, 13 June 2005, p. 32.

Campos, Milton N. "Ecology of Meanings: A Critical Constructivist Communication Model." *Communication Theory* 17 (2007): 404.

Canon Corporation, History of Canon, available from http://www.canon.com/about/history/index.html; Internet, accessed 16 January 2008.

Canon Corporation. Social and Cultural Support Activities: The 6th Eco Festa (Festival) Wonderland, available from http://www.canon.com/scsa/community/eco_festival/index.html; Internet, accessed 2 July 2007.

Canon Environmental Activities. Third-Party Opinions, available from http://www.canon.com/environment/eco2006e/p69.html; Internet, accessed 1 August 2007.

Canon Envirothon. What Is Envirothon?, available from http://www.envirothon.org/about/what.php; Internet, accessed 30 June 2007.

Canon Marketing Japan. The Link to Value – Annual Report 2006, 22, available from http://cweb.canon.jp/co-profile/ir-e/business/pdf/2006-review.pdf; Internet, accessed 5 July 2007.

Canon Social & Cultural Support Activities. Europe: Local Communities, available from http://www.canon.com/scsa/group/europe/community/index.html; Internet, accessed 7 July 2007.

Canon Sustainability Report 2006. Relations with Employees: Employee-Friendly Work Environment, available from http://www.canon.com/environment/eco2006e/p62.html; Internet, accessed 2 July 2007.

Canon U.S.A. Commitment to the Community: Environmental Donations and Employee Voluntarism, available from http://www.usa.canon.com/templatedata/AboutCanon/ciwccenvdon.html; Internet, accessed 1 July 2007.

Canon USA Corporation. Safety Recall for Repair Information Product Advisory Statement, 18 September 2006, available from http://www.usa.canon.com/statement/PC_NP_Copiers.html; Internet, accessed 7 July 2007.

CAPS Research Japan and NPO ISM Japan, Inc. *The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies*, 15. Tempe: CAPS Research, 2007., available from http://www.capsresearch.org/publications/pdfs-public/capsjapan2007es.pdf; Internet, accessed 21 March 2008.

CAPS Reserach Japan and NPO ISM, Inc. The Supply Manager's Role in Corporate Social Responsibility Among Japanese Companies.Tempe: CAPS Research, 2007, 30, available from http://www.capsresearch.org/pdfs-public/capsjapan2007es.pdf;Internet, accessed 17 September 2010.

Carty, Sharon Silke. "They Died in Toyotas, Leaving Many Questions." *USA Today*, 15 March 2010, available from http://www.usatoday.com/money/autos/2010-03-14-crashes-involving-toyotas-raise-questions-victim-profiles_N.htm; Internet, accessed 25 June 2010.

Caux Round Table. About Us, available from http://www.cauxroundtable.org/about.html; Internet, accessed on 18 April 2004.

Caux Round Table. Founding, available from http://www.cauxroundtable.org/history.html; Internet, accessed on 18 April 2004.

Caux Round Table. Principles for Business, available from http://www.cauxroundtable.org/principles. html; Internet, accessed on 21 April 2004.

CBC News. "Former Mitsubishi Motors President Arrested in Defect Scandal." *CBC News*, 10 June 2005, available from http:/www.cbc.ca/money/story/2004/06/10/Mitsubishi_040610.html; Internet, accessed 30 April 2007.

CBS News. "BMX Champ Wins 2007 Toyota Pro/Celebrity Race." CBS News, 14 April 2007, available from http://cbs2.com/topstories/local_story_104225301.html, Internet, accessed 23 June 2007.

Cegarra-Navarro, Juan-Gabriel, and Aurora Martínez-Martínez. "Linking Corporate Social Responsibility With Admiration Through Organizational Outcomes." *Social Responsibility Journal* 5 (2009): 502-503.

Charles, Patti. "10-Year Study Documents Americas' Nature Deficit." *U.S. Newswire*, 21 April 2006.

Cheng, Bor-Shiuan, Li-Fang Chou, Samuel M. Y., Tsung Yu Wu, Min-Ping Huang, and Jing-Lih Farh, eds. "Paternalistic Leadership and Subordinate Responses: Establishing a Leadership Model in Chinese Organizations." *Asian Journal of Social Psychology* 7 (April 2004): 96.

Chiu, Randy K., May M. Wong, and Frederick A. Kosinski, Jr. "Confucian Values and Conflict Behavior of Asian Managers: A Comparison of Two Countries." *Social Behavior and Personality* 26 (1998): 12.

Choi, Chong Ju. “Contract Enforcement Across Cultures.” *Organization Studies* 15 (1994): 677.

Clark, Hannah. “Toyota’s Otaka Sued for Sexual Harassment.” *Forbes*, 5 February 2006, available from http://www.forbes.com/2006/05/02/toyota-otaka-harassment-cx_hc_0502autofacescan0...; Internet, accessed 28 May 2007.

Clausen, Lisbeth. *Intercultural Organizational Communication. Five Corporate Cases in Japan*. Denmark: Copenhagen Business School Press, 2006.

CNN. “Toyota Reports A Return on Profit.” *CNN*, 11 May 2010, available from http://www.cnn.com/2010/BUSINESS/05/11/toyota/index.html; Internet, 25 June 2010.

CNN Wire Staff. “Toyota Reaches Settlement with Families After Fatal Crash.” *CNN*, 18 September 2010, available from http://www.cnn.com/2010/US/09/17/toyota.settlement/index.html?iref=allsearch; Internet, accessed 22 September 2010.

CNN.com/Business. “Snow Brand Food to Liquidate.” *CNN.com*, 22 February 2002, available from http://edition.cnn.com/2002/BUSINESS/asia/02/22/japan.snowbrand.biz/index.html; Internet, accessed 11 March 2004.

Coalter, Geiff. “Inc. Helps Educators Integrate Technology into the Classroom at the FETC Conference in Orlando Digital Imaging Leader Display Its Solutions for Educators and….” *Associated Press Financial Wire*, 23 January 2007.

Cocoran, Ian. “Mitsubishi – stalled.” *brandchannel.com*. 11 March 2002, available from http://www. brandchannel.com/print_page.asp?ar_id=63&section=webwatch; Internet, accessed 18 May 2007.

Coleman, Lauren Delisa. “Toyota Recall and the Social Media Analysis.” *The Huffington Post*, 3 February 2010, available from http://www.huffingtonpost.com/lauren-coleman/toyota-recall-and-the-soc_b_448232.html; Internet, accessed 24 June 2010.

Collier, Jane, and Rafael Esteban. “Corporate Social Responsibility and Employee Commitment.” *Business Ethics: A European Review* 16 (January 2007): 25.

Coombs, W. Timothy, and Sherry Holladay. “The Negative Communication Dynamic: Exploring the Impact of Stakeholder Affect on Bahavioral Intentions.” *Journal of Communication Management* 11 (2007): 303.

Cooper-Chen, Anne. “Public Relations Practice in Japan: Beginning Again for the First Time.” in *International Public Relations: A Comparative Analysis*, ed. Hugh M. Culbertson and Ni Chen, 228-229. Mahwah: Lawrence Erlbaum Associates, 1996.

Cornwall, Jeff. “Results Tagged ‘Hitachi Foundation’ from The Entrepreneurial Mind.” *Corporate Citizenship Report*, 29 September 2009, available from http://www.drjeffcornwall.com/cgi-bin/mt4/mt-search.cgi?tag=Hitachi%20Foundation&blog_id=1&IncludeBlogs=1; Internet, accessed 8 March 2010.

CSA Canada. CSA International Canada and Canon Canada Inc. Announce A Voluntary Recall of Desktop Copiers for Repair, 26 September 2006, available from http://www.csa-international.org/ product_recalls/search/default.asp?articleID=8845&language=english; Internet, accessed 7 July 2007.

CSR Asia. Definition, available from http://www.csr-asia.com/index.php?linksid=1; Internet, accessed 29 October 2007.

Curtice, Joan. "Want To Motivate Your Employees? Keep Your Company Safe and You Will," *Handbook of Business Strategy* (2005), 206.

Dahlgaard, Jens, and Su Mi Dahlgaard-Park. "Lean Production, Six Sigma Quality, TQM, and Company Culture." *The TQM Magazine* 18 (2006): 264.

Dahlsrud, Alexander. "How Corporate Social Responsibility Is Defined: An Analysis of 37 Definitions." *Corporate Social Responsibility and Environmental Management* 15 (2008): 6.

Darnall, Nicole, Irene Henriques, and Perry Sadorsky. "Do Environmental Management Systems Improve Business Performance in An International Setting?" *Journal of International Management* 14 (2008): 366.

Davis, Graham. "Japan Behind US, in Adopting CSR." *EIU Media Directory*, 18 July 2005, available from http://www.eiuresources.com/mediadir/default. asp?PR=370001837; Internet, accessed 17 September 2010.

Dawkins, J., and S. Lewis. "CSR in Stakeholder Expectations and Their Implication for Company Strategy." *Journal of Business Ethics* 44 (2003): 185-193.

De Meo, Mike. "Canon Promotional Day at Yankee Stadium Focuses on Child Safety and the Use of Digital Photos to Help Locate Missing Children." *Business Wire*, 7 May 2007.

Deakin, Simon, and D. Hugh Whittaker. "Re-embedding the Corporation? Comparative Perspectives on Corporate Governance, Employment Relations and Corporate Social Responsibility." *Corporate Governance* 15 (January 2007): 3.

DeMente, Boye Lafayette. *Japanese Etiquette and Ethics in Business*. Lincolnwood: NTC Business Books, 1994.

Deutsche Public Relations Gesellschaft. Berufsbild, available from http://www. dprg.de/statische/ itemshowone.php4?id=39; Internet, accessed 13 January 2008.

Deutscher Alpenverein. DAV und Toyota sind offizielle Mobilitätspartner, available from http://www. wm-sportklettern.de/template_loader.php?tplpage_id =1&_article_id=111; Internet, accessed 21March 2008.

Deutsches Rotes Kreuz Berlin. Unternehmenskooperation, available from http://www.drk-berlin.net/ spendensich_beteiligen/unternehmenskooperation/; Internet, accessed 7 July 2007.

Dillon, Richard G. "Boundary Work: American Ethnographers as Intercultural Communicators in Japan." *International Journal of Intercultural Relations* 26 (2002): 64.

Ditlev-Simonsen, Caroline. "From Corporate Social Responsibility Awareness to Action?" *Social Responsibility Journal* 6 (2010): 464.

Donahue, Ray T. *Japanese Culture and Communication.* Lanham: University Press of America, 1998.

Donahue, Ray T. *Japanese Culture and Communications: Critical Cultural Analysis*. Lanham: University Press of America, 1998.

Donaldson, Thomas. "Part 3: Defining the Value of Doing Good Business." *Financial Times* (London), 3 June 2005, p. 4.

Dowling, Grahame. "How Good Corporate Reputations Create Corporate Value." *Corporate Reputation Review* 9 (2006): 137.

Dresewski, Felix. Soziale Verantwortung von Unternehmen bewerten. Ausgewählte Informationsquellen zu Richtlinien, Standards, Bewertungsinstrumenten, Berichterstattung und Ethischem Investment, *Soziale Verantwortung und Wirtschaftlicher Nutzen: Konzepte und Instrumente zur Kommunikation und Bewertung von Corporate Citizenship und Corporate Social Responsibility*. Hamburg: Bundesinitiative Unternehmen & Partner der Jugend (UPJ) beim Verband Kinder- und Jugendarbeit Hamburg e.V., 2002.

Drew, Frances, and David Cairns. "Style of Managing Interpersonal Workplace Conflict in Relations to Status And Face Concern: A Study with Anglos and Chinese." *The Interactional Journal of Conflict Management* 15 (2004): 32.

Driver, Al. "Mitsubishi: An Early Proponent of Corporate Social Responsibilit." *The Metropolitan Counsel*, May 2006, p. 26.

Du, Shuili, C. Bhattacharya, and Sankar Sen. "Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication." *International Journal of Management Reviews* 12 (March 2010): 14.

Dunham, Sherrie. "Lawton Ecology Club Wins First Place." *Kalamazoo Gazette (Michigan)*, 18 June 2007, p. 2.

Ebeling, Richard M. "Democratized Privilege: The New Mercantilism." *Freedom Daily*, February 1991, available from http://www.fff.org/freedom/0291b.asp; Internet, accessed on 10 January 2003.

Eckelmann,Alena. "Going Green in Japan." *International Business Times*, 5 October 2010, available from http://au.ibtimes.com/articles/68428/20101005/going-green-in-japan.htm; Internet, accessed 10 October 2010.

Edahiro, Junko, and Yuko Kishikami. "Newsletter: 2008 Summer Solstice Marks Candle Night's Fifth Anniversary of Sending A Message to the World." *Japan for Sustainability Newsletter*, 31 May 2008, available from http://www.japanfs.org/en/mailmagazine/newsletter/pages/027849.html; Internet, accessed 9 October 2010.

Edelman.co.uk. Edelmann Trust Barometer 2010, 4, available from http://www.edelman.co.uk/trustbarometer/files/edelan-trust-barometer-2010.pdf; Internet, accessed 28 July 2010.

Editorials. "On to the Envirothon." *The New York Dispatch (Pennsylvania)*, 11 June 2007, p. 4.

Ellington, Lucien. "Japan's Economy: 21st Century Challenges." *Japan Digest* (May 1995), available from http://www.indiana.edu/~ japan/digest8.html; Internet, accessed on 15 July 2003.

Elstrom, Peter. "Mitsubishi's Morass." *Businessweek*, 3 June 1996, available from http://www. businessweek.com/1996/23/b3478118.htm; Internet, accessed 7 May 2007.

Encarta World Book 1998. Mercantilism, available from http://www.essays.cc/ free_essays/c4/cay89. shtml; Internet, accessed on 10 January 2004.

Entertainment Weekly. "Candid Hollywood." *EW.com*, 5 October 2001, available from http://www.ew. com/article/0,,254191.html?print; Internet, accessed 1 July 2007.

ERS. Corporate Social Responsibility: Benchmark Study Report, June 2005, 6, available from http://www.envsource.com/resources/CSR_Benchmark_ Report_Summary.pdf; Internet, accessed 12 February 2006.

European Commission. Enterprise and Industry, available from http://ec.europa.eu/ enterprise/csr/ campaign/index_en.htm; Internet, accessed 29 October 2007.

European Cyclists' Federation. ECF at Toyota Stakeholder Dialogue in Brussels: Optimize Cars for Cyclists' Safety by Outer Windscreen Airbags, available from http://www.ecf.com/2347_1; Internet, accessed 1 August 2007.

European Union. "Press Release: Corporate Governance – European Forum Clarifies 'Comply or Explain' Principle and Issues Annual Report," 3 June 2006, available from http://europa.eu/rapid/press ReleasesAction.do?reference=IP/06/269&format =HTML&aged=0&language=EN&guiLanguage=en; Internet, accessed 21 July 2007.

European Union. European Commission News Release: Memo 02/153. *Corporate Social Responsibility Main Issues*, available from http://www.cepaa.org/ Documents/EU270602.htm; Internet, accessed on 15 August 2002.

Fackler, Martin. "Recalls by Toyota and SONY Shock Japan's Pride." *International Herald Tribune*, 14 September 2006, available from http://iht.com/bin/ print.php?id=2812606; Internet, accessed 28 May 2007.

Fackler, Martin. "U.S. Banks to Pursue Wealthy Japanese." *The New York Times*, 28 September 2005, available from http://www.iht.com/articles/2005/09/28/ yourmoney/merrill.php; Internet, accessed 27 May 2007.

Falck, Oliver, and Stephan Heblich. "Corporate Social Responsibility: Doing Well by Doing Good." *Business Horizons* 50 (2007): 253.

Farah, Samar. "The Thin Green Line." *CMO Magazine*, 1 December 2005, available from http://www. cmomagazine.com/read/120105/green_line.html?action=print; Internet, accessed 6 May 2007.

Farley, Maggie. "Japan's Press and Political Scandal." in *Media and Politics in Japan*, ed. Susan J. Pharr and Ellis S. Krauss, 135-137. Honolulu: University of Hawaii Press, 1996.

Farmer, Richard N., and W. Dickerson Hogue. *Corporate Social Responsibility.* Toronto: D.C. Heath and Company, 1985.

Fellows, Donna. "A Special Place to Let Loose; Today's Big Names Have Found Lakeland to Be a Useful Avenue; USA International Speedway." *The Ledger (Lakeland, Fl.)*, 18 February 2007, p. C9.

Fernandez, Icess. "Language of Learning a Family of Opportunity." *The Wichita Eagle (Kansas)*, 26 April 2007, p. A1.

Financial Services Agency. The Japanese Government, Administrative Actions Against The Bank of Tokyo-Mitsubishi UFJ, Ltd., 15 February 2007, available from http://www.fsa.go.jp/en/news/2007/ 20070215.html; Internet, accessed 27 May 2007.

Fitch, Gordon. "Achieving Corporate Social Responsibility." *Academy of Management Review* (January 1976): 42.

Focus Finanzen. "Werbung: Uralt-Slogan Sticht alle aus." *Focus Magazin*, 14 February 2005, available from http://www.focus.de/finanzen/news/quadratisch-praktisch_nid_11525.html; Internet, accessed 28 May 2007.

Foley, Stephen. "Toyota Faces $200 Million Bill as It Recalls 530,000 Faulty US Vehicles." *The Independent*, 19 January 2007, p. 50.

Ford, John B. and Earl D. Honeycutt, Jr. "Japanese national culture as a basis for understanding." *Business Horizons* 35 (November/December 1992): 32.

ForeignDirectInvestment. "CSR Reporting Still Not up to Scratch." *ForeignDirectInvestment*, 7 February 2005, available from http://www.fdimagazine.com/news/printpage.php/aid/1103/CSR_reporting_still_not_ up_to_scratch: Internet, accessed 21 June 2005.

Frankental, Peter. "Corporate Social Responsibility – A PR Invention?" *Corporate Communications: An International Journal* 6 (2001): 19-20.

Frankfurter Allgemeine Zeitung. "Occupy Wall Street. Die Protestwelle Erfasst Alle Kontinente." *Frankfurter Allgemeine Zeitung*, 15 October 2011, available from http://www.faz.net/aktuell/politik/occupy-wall-street-die-protestwelle-erfasst-alle-kontinente-11494116.html#Drucken; Internet, accessed 9 June 2012.

Frederick, William C. "Creatures, Corporations, Communities, Chaos, Complexities." *Business and Society* 37 (December 1998): 363.

Freeman, Sholn. "The Middle-Aged Are Going Green, and the Automakers Follow." *The Washington Pos*t, 25 February 2007, p. F01.

Freitag, Alan R. "Staking Claim: Public Relations Leaders Needed to Shape CSR Policy." *Public Relations Quarterly* 52 (2007): 38.

Friedman, Milton. "The Social Responsibility of Business Is to Increase Its Profits." *The New York Times Magazine,* 13 September 1970.

From Staff Reports. "Education: What's Going On." *The Houston Chronicle*, 2 May 2007, p. 2.

Fugere, Danielle. "Toyota's Green Commitment Fact or Fiction?" *Friends of the Earth Newsmagazine* 35, (Winter 2005): 6.

Fujimura, Hiroyuki. “Current Situation of and Issues in Labour-management Communication.” *Japan Labour Review* 4 (Winter 2006): 75.

Fukue, Natsuko. “Neighbors More Than Kin, Face Onus of Keeping Tabs on Seniors.” 21 July 2010, *The Japan Times*, available from http://search.japantimes.co.jp/cgi-bin/nn20100721f2.html; Internet, accessed 3 September 2010.

Fukukawa, Kyoko, and Jeremy Moon. “Working Paper: A Japanese Model of Corporate Social Responsibility? A Study of Online Reporting,” Working Paper No. 03/10, May 2003, 13-14 .Bradford University School of Management, 2003., available from http://www.brad.ac.uk/acad/ management/external/pdf/workingpapers/ 2003/Booklet_03=10.pdf; Internet, accessed 5 July 2005.

Gaertner, Christian. “Warum Toyota das Maß aller Dinge bleibt.” *Welt Online*, 9 July 2007, available from http://www.autobloggreen.com/2007/10/25/finally-news-from-mondays-protest-against-toyota/; Internet, accessed 10 May 2008.

Galbreath, Jeremy. “Corporate Social Responsibility Strategy: Strategic Options, Global Considerations.” *Corporate Governance* 6 (2006): 180.

Gamble, Adam, and Takesato Watanabe. *A Public Betrayed: An Inside Look at Japanese Media Atrocities and Their Warnings to the West*. Washington, D.C.: Regnery, 2001.

Genest, Christina. “Culture, Organizations and Philanthropy.” *Corporate Communications: An International Journal* 10 (2005): 322.

Geocities.com. “*The Difference between Capitalism and Mercantilism*.” available from http://www.geocities.com/muzamil_a/mercantilism_and_capitalism.htm; Internet, accessed 10 January 2004.

Georgi, Yvonne, and Sandra Nolte. “S.Oliver und David Garrett Spenden für die Erdbebenopfer von Haiti,” 15 January 2010, available from http://www.soliver.de/en/media/download/id/28102/file; Internet, accessed 13 February 2010.

Gertner, John. “From 0 to 60 to World Domination.” *The New York Times*, 18 February 2007, p. 1.

Global Reporting Initiative. GRI and ISO, available from http://www.globalreporting. org/about/iniiso. asp; Internet, accessed on 23 April 2004.

Globe and Mail Update. “Canon Canada Supports Walk to D’Feet ALS.” *Breaking News from Globemail.com*, 16 September 2003, p. C/Technology.

Globe and Mail Update. “Canon Focuses on Environment.” *Breaking News from globeandmail.com*, 3 December 2004, p. C/Technology.

Glombitza, Anna. *Corporate Social Responsibility der Unternehmenskommunikation* .Berlin/Munich: poli-c-books – Fachverlag für Politische Kommunikation, 2005.

Godar, Susan, Patricia O’Connor, and Virginia Anne Taylor. “Evaluating the Ethics of Inversion.” *Journal Business Ethics* 61 (2005): 3.

Goldman, Alan. “Intercultural Training of Japanese for U.S.-Japanese Interorganization Communication.” *International Journal of Intercultural Relations* 16 (1992): 200.

Goldman, Alan. *Doing Business with the Japanese - A Guide to Successful Communication, Management, and Diplomacy*. Albany: State University of New York, 1994.

Goldman, Alan. *Doing Business with the Japanese*. State University of New York Press, 1994.

Goldman, David. “Toyota’s President Sorry To Have Made Customers Uneasy.” January 29 2010, *CNN.com*, available from http://www.cnn.com/2010/BUSINESS/02/02/toyota.recall/index.html?hpt=T1; Internet, accessed 26 June 2010.

Goodpaster, Kenneth, and Laura Nash. *Policies and Persons. A Casebook in Business Ethics*. Boston: McGraw Hill, 1998.

Gordon, Bob. *The State of Responsible Business: Global Corporate Response to Environmental, Social and Governance (ESG) Challenges*. London: Ethical Investment Research Services (EIRIS), 2007, available from http://www.eiris.org/files/research%20publications/stateofrespbusinesssep07.pdf; Internet, accessed 21 February 2008.

Graff, E.J. “Too Pretty A Picture.” *The Washington Post*, 13 November 2005, available from http://www.washingtonpost.com/wp-dyn/content/article/2005/11/11/AR2005111102276_pf.html; Internet, accessed 7 May 2007.

Gray, Robert. “Cause Related Marketing: Developing A Tight Fit Is Crucial to CRM.” *Marketing*, 4 May 2000.

Greene, Jay. “Philanthropy the Microsoft Way.” *BusinessWeek*, 4 December 2009, available from http://www.businessweek.com/magazine/content/09_50/b4159054696253.htm; Internet, accessed 15 February 2010.

Greenpeace International. “Does Canon Support Shooting Whales?” *Greenpeace News*, 24 January 2008, available from http://www.greenpeace.org/international/news/canon-shooting-whales-240108; Internet, accessed 10 May 2008.

Grit, Kor. “Corporate Citizenship: How to Strengthen the Social Responsibility of Managers?” *Journal of Business Ethics* 53 (2004): 102.

Grunig, James, and Todd Hunt. *Managing Public Relations*. New York: CBS College Publishing, 1984.

Gupta, Shruti, and Julie Pirsch. “The Company-Cause-Customer Fit Decision in Cause Related Marketing.” *Journal of Consumer Marketing* 23 (2006): 319.

Hall, Edward T., and Mildred Reed Hall. *Hidden Differences – Doing Business with the Japanese*. New York: Anchor Books, 1987.

Halliday, Jean. “Toyota Turns a Niche into Anti-Waste Zealotry.” *Advertising Age*, 11 June 2007, p. S4.

Handa, Satoko, and Sachie Kanda. “What Do You Think of Mitsubishi Motors’ Cover-Ups of Vehicle Defects?” *Japan Today*, 30 April 2007, available from http://www.japantoday.com/news/jp/e/tools/print. asp?content=popvox&id=487;Internet, accessed 30 April 2007.

Handelsblatt. “Trotz Rückrufaktion: Toyota Schreibt Wieder Schwarze Zahlen.” *Handelsblatt*, 11 May 2010, available from http://www.handelsblatt.com/unternehmen/industrie/medienbericht-toyota-erreicht-offenbar-schwarze-zahlen;2567804; Internet, accessed 24 June 2010.

Hankinson, Philippa. “Brand Orientation in the Top 500 Fundraising Charities in the UK.” *Journal of Brand Management* 10 (2001): 349.

Harris, Jr., T. Franklin. “Corporate Social Responsibility A Dialogue.” *The Freeman* 41 (September 1991), available from http://www.libertyhaven.com/theoreticalorphilosophicalissues/economics/ freeenterpriseandentrepreneurship/corporatesocialresp.html; Internet, accessed 7 January 2004.

Harrison, Tyler, and Marya Doefel. “Competitive and Cooperative Conflict Communication Climates: The Influence of Ombuds Processes on Trust and Commitment to the Organization.” *International Journal of Conflict Management* 17 (2006): 130.

Harshman, Ellen, and Carl Harshman. “Communicating with Employees: Building On An Ethical Foundation.” *Journal of Business Ethics* 19 (1999): 7.

Hasegawa, Harukiyo. “Developing Management Studies as a Social Science: Globalization and Japanese Management Studies.” *Asian Business & Management* 5 (March 2006): 68.

Hasegawa, Keitaro. *Japanese Style Management: An Insider Analysis*. New York: Kodansha International LTD., 1986.

Hasegawa Kichi, Shinohara Chika, and Broadbent Jeffrey. ” The Effects of Social Expectation on the Development of Civil Society in Japan.” *Journal of Civil Society* 3 (September 2007): 184.

Hawkins, David E. *Corporate Social Responsibility: Balancing Tomorrow’s Sustainability and Today’s Profitability*. Hampshire: Palgrave Macmillan, 2006.

Hayashi, Shuji. *Culture and Management in Japan* .Tokyo: University of Tokyo Press, 1988.

Hayashi,Yuka. “Japan Adds Factories at Home.” *The Wall Street Journal*, 12 June 2007, p. A8.

Hazlett, Shirley-Ann, Rodney McAdam, and Lisa Murray. “From Quality Management to Socially Responsible Organizations. The Case for CSR.” *International Journal of Quality & Reliability Managemen*t 24 (2007): 679.

Healey, James. “Drivers Irked as Mileage Fails to Add Up.” *USA Today*, 17 August 2004, available from http://usatoday.printthis.clickability.com/pt/cpt?action=cpt&title=USATODAY.com+-+...; Internet, accessed 4 June 2007.

Heaton, Lorna. “Preserving Communication Context: Virtual Workspace and Interpersonal Space in Japanese CSCW.” *AI & Society* 13 (1999): 362.

Hermus, Jonathan. “Accelerating Towards Crisis: A PR View of Toyota.” *The Guardian*, 9 February 2010, available from http://www.guardian.co.uk/ business/2010/feb/09/pr-view-toyota-reputation-management; Internet, accessed 26 June 2010.

Hessekiel, David. “For the Good of the Cause.” *Folio*, 1 December 2001.

Hi, Dr. Nick Li. Corporate Philanthropy, available from http://wirtschaftslexikon. gabler.de/Definition/corporate-philanthropy.html, 12 February 2010.

Hill, Ronald Paul, Thomas Ainscough, Todd Shank, and Daryl Manullang, eds. “Corporate Social Responsibility and Social Responsible Investing: A Global Perspective.” *Journal of Business Ethics* 70 (2007): 166-167.

Hirao, Sachiko. “Bridging Support Gaps – NPO Champion Stresses Groundwork.” *The Japan Times Online*, 31 December 2002, available from http://www. japantimes.co.jp/cgi-bin/getarticle.pl5?nn 20021231b3.htm; Internet, accessed 18 December 2003.

History Associates Incorporated. “Doing Well by Doing Good: Corporate Social Responsibility Today.” *HAIpoints* (Summer/Fall 2003): 1.

Hogler, Raymond, Michael Gross, Jackie Hartman and others, eds. “Meaning in Organizational Communication: Why Metaphor Is the Cake, Not the Icing.” *Management Communication Quarterly* 21 (2008): 402.

Holzer, Boris, and Mads P. Sorensen. “Rethinking Subpolitics: Beyond the ‘Iron Cage’ of Modern Politics?” *Theory Culture & Society* 20 (2003): 88-89.

Hong, Soo Yeon, Sung-Un Yang and Hyejoon Rim. “The Influence of Corporate Social Responsibility and Customer-Company Identification on Publics’ Dialogic Communication Intentions.” *Public Relations Review* 10 (2009): 3.

Hood, John. “Ideas on Liberty.” *The Freeman* 48 (November 1998); available from http://www.fee.org/ publications/the-freeman/article.asp?aid=3702&print_ view=true; Internet, accessed 4 September 2006.

Hopkins, Michael. *Corporate Social Responsibility and International Development: Is Business the Solution?* London: Earthscan, 2007.

Hornblower, Margot. “Next Stop, Home Depot.” *Time Magazin*e, 19 October 1998, available from http://www.time.com/time/printout/0,8816,989346,00.html; Internet, accessed 21 May 2007.

Horsey, Beth. “Winners of Maryland Environthon To Be Announced June 21.” *US States News*, 20 June 2007.

Hosokawa, Rintaro. “Winning Investor Trust Crucial to Success of SRI Funds.” *The Nikkei Weekly* (Japan), 4 July 2006.

Howard, Theresa. “Being Eco-Friendly Can Pay Economically.” *USA Today*, 15 August 2005, p. 7B.

Hughes, Jay. "Workers Claim Plant Ignored Racial Discrimination." *Asian Week*, 27 January 2000, available from http://www.asianweek.com/2000_01_27/ biz_mitsubishi.html; Internet, accessed 7 May 2007.

Husock, Howard. "Privatization of Politics." *The New York Sun*, 28 February 2007, available from http://www.manhattan-institute.org/html/_nysun-privatization_ of_politics.htm; Internet, accessed 21 May 2007.

Hutton, Bethan. "Japan Gets 'Responsible' In Its Own Particular Way." *Financial Times*, 12 December 2005, p. 10.

Hyde, Justin. "Toyota Must Modify Recall: Pickups Lack Front Child-Seat Latches." *Detroit Free Press*, 6 October 2006.

Imamura, Kotonari. "Companies Having Trouble Leaving Seniority System Behind." *Knight-Ridder Tribune Business News*, 27 February 2006.

Inoue, Takashi. "An Overview of Public Relations in Japan and the Self-Correction Concept." in *The Global Public Relations Handbook: Theory, Research, and Practice*, 77-78. Lawrence Erlbaum Associates, 2003.

Inoue, Yuko, and Nathan Layne. "Japan FSA to Penalize MUFG for Inv Trusts – Paper." *Reuters*, 8 June 2007, available from http://uk.reuters.com/article/ bankingfinancial-SP/idUKT17595020070608? pageNumber=2; Internet, accessed 18 January 2008.

International Finance Corporation. Corporate Social Responsibility, available from http://www.ifc.org/ ifcext/economics.nsf/Content/CSR-IntroPage; Internet, accessed 29 October 2007.

Irving, Sarah. "Beneath the Gloss…Advertising Promise vs. Reality." *New Internationalist*, 1 September 2006, p. 18.

Ito, Takashi. "Public Journalism and Journalism in Japan." *Keio Communications Review* 27 (2005): 43.

Iwano, Kosuke. "Kirin Regains Top Share in Shipments." *The Nikkei Weekly*, 24 April 2006, p. 8.

Jacoby, Sanford M. " Der Toyota-Weg zum Wohlstand." *Le Monde Diplomatique*, 12 May 2006, available from http://www.monde-diplomatique.de/pm/2006/05/12. mondeTEXT.artikle,a0051.idx,14, accessed 5 July 2007.

Jacoby, Sanford M. "Principles and Agents: CalPERS and corporate governance in Japan." *Principles and Agents* 15 (January 2007): 13.

Jacoby, Sanford. "Japan's Alternative Economics." *Le Monde Diplomatique*, 6 June 2006, available from http://mondediplo.com/2006/06/06japan; Internet, accessed 11 October 2010.

Jahdi, Khosro, and Gaye Acikdilli. "Marketing Communications and Corporate Social Responsibility (CSR): Marriage of Convinience or Shotgun Wedding?," *Journal of Business Ethics* 88 (2009). 111.

Jameson, Sam. “A Veteran American Journalist Looks at the Japanese Media.” *Japan Policy Research Institute Working Paper* 40 (November 1997), available from http://www.jpri.org/publications/ workingpapers/wp40.html; Internet, accessed 16 February 2008.

Jang, Ha-Yong. “Cultural Differences in an Interorganizational Network: Shared Public Relations Firms among Japanese and American Companies.” *Public Relations Review* 23 (Winter 1997): 330.

Janoff, B. “The Game: Toyota Joins NY Marathon Mix; Much ‘A-Dew’ At AST Dew Tour.” Brandweek, 18 June 2007, available from http://www.brandweek.com/bw/magazine/columns/article_ display.jsp?vnu_content_id=1003599798; Internet, accessed 24 June 2007.

Japan Climate Leaders’ Partnership. About Us, available from http://japan-clp.jp/en/about_us/about_japan_clp.html; Internet, accessed 12 October 2010.

Japan Echo Editorial. “Watching America Watch Japan.” *Japan Times*, 18 August 1997, available from http://www.japanecho.com/sum/2000/270216.html; Internet, accessed 16 February 2008.

Japan Economy News & Blog. About/Contact, available from http://www.japaneconomynews.com/ about/; Internet, accessed 20 February 2008.

Japan Football Association. The JFA Declaration 2005, available from http://www.jfa.or.jp/eng/ jfa/2005/index.html; Internet, accessed 26 May 2007.

Japan for Sustainability. Japanese Accountants Propose that Companies Disclose Climate Impacts to Investors, 8 October 2009, available from http://www. japanfs.org/en/pages/029237.html; Internet, accessed 11 October 2010.

Japan-guide.com. Basic Information: Japanese History-Edo Period (1603-1867); available from http://www.japan-guide.com/e/e2128.html; Internet; accessed on April 16, 2003.

Jin, Henry Hongbo, Olivia Mitchell, and John Piggott. “Socially Responsible Investment in Japanese Pensions.” *Pacific-Basin Finance Journal* 14 (2006): 429.

Johnson, J. David, and Hui-Jung Chang. “Internal and External Communication, Boundary Spanning, and Innovation Adoption: An Over-Time Comparison of Three Explanations of Internal and External Innovation Communication in a New Organizational Form.” *Journal of Business Communication* 37 (2000): 253.

Jones, Bryn. “Citizens, Partners or Patrons? Corporate Power and Patronage Capitalism.” *Journal of Civil Society* 3 (September 2007): 167.

Kadoya, Youkou. “Rehabilitation of People: Kodokushi—Solitary Death.” in *Lessons from the Great Hanshin Earthquake*, ed. Yoshimitsu Shiozaki, Eiichi Nishikawa, and Toshikazu Deguchi (Tokyo: Creates-Kamogawa Publishers, 2005), available from http://www.shinsaiken.jp/oldweb/hrc-e/publish/lessons_ghe/index.html; Internet, accessed 3 September 2010.

Kageyama, Kiichi. “Toyota in the 21st Century in Asian Countries: Information Exchange System and Best Mix.” *Asian Management* 3 (December 2004): 30-33.

Kageyama, Yuri. “Toyota Expert Sato Calls for New Leadership.” *Associated Press Financial Wire*, 20 May 2010, available from http://abcnews.go.com/Business/wireStory?id=10697038; Internet, accessed 26 June 2010.

Kageyama, Yuri. “Toyota’s Shiny Image Has Dents; Company May Delay New Models for Quality Control.” *The Houston Chronicle*, 26 August 2006, p. 1.

Kageyama,Yuri. “Japan: Toyota Officials Investigated in Japan Over Alleged Recall Negligence.” *CBC News*, 11 July 2006, available from http://www.corpwatch.org/article.php?id=13867&printsafe=1; Internet, accessed 28 May 2007.

Kahl, Jürgen. *Länderanalyse: Japan zwischen Reformverdrossenheit und Veränderungsdrück*. Berlin: Friderich Ebert Stiftung, 2008.

Kakuchi, Suvendrini. “Making It in Management.” *ACC Journal* (August 2007): 32-36, available from http://www.acj.or.jp/document_library/Journal2006/August07.pdf; Internet, accessed 8 February 2008.

Kaler, J. “Evaluating Stakeholder Theory.” *Journal of Business Ethics* 69 (2006): 254.

Kalla, Hanna K. “Integrated Internal Communications: A Multidisciplinary Perspective.” *Corporate Communications: An International Journal* 10 (2005): 306.

Kameda, Naoki. “A Research Paradigm for International Business Communication.” *Corporate Communications: An International Journal* 10 (2005): 175.

Kameda, Naoki. “The Implication of Language Style in Business Communication: Focus on English versus Japanese.” *Corporate Communications: An International Journal* 6 (2001): 146.

Karliner, Joshua. “God’s Little Chopsticks.” *MotherJones*, September/October 1994, available from http://www.motherjones.com/cgi-bin/print_article.pl?url=http://www.motherjones.com; Internet, accessed 21 May 2007.

Karp, Gary. “The History of Disability.” *Life on Wheels*, 1999, available from http://www.lifeonwheels. org/writings/history.html; Internet, accessed on 7 January 2004.

Katsuhito, Iwai. “The Company in a Post-Industrial Capitalist Economy.” *Business Recorder*, 20 June 2007.

Katz, Richard, and Peter Ennis. “How Able Is Abe?” *Foreign Affairs* 86 (March – April 2007): 75.

Kawaguchi, Judit. “Asahi Breweries Advisor Takanori Nakajo.” *Japan Times Online*, 27 August 2009, avaialable from http://search.japantimes.co.jp/cgi-bin/fl20090924jk.html; Internet, accessed 28 July 2010.

Kawamura, Masahiko. “The Evolution of Corporate Social Responsibility in Japan (Part 1)-Parallels with the History of Corporate Reform.” *NLI Research*, 24 May 2004, 4, available from http://www.nli-research.co.jp/eng/resea/life/li040524.pdf; Internet, accessed 16 December 2006.

Kawanura, Masahiko. “Japanese Conpanies Launch New Era of CSR Management in 2003.” *NLI Research*, 6 August 2003, p.1-2, available from http://www.nli-research.co.jp/eng/resea/life/li030806.pdf; Internet, accessed 27 February 2005.

Keizai Doyukai. Corporate Social Responsibility (CSR) in Japan: Current Status and Future Challenges 2003 – Selected Summary (Unofficial Translation) January 2004, 3, available from http://www. doyukai.or.jp/en/policyproposals/ articles/pdf/040116.pdf; Internet, accessed 9 February 2008.

Kelly, William, Tomoko Masumoto, and Dirk Gibson. “Kisha Kurabu and Koho: Japanese Media Relations and Public Relations.” *Public Relations Review* 28 (2002): 270.

Kidd, John, and Frank-Jürgen Richter. “CSR – A Virtuous Circle. But Which Circle? And Whose ‘Virtue’?” in *Corporate Social Responsibility in Asia*, ed. Kyoko Fukukawa, 152. Oxon: Routledge, 2010.

Kidder, Samuel. “Advocating U.S. Business Interest in Japan.” *Japantoday*, 1 February 2008, available from http://www.japantoday.com/news/jp/e/tools/print.asp? content=executive&id=286; Internet, accessed 31 January 2008.

Kim, Chang-Ran, and Bernie Woodall. “Toyota President Apologizes for Global Recall.” *Financial Post*, 3 February 2010, available from http://www. financialpost.com/story.html?id=2521331; Internet, accessed 25 June 2010.

Kim, Soo-Yeon, and Bryan Reber. “Public Relations’ Place in Corporate Social Responsibility: Practitioners Define Their Role.” *Public Relations Review* 34 (2008): 341.

Kimura, Masato. “Ethical Challenges Facing Japanese Businesses.” *Asian Perspective* 29 (2005): 147.

Kirin Investor Relations. Kirin: Business Approach for 2007, 10 January 2007, available from http://www.kirin.co.jp/english/ir/news_release070110_1.html; Internet, accessed 26 May 2007.

Kleinrichert, Denise. “Ethics, Power and Communities: Corporate Social Responsibility Revisited.” *Journal of Business Ethics* 78 (2008): 476.

Knight, Dana. “The Indianapolis Star Real Life Column.” The Indianapolis Star, 24 January 2003, p. 23.

Kono, Toyohiro, and Stewart R. Clegg. *Transformations of Corporate Culture: Experiences of Japanese Enterprises*. Berlin: Walter de Gruyter, 1998.

Kosaka, Hiroshi. “Japanese Managerial Behavior in Strategic Planning. Case Analyses in Global Business Context.” *Journal of Business Research* 57 (2004): 292.

Kotler, Philip and Nancy Lee. *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause.* Hoboken: John Wiley & Sons, 2005.

Kower, Rotem. “Japanese Communication in Intercultural Encounters: The Barrier of Status-Related Behavior.” *International Journal of Intercultural Relations* 26 (2002): 343.

Krimsky, Sheldon. "Risk Communication in the Internet Age: The Rise of Disorganized Skepticism." *Environmental Hazards* 7 (2007): 160-161.

Krishnan, Rama. "Business Philosophy and Executive Responsibility." *Academy of Management Journal* 16 (December 1973): 659-660.

Kuhn, Timothy, and Stanley Deetz. "Critical Theory and Corporate Social Responsibilitzy. Can/Should We Get Beyond Cynical Reasoning?" in *The Oxford Handbook of Corporate Social Responsibility*, ed. Andrew Crane and others, eds., 188. Oxford: Oxford University Press, 2009.

Kunii, Irene M. "Can Japanese Consumers Stand Up and Fight?" *Businessweek Online*, 11 September 2000, available from http://www.businessweek.com/ 2000/00_41/b3702244.htm; Internet, accessed 30 April 2007.

Kurosawa, Takeshi. A Corporate Guide To The Global Blogospeher: The New Model Of Peer-To-Peer Communications. Edelmann 2006, available from http://www.edelman.com/image/insights/content/WhitePaper011107sm.pdf; Internet, accessed 21 July 2010.

Kwon, Keedon. "Economic Development in East Asia and A Critique of the Post-Confucian Thesis." *Theor Soc* 36 (2007): 60.

Kyodo News International Tokyo. "Toyota to Recall 54,200 Vehicles Over Defective Engine Control System." *McClatchy-Tribune Business News*, 16 November 2006.

Lacey, Russell, Angeline Close, and R. Finney. "The Pivotal Role of Product Knowledge and Corporate Social Responsibility in Event of Sponsorships Effectiveness." *Journal of Business Research* 11 (2009):5

Layne, Nathan, Taiga Uranaka, and Kevin Krolicki. "Special Report – Inside Toyota's Epic Breakdown." *Reuters*, 10 February 2010, available from http://in.reuters. com/article/idINIndia-46038520100209; Internet, accessed 26 June 2010.

Lee, Hanjoon, TaeKyu Park, Hyoung Koo Moon, YongHee Yang, and others, eds. "Corporate Philanthropy, Attitude Towards Corporations, and Purchase Intentions: A South Korea Study." *Journal of Business Research* 62 (2009): 940-941.

Lee, Ming-Dong Paul. "A Review of the Theories of Corporate Social Responsibility: Its Evolutionary Path and the Road Ahead." *International Journal of Management Reviews* 10 (2008): 54.

Leipziger Public Relations Studenten e.V. PR-Definitionen, available from http://pr-definitionen.de/ wissen/pr-definitionen, Internet, accessed 13 January 2008.

Leper, Roy. "Moral Objectivity, Jurgen Habermas's Discourse Ethics, and Public Relations." *Public Relations Review* 22 (1996): 136.

Levin, Doron. "Toyota's Defects Irk U.S. Automakers, Not Buyers: Doron Levin." *Bloomberg.com*, 25 July 2006, available from http://www.bloomberg.com/apps/ news?pid=20670001&refer=conews&sid= aTO4k=tgli...; Internet, accessed 6 May 2007.

Lewin Arie, Tomoaki Sakano, Bart Victor, and Carroll Stephens, eds. "Corporate Citizenship in Japan: Survey Results from Japanese." *Journal of Business Ethics* 14 (1995): 83-101.

Lewis, Kevin, and Vos Joost. "Japan's Struggle for Recovery." *American Century*, (June 2002): 1-2, available from http://www.institutional.americancentury.com/institutional/pdf/in_japans_struggle.pdf; Internet, accessed 9 March 2004.

Lewis, Stewart. "Reputation and Corporate Responsibility." *Journal of Communication Management* 7 (2003): 364.

Lewis, Stewart. "Reputation and Corporate Social Responsibility." *Journal of Communication Management* 7 (2003): 357.

Liker, Jeffrey. *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer*. New York: McGraw-Hill, 2004.

Lindner, Roland. "Wer Reich Stirbt, Stirbt in Schande." *Frankfurter Allgemeine Zeitung*, 3 Januar 2004, 11.

Linebaugh, Kate, Dionne Searcey, and Norihiko Shirouzu. "Secretive Culture Led Toyota Astray." *The Wall Street Journal*, 8 February 2010, available from http://online.wsj.com/article/SB10001424052748704820904575055733096312238.html?mod=WSJhpsMIDDLEThirdNews#printMode; Internet, accessed 26 June 2010.

Logan, Sandra. "Domestic Disturbance and the Disordered State in Shakespeare's Othello." *Textual Practice* 18 (2004): 355.

Lozzano, Joseph. "Towards the Relational Corporation: From Managing Stakeholder Relationships to Building Stakeholder Relationships (Waiting for Copernicus)." *Corporate Governance* 5 (2005): 66.

Lu, Wei-Lee. Developing Awareness of Professional Military Ethics at the Chinese naval Academy in Taiwan, available from http://www.usafa.af.mil/jscope/JSCOPE01/Luera101.html; Internet; accessed on 5 June, 2003.

MacLennan, W.J. "Medieval Hospitals in Scotland: A Cure for Body or Soul?" *J R Coll Physicians Edinburgh* 33 (Supplement 12) (2003): 36, available from http://www.rcpe.ac.uk/publications/articles/ history_supplement/F_Medieval_Hospitals.pdf; Internet, accessed 7 January 2004.

Madslien, Jorn. "Toyota Boss Akio Toyoda Apologizes for Fault." *BBC News*, 24 February 2010, available from http://news.bbc.co.uk/2/hi/business/8533352.stm; Internet, accessed 23 June 2010.

Madslien, Jorn. "Toyota's Reputation Could Be Tarnished For Years." *BBC News*, 4 February 2010, available from http://news.bbc.co.uk/2/hi/business/8498036.stm; Internet, accessed 23 June 2010.

Maitland, Alison. "ISIS Warns That Technology Companies Faces Many Risks." *Financial Times (London)*, 19 January 2004, p. 2.

Manheim, Jarol, and Cornelius Pratt. "Communicating Corporate Social Responsibility." *Public Relations Review* 12 (Summer 1986): 15.

Manifest. “Global CSR Reporting – Japanese Firms Top Ranking.” *Manifest*, 2 June 2002, available from http://www.manifest.co.uk/mafest_i/2002/0206Jun/020612globalcsr.htm; Internet, accessed 17 June 2005.

March, Robert M. *Reading the Japanese Mind – The Realities Behind Their Thoughts and Actions*. Tokyo: Kodansha International, 1996.

Marcoux Alexei M. “Business Ethics Gone Wrong.” Cato Policy Report 22 (May/June 2000), available from http://www.cato.org/pubs/policy_report/v22n3/cpr-22n3.html; Internet, accessed 4 September 2006.

Marcoux, Alexei M. “Business Ethics Gone Wrong.” *CATO Policy Report* 22 (May/June 2000), available from http://www.cato.org/pubs/policy_report/v22n3/cpr-22n3.html; Internet, accessed 4 March 2008.

Mark-Herbert, Cecilia, and Carolina von Schantz. “Communicating Corporate Social Responsibilty-Brand Management.” *Electronic Journal of Business Ethics and Organization Studies* 12 (2007): 6.

Marne-Arthaud, Day. “Transnational Corporate Social Responsibility: A Tri-Dimensional Approach to International CSR Research.” *Business Ethics Quarterly* 15 (2005): 9.

Marshall, Byron K. “Academic Freedom and the Japanese Imperial University.” *History of Education Quarterly* 34 (Autumn 1994): 359-361.

Marshall, Jill. “Can Eco-Friendly Fish Be Big in Japan?” *BBC World News*, 26 February 2010, available from http://news.bbc.co.uk/2/hi/business/8534166.stm; Internet, accessed 10 October 2010.

Marsland, Stephen, and Michael Beer. “The Evolution of Japanese Management: Lessons for U.S. Managers.” *Organizational Dynamics* (Winter 1983): 52-55.

Martin Flacker, “Japanese Fret That Quality Is in Decline,” *The New York Times*, 21 September 2006, available from http://travel2.nytimes.com/2006/09/21/business7worldbusiness/21quality.html?pagewa...; Internet, accessed 28 May 2007.

Masayuki, Deguchi. “Not for Profit.” *Look Japan*, 16 January 2001; available from http://lookjapan. com/Lbecobiz/==JanEF.htm; Internet; accessed on March 15, 2003.

Matsubara, Akira, and Hiroko Todoroki. “*Japan’s Culture of Giving and Non-Profit Organizations*.” Coalition for Legislation to Support Citizen’s Organizations (May 2003), available from http://www. npoweb.gr.jp/english/cgp.html; Internet, accessed 20 January 2004.

May, Ellen Lanser. “Corporate Citizenship.” *Healthcare Executive* 19 (May/June 2004): 44-46.

Maynard, Micheline. “Automaker Reaches Settlement in Sexual Harassment Suit.” *The New York Times*, 5 August 2006, available from http://www.nytimes.com/2006/08/05/business/worldbusiness/ 05harass.html?ei=5090&...;Internet, accessed 31 May 2007.

Maynard, Micheline. "In Washington, A Renewed Taste for Auto Safety." 6 May 2010, *The New York Times*, available from http://www.nytimes.com/2010/05/07/business/07auto.html; Internet, accesse 26 June 2010.

McGoon, Cliff. "Still Searching for Excellence." *Communication World*, October 1989, available from http://findarticles.com/p/articles/mi_m4422/is_n10_v6/ai_7754502/print; Internet, accessed 21 September 2006.

McIntosh, Malcom, Deborah Leipziger, and Ruth Thomas. *Living Corporate Citizenship: Strategic Routes to Socially Responsible Business*. Harlow: Pearson Education Limited, 2003.

McKean, Margaret A. *Environmental Protest and Citizen Politics in Japan*. Berkeley: University of California Press, 1981.

McMillan, Charles. "Five Competitive Forces of Effective Leadership and Innovation." *Journal of Business Strategy* 31 (2010): 15.

Medalis, Kara. "Terry's Got Talent." *Pittsburgh Post-Gazette (Pennsylvania)*, 24 August, 2007, p. WEB.

Mellahi, Kamel, and Geoff Wood. "Variances in Social Partnership." *International Journal of Social Economics* 31 (2004): 671-672.

Meredith, Robyn. "Few at Mitsubishi Are Silent Over Accusations." *The New York Times*, 26 April 1996, p. 20.

Merten, Klaus. *Einführung in die Kommunikationswissenschaft Band 1/1: Grundlagen der Kommunikationswissenschaft*. Münster: LITVerlag, 1999.

Merten, Klaus, and Joachim Westerbarkey. "Public Opinion und Public Relations," in *Die Wirklichkeit der Medien. Eine Einführung in die Kommunikatiosnwissenschaft*, ed. Siegfried Weischenberg, 210-211. Opladen: Westdeutscher Verlag, 1994.

Merx, Katie. "UAW Fears 2-Tier Auto Pacts/Up Close." *The Baltimore Sun*, 28 March 2007, p. 2D.

Mestre, Michel, Alan Stainer, and Lorice Stainer. "Employee Orientation – the Japanese Approach." *Employee Relations* 19 (1997): 447.

Mestre, Michel, Alan Steiner, Lorice Steiner, and Bill Strom, eds. "Visual Communication – the Japanese Experience." *Corporate Communications* 5 (1999): 40.

Mettila, Merita. "Corporate Social Responsibility and Image in Organizations: For the Insiders Or the Outsiders?" *Social Responsibility Journal* 5(2009): 541.

Meyer, John and Brian Rowan. "Institutionalized Organizations: Formal Structure As Myth and Ceremony." *The American Journal of Sociology* 83 (September 1977): 350.

Miller, Ken. "Conservancy: Most Species Hold Their Own." *The Chicago Sun-Times*, 7 January 1996, p. 49.

Mirchandani, Rajesh. “California Sues Toyota for Faults.” *BBC News Los Angeles*, 13 March 2010, available from http://news.bbc.co.uk/2/hi/americas/8565637.stm; Internet, accessed 23 June 2010.

Mitchell, Charles. *A Short Course in International Business Culture*. Novato: World Trade Press, 2000.

Mitsubishi Corporation. Corporate Social Responsibility Vision, available from http://www. mitsubishicorp.com/en/pdf/csr/report/sustain/05sr-07.pdf#search=%22mitsubishi%20and%20corporate %20social%20responsibility%20and%20history%22; Internet, accessed 2 October 2006.

Mitsubishi Electric America Foundation. “HOPE to Help Kick Off New Special Olympics Project.” *MEAF Tidings*, Winter 2007, p. 2, available from http://www.meaf.org/news/pdf/Tidings%20Winter07. pdf; Internet, accessed 18 May 2007.

Mitsubishi Electric America Foundation. “MEAF 1991 – 2006,” available from http://www.meaf.org/ about/fifteenyears.html; Internet, accessed 18 May 2007.

Mitsubishi Impression Gallery. Mitsubishi Asian Children Enikki Festa, available from http://enikki. mitsubishi.or.jp/e/index_f.html; Internet, accessed 25 May 2007.

Mitsubishi International Corporation. “Representative Community Involvement,” available from http://www.mitsubishicorp-us.com/corporatecitizenship_ philanthropy_representativecommunity.shtml; Internet, accessed 18 May 2007.

Mitsubishi International Corporation. MIC Foundation – Recent Representative Grants and Events, available from http://www.mitsubishicorp-us.com/corporatecitizenship _micfoundation.shtml; Internet, accessed 18 May 2007.

Mitsubishi International Corporation. MIC Foundation, available from http://www. micusa.com/ corporatecitizenship_micfoundation.shtml; Internet, accessed 27 May 2007.

Mitsubishi Public Affairs Committee.“Asia’s Reading Artists.” *Mitsubishi Monitor*, October-November 2005, available from http://www.mitsubishi.com/mpac/e/ monitor/back/0510/storynext.html; Internet, accessed 25 May 2007.

Miura, Asako, and Kiyomi Yamashita. “Psychological and Social Influences on Blog Writing: An Online Survey of Blog Authors in Japan.” *Journal of Computer-Mediated Communication* 12 (July 2007): 1453.

Miyajima, Hideaki, and Fumiaki Kuroki. The Unwinding of Cross-Shareholding in Japan: Causes, Effects, and Implications. (May 2005), p. 8-10, available from http://papers.ssrn.com/sol3/papers. cfm?abstract_id=818346#PaperDownload; Internet, accessed 16 April 2007.

Mizuho, Aoki. “Growing Old Alone: Cleanup After Unnoticed Death Now A Growing Industry.” *The Japan Times*, 21 July 2010, available from http://search.japantimes.co.jp/cgi-bin/nn20100721f3.html; Internet, accessed 3 September 2010.

Moffet, Sebastian. “The Nomura Nightmare.” *Time Magazine*, 2 June 1997; available from http://www.time.com/time/magazine/1997/int/970602/asia.nomura.html; Internet; accessed on April 14, 2003.

Moir, Lance. “What Do We Mean by Corporate Social Responsibility?” *Corporate Governance* 1 (2001): 19.

Mokhoff, Nicolas. “Grand Slam for Missing Children.” *Electronic Engineering Times*, 1 August 2005, p. 4.

Moran, Chris. “Parents Learn Alongside Kids in Literacy Program.” *The San Diego Union Tribune*, 15 May 2007, p. B-1.

Morden, Tony. “Models of National Culture – A Management Review.” *Cross Cultural Management* 6 (1999): 21.

Morrison, Roy. “Industrialism or Ecological Society: A Green Perspective on ‘Free’ Trade.” *Synthesis/Regeneration* (Spring 1993), available from http://www.greens.org/s-r/06/06-33.html; Internet, accessed 10 January 2004.

Morsbach, Helmut. “Aspects of Nonverbal Communication in Japan.” *The Journal of Nervous and Mental Disease* 157 (1973): 262.

Morsing, Mette, and Majken Schultz. “Corporate Social Responsibility Communication: Stakeholder Information, Response, and Involvement Strategies.” *Business Ethics: A European Review* 15 (October 2006): 326-333.

Morsing, Mette, and Majken Schultz. “The ‘Catch 22’ of Communicating CSR: Findings from A Danish Study.” *Journal of Marketing Communications* 14 (2008): 107.

Morsing, Mette. “Corporate Social Responsibility as Strategic Auto-Communication: On the Role of External Stakeholders for Member Identification.” *Business Ethics: A European Review* 15 (April 2006): 175.

Morsing, Mette. “Strategic CSR Communication Telling Others How Good You Are.” in *Management Models for Corporate Social Responsibility*, ed. Jan Jonker and Marco de Witte, 245. Berlin: Springer, 2006.

Mota, Kathy. “Science Classrooms Receive USD$550,000 from Toyota Tapestry Grant Program.” *PR Newswire US*, 30 March 2007.

Motavalli, Jim. “Flying High Swooping Low. *E/The Environmental Magazine*, January/February 2000, available from http://www.emagazine.com/view/?82&src=; Internet, accessed 23 May 2007.

Nagano, Miho. “The Ups and Downs of Product Recalls—Japan-Style; Toyota and Other Japanese Makers Learn to Cope with Quality Glitches.” *Investor’s Business Daily*, 22 January 2007, p. A07.

Nagata, Kazuaki. “Earth Day Tokyo Spreads, Celebrates ‘Green’ Issues.” *The Japan Times*, 18 April 2010, available from http://search.japantimes.co.jp/cgi-bin/nn20100418b1.html; Internet, accessed 9 October 2010.

Nakakubo, Hiroya. "Should the Treatment of Regular and Part-Time Workers be Equalized? Discrepancies in Conditions and 'Focused' Legal Regulations." *Japan Labour Bulletin* 41 (1 October 2002): 6-7, available from http://www. jil.go.jp/bulletin/year/2002/vol41-10.pdf; Internet, accessed on 5 October 2003.

Nakamoto, Michiyo, John Reed and Mariko Sanchata. "Toyota Recalls 500,000 Vehicles in US Automotive." *Financial Times*, 20 January 2007, p. 19.

Nakamoto, Michiyo. "Open Up? How the Livedoor Affair Could Change Japan's Opaque Corporate Culture." *Financial Times (London)*, 30 January 2006, p. 17.

Nakamura, Naofumi. "Survey Article: The Present State of Research on Zaibatsu: The Case of Mitsubishi." *Social Science Japan Journal* 5 (2002): 236-239.

Nakano, Chiaki. "The Significance and Limitations of Corporate Governance from the Perspective of Business Ethics: Towards the Creation of an Ethical Organizational Culture." *Asian Business & Management* 6 (2007): 166-168.

Naughton, Keith. "Seeing Green." *Newsweek*, 13 December 2005, available from http://www.msnbc. msn.com/id/6652237/site/newsweek/print/1/displaymode/1098; Internet, accessed 4 June 2007.

Neff, John. "NHTSA Makes Toyota Modify Seat Latch Recall." *The Detroit Press*, 6 October 2006, available from http://www.autoblog.com/2007/02/15/toyota-fears-backlash-over-us-success/Internet, accessed 30 May 2007.

News. "Celebrity." *The Boston Herald*, 18 February 1992, p. 17.

Newton, Paul. "Toyota to Fit Airbag Switch to Tundra Pick-Up." *Global Insight*, 10 July 2006.

Nielsen, Anne Ellerup, and Christa Thomsen. "CSR Communication in Small and Medium-Sized Enterprises. A Study of the Attitudes and Beliefs of Middle Managers." *Corporate Communications: An International Journal* 14 (2009): 179-180.

Nielsen, Anne Ellerup, and Christa Thomsen. "Reporting CSR – What and How To Say It?" *Corporate Communications: An International Journal* 12 (2007): 29 - 39.

Nijhof, André, and Ronald Jeurissen. "The Glass Ceiling of Corporate Social Responsibility. Consequences of A Business Case Approach Towards CSR." *International Journal of Sociology and Social Policy* 30 (2010): 622.

Nikkei News. "Japan's Nomura Asset to Set Up Global SRI Fund." *Asia Pulse*, 30 April 2004.

Nishio, Chien, and Yukiko Oono. "News: Survey of Concern About the Environment in 15 Cities in Emerging Markets." *Hakuhodo Institute of Life and Living*, 14 January 2010, 3, available from http://www.hakuhodo.jp/pdf/2010/20100114.pdf; Internet, accessed 13 October 2010.

Nobel, Justin´. "Japan's Lonely Deaths: A Business Opportunity." *Time Magazine*, 6 April 2010, available from http://www.time.com/time/world/article/0,8599, 1976952,00.html?xid=rss-topstories; Internet, accessed 3 September 2010.

Nobuyuki, Kaji. "Japan and the Confucian Sphere." *Japan Echo* 24 (1996): 72.

Noda, Atushi. *Japanese Corporate Philanthropy*. Cambridge: Harvard University The Program on U.S.-Japan Relations, 1992. 4, USJP, Occasional Paper 92-10.

Noguchi, Hiroyuki. "Return of the Kereitsu?" *The Japan Journal* (March 2006), available from http://www.japanjournal.jp/tjje/show_art.php?INDyear=06&INDmon=03&artid=40a5549283b3541f29e853357016eeab; Internet, accessed 6 June 2007.

Noland, James, and Robert Philips. "Stakeholder Engagement, Discourse Ethics and Strategic Management." *International Journal of Management Reviews* 12 (March 2010): 41-44.

Nonaka, Ikujiro, and Nigel Holden."A Made-in Japan Theory with Help from Aristotle: Nigel Holden Interviews Ikujiro Nonaka." *European Journal of International Management* 1(2007): 5, available from http://www.inderscience.com/storage/f275113416981012.pdf; Internet, accessed 19 April 2007.

O'Brien, Patrick. "Mercantilism and Imperialism in the Rise and Decline of the Dutch and British Economies 1585-1815." *De Economist* 148 (2000): 475.

O'Callaghan, Terry. "Disciplining Multinational Enterprises: The Regulatory Power of Reputation Risk." *Global Society* 21 (January 2007): 114-115.

O'Donnell, Jayne, and Chris Woodyard. "Toyota's Sex Harassment Lawsuit Could Set Standard," *USA Today*, 7 August 2006, available from http://usatoday.printthis.clickability.com/pt/cpt?action=cpt&title= USATODAY.com+-...; Internet, accessed 28 May 2007.

O'Riordan, Linda, and Jeremy Fairbass. "Corporate Social Responsibility (CSR) Models and Theories in Stakeholder Dialogue." *Journal of Business Ethics* 83 (2008): 754.

Ohbuchi, Kenichi. "Conflict Management in Japan: Cultural Values and Efficacy." in *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures*, ed. Kwok Leung and Dean Tyosvold, 53. Singapore: John Wiley & Sons (Asia) PTE LTD, 1998.

Ohbuchi, Kenichi. "Conflict Management in Japan: Cultural Values and Efficacy." in *Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures*, ed. Kwok Leung and Dean Tjosvold, 53. Singapore: John Wiley & Sons (Asia) PTE Ltd., 1998.

Ohnsman, Alan, and Makiko Kitamura. "Is Toyota's Reputation Finished?" *Bloomberg Businessweek*, 28 January 2010, available from http://www.businessweek.com/lifestyle/content/jan2010/bw20100128_413922.htm; Internet, accessed 23 June 2010.

Ojha, Abhoy K. "Can Japanese Management Practices be Successfully Transferred to Other Countries?" in the *Asian Management Matters*, ed. Chung-Ming Lau, Kenneth K. S. Law, David K. Tse, and Chi-Sum Wong, 408-409. London: Imperial College Press, 2000.

Orey, Michael. “Trouble at Toyota.” *Business Week*, 22 May 2006, available from http://www.business week.com/print/magazine/content/06_21/b3985078. htm?chan=gl; Internet, accessed 28 May 2007.

Organization for Economic Co-operation and Development (OECD). *Corporate Social Responsibility: Partner for Progress*. Paris: OECD Publications, 2001.

Organization for Economic Co-operation and Development (OECD). Guidelines for Multinational Enterprises – About, available from http://www.oecd.org/ about/0,2337,en_2649_34889_1_1_1_1_1, 00.html; Internet, accessed on 24 April 2004.

Ota, Mayuko. “Japan’s Financial Watchdog Punishes Bank of Tokyo-Mitsubishi UFJ.” *Market Watch*, 15 February 2007, available from http://www.marketwatch. com/news/story/japans-financial-watchdog-punishesbank/sto; Internet, accessed 27 May 2007.

Ottman, Jacquelyn, and Virginia Terry. “Strategic Marketing of Greener Products.” *The Journal of Sustainable Product Design*, 5 April 1998, available from http://www. greenmarketing.com/articles/ JSP1Apr98.html; Internet, accessed 28 June 2007.

Ottman, Jacquelyn. “Avoiding Green Marketing Myopia: Ways to Improve Consumer Appeal For Environmentally Preferable Products.” *Environment* 28 (June 2006): 22.

Ouchi, William G. *Theory Z: How American Business Can Meet the Japanese Challenge*. California: Addison-Wesley Publishing Companies, 1993.

Paine, Lynn Sharp. *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance*. Boston: McGraw-Hill, 2003.

PAN Parks, History – PAN Parks, available from http://www.panparks.org/ Introduction/History; Internet, accessed 7 July 2007.

Paulson, Amanda. “Mainstream Firms Go ‘Green,’ But With Very Little Fanfare.” *Christian Science Monitor*, 22 April 2002, p. 16.

Peck, Peggy. “Doctor Has the Need for Speed.” *CNN.com*, 16 August 2005.

Pharoah, Andrew. “Communication Strategies in the Age of Accountability.” *Handbook of Strategy* 7 (2006): 364.

Philips, Robert, R. Edward Freeman, and Andrew C. Wicks. “What Stakeholder Theory Is Not.” *Business Ethics Quarterly* 13 (2003): 483.

Pickler, Nedra. “Japanese Cars Still Top Green List.” *CBS News*, 4 December 2002, available from http://www.cbsnews.com/stories/2002/12/04/tech/printable531758.shtml; Internet, accessed 4 June 2007.

Pinney, Chris. *Weathering the Storm: The State of Corporate Citizenship in the United States 2009*. Boston: Boston College Center for Corporate Citizenship, 2009, 20, available from http://www.hitachifoundation.org/pdfs/socc_report_2009.pdf; Internet, accessed 8 March 2010.

Piscopo, Vince. "Toyota Workers Demand a Share in Company's Success." *U.S. Newswire*, 31 March 2007.

Podolny, Joel, Rakesh Khurana, and Marya Hill-Popper. "Revisiting the Meaning of Leadership." *Research in Organizational Behavior* 26 (2004): 10.

Polonsky, Michael, and Colin Jevons. "Global Branding and Strategic CSR: An Overview of Three Type of Complexities." *International Marketing Review* 26 (2009): 330.

Prakash Sethi, S. "Why Japanese Business Is Losing Its Halo." *Business and Society Review* 12 (Winter 1974-1975): 38-39.

Public Relations Society of America. Official Statement on Public Relations, available from http://www.prsa.org/aboutUs/officialStatement.html; Internet, accessed 13 January 2008.

Raichek, Judy. "Canon Clean Earth Crews Join Forces For A National Conservation Day." *Business Wire*, 28 October 2000.

Rawls, John. *A Theory of Justice.* Cambridge: Belknap Press of Harvard University Press, 1971.

Reed, Mark. "Stakeholder Participation for Environmental Management: A Literature Review." *Biological Conservation* 141(2008): 2422-2423.

Reeder, John A. "When West Meets East: Cultural Aspects of Doing Business in Asia." *Business Horizons* 30 (January-February 1987): 69-70.

Reicher, Stephen, S. Alexander Haslam, and Nick Hopkins. "Social Identity and the Dynamics of Leadership: Leaders and Followers As Collaborative Agents in the Transformation of Social Reality." *The Leadership Quarterly* 16 (2005): 552-554.

Reitaku Centre for Economic Studies Business Ethics Research Project. *Ethics Compliance Management Systems ECS2000 Ethics Compliance Standard 2000*, 30 June 1999, available from http://www.ie.reitaku-u.ac.jp/~davis/html/ecs-eng-hdoc1.html; Internet, accessed 25 April 2003.

Ren, Wen Xia. "Confucianism and Business Management," in Economic and Social Development in *East Asia: Policies, Management and Population: Proceedings of the Nihon University International Symposium in Nihon University, January 26-29, 1993*, by the University Research Center Nihon University, 306-309. Japan: Nihon University, 1993.

Reuters Tokyo. "Former Mitsubishi Motors Chief Arrested Over Defects." *Taipei Times*, 11 June 2004, available from http://www.taipeitimes.com/News/biz/archives/2004/06/11/2003174627/print; Internet, accessed 4 May 2007.

Reuters. "Toyota Recalls 533,000 SUVs and Pickups; Honda Recalls 81,000 Accords." *USA Today*, 19 January 2007, available from http:www.usatoday.com/,pney/qutos/2007-01-19-toyota-honda_x.htm; Internet, accessed 1 June 2007.

Reynolds, MaryAnn, and Kristi Yuthas. "Moral Discourse and Corporate Social Responsibility Reporting." *Journal of Business Ethics* 78 (2008): 48.

Richards, Deanna J. "Environmentally Conscious Manufacturing." *World Class Design to Manufacture* 1 (1994): 17.

Robertson, Christopher J. "The Global Dispersion of Chinese Values: A Three-Country Study of Confucian Dynamism." *Management International Review* 40 (2000): 266.

Robins, Fred. "Why Corporate Social Responsibility Should Be Popularized But Not Imposed." *Corporate Governance* 8 (2008): 338-339.

Robison, Peter, and Gregory Viscusi. "Ecologist Unmoved by Green Advertising Wave in Advertising." *International Herald Tribune*, 18 January 2006, p. 6.

Rocky Mountain Institute Newsletter. "Turning Over A New Leaf. Out of 'Boycott Mitsubishi' Grow Two Far Reaching Sustainability Efforts." *Rocky Mountain Institute Newsletter* 11 (Summer 1995): 6, available from http://www. rmi.org/images/other/Newsletter/NLRMIsummer95.pdf; Internet, accessed 21 May 2007.

Rosan, Robab. "Children's Art Exhibition at Shilpakala Academy." *New Age Time Out*, 3 March 2007, available from http://www.newagebd.com/2007/mar/03/time.html; Internet, accessed 25 May 2007.

Rowley, Ian, and Hiroko Tashiro. "Online Extra: Toyota: Greener Cars—and Factories." *Business Week*, 12 December 2005, available from http://www.businessweek.com/print/magazine/content/ 05_50/b3963412. htm?chan=gl; Internet, accessed 4 June 2007.

Rowley, Ian, Kenji Hall, and Hiroko Tashiro. "Japan's Lost Generation." *Business Week*, 28 May 2007, p. 40.

Rowley, Ian. "Kirin Out-Chugs Competition on Taste Tax." *Business Week Online*, 26 April 2006, available from http://www.businessweek.com/globalbiz/ content/apr2006/gb20060424_057534.htm? chan=globalbiz_asiacompanies; Internet, accessed 26 May 2007.

Ruch, William V. *Corporate Communications. A Comparison of Japanese and American Practices*. Connecticut: Quorum Books, 1984.

Rutledge, Bruce, and Sunie Kawami. "Media Scandals Stir Up Japanese Blogosphere Discussions on Ethics." *Japan Media Review*, 21 October 2004, available from http://www.ojr.org/japan/internet/ 1098407663.php; Internet, accessed 23 February 2008.

Ryall, Julian. "Shareholders Revolt!" *ACCJ Journal* (August 2007): 14-19, available from http://www.acj.or.jp/document_library/journal2006/Aug07.pdf; Internet, accessed 21 February 2008.

Sackman, Sonja. *Toyota Corporation: Das Unternehmen im Überblick*. Bertelsmanns Stiftung: Gütersloh, 2006, available from http://www.bertelsmann-stiftung.de/bst/de/media/xcms_bst_dms_ 13047__2.pdf; Internet, accessed 16 January 2008.

Saijo, Kunio. "Interview: Unique Culture Gives Japan Strength." *The Nikkei Weekly*, 19 June 2006.

Salin, Denise. "Organizational Responses to Workplace Harassment: An Exploratory Study." *Personnel Review* 38 (March 2007): 28.

Sanchanta, Mariko. "Toyota Rouses Japan's Firms." *The Wall Street Journal*, 4 March 2010, available from http://online.wsj.com/article/SB1000142405274870418 7204575101013413122130.html?mod=WSJ _auto_IndustryCollection; Internet, accessed 23 June 2010.

Sasse, Craig, and Ryan Trahan. "Rethinking the New Corporate Philanthropy." *Business Horizons* 50 (2007): 31.

Schlegelmilch, Bodo B., and Irene Pollach. "The Perils and Opportunities of Communicating Corporate Ethics." *Journal of Marketing Management* 21 (2005): 267-290.

Schneider, Greg. "Automakers Tout Hybrids, but Power Rules Showrooms." *The Washington Post*, 29 November 2004, p. A01.

Schuman, Michael. "Mitsubishi's Shame." *Time Magazine*, 28 June 2004, available from http://www.time.com/time/printout(0,8816,658372,00.html; Internet, accessed 4 May 2007.

Segal, David. "Paragon Envy. Oh, What A Feeling: Watching Toyota Flunk for Once." *The New York Times*, 5 February 2010, available from http://www.nytimes. com/2010/02/07/weekinreview/07segal.html; Internet, accessed 26 June 2010.

Selko, Adrienne. "Toyota Accepting Applications for Environmental Activities Grant Program." *Industry Week*, 17 May 2007, available from http://www.industryweek. com/PrintArticle.aspx?ArticleID =14205; Internet, accessed 24 June 2007.

Seshadri, Simon. "Ethical Business Around the World: The Need for Japanese Firms to Formalize Ethical Business Practices." *Business Ethics: A European Review* 4, (October 1998): 227.

Shamir, Ronen. "The Age of Responsibilization: On Market-Embedded Morality." *Economy & Society* 37 (February 2008): 12.

Shamir, Ronen. "The De-Radicalization of Corporate Social Responsibility." *Critical Sociology* 30 (2004): 684.

Shaw, Rajib, and Goda Katsuihchiro. "From Disaster to Sustainable Civil Society: The Kobe Experience." *Disasters* 28 (2004): 20.

Shvartsman, Leo. "Environmentalists Protest Toyota at New York Auto Show." *Forbes*, 16 April 2007, available from http://www.forbesauto.com/news/autoshows/ 2007/new-york/toyota-protest_print.html; Internet, accessed 6 May 2007.

Silberhorn, Daniel, and Richard Warren. "Defining Corporate Social Responsibility: A View from Big Companies in Germany and the U.K." *European Business Review* 19 (2007): 366.

Silver, Catherine B. and Charlotte Muller. "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the United States." *Research in Stratification and Mobility* 15 (1997): 163-164.

Silver, Catherine B. and Charlotte Muller. "Effects of Ascribed and Achieved Characteristics on Social Values in Japan and the Unites States." *Research in Social Stratification and Mobility* 15 (1997): 162.

Simon, Rita, Jennifer Scherer, and William Rau. "Sexual Harassment in the Heartland? Community Opinion on the EEOC Suit Against Mitsubishi Motor Manufacturing of America," *Social Science Journal* 36, (1999): 490.

Simpson, Andrea L. "New Rules for Courting Business in Asia." *International Public Relations Review* 17 (1994): 33.

Sloan, Scott. "Worker's Rights Group Aims at Toyota Georgetown Plant." *The Lexington Herald Leader (Kentucky)*, 31 March 2007, p. 3.

Smith, Patrick. "In Japan's Front Offices, A New Fusion of East and West." *International Herald Tribune*, 31 August 2006, p. 13.

Spickett-Jones, J., Graham Philip Kitchen, and Jon Reast. "Social Facts and Ethical Hardware: Ethics in the Value Proposition." *Journal of Communication Management* 8 (2003): 72.

Spitzer, Dean. "Perspective: The Seven Deadly Demotivators." *Management Development Review* 10 (1997): 51.

Sriramesh, K., and Mioko Takasaki. "Public Relations in Three Asian Cultures: An Analysis." *Journal of Public Relations Research* 11 (1999): 279.

Sriramesh, K., and Mioko Takasaki. "The Impact of Culture on Japanese Public Relations." *Journal of Communication Management* 3 (1999): 342.

Steel, Sandra, and Tom Nichols. "Eight New Firms from Japan Join FTSE4Good Index." *Asia Pulse*, 9 March 2006.

Stern, Sam, and Hiromitsu Muta. "The Japanese Difference." *Training and Development Journal* 44 (March 1990): 74.

Stewart, Devin. "Toyota and the End of Japan." *Newsweek*, 5 March 2010, available from http://www.newsweek.com/2010/03/04/toyota-and-the-end-of-japan.html; Internet, accessed 23 June 2010.

Strategic Direction. "Case Studies in CSR." *Strategic Direction* 24 (2008): 13.

Strong, Kymberly, and Allie Ingberman, "Dave Mira Wins 2007 Toyota Pro/Celebrity Race." *PR Newswire*, 15 April 2007, p. 1-2.

Strumpf, Dan. "Group Seeks National Lawsuit Against Toyota for Lost Resale Value." *USA Today*, 2 May 2010, available from http://www.usatoday.com/money/autos/2010-02-10-toyota-lawsuit-resale-value_N.htm; Internet, accessed 25 June 2010.

Sturgeon, Timothy. "How Globalization Drives Institutional Diversity: The Japanese Electronic Industry's Response to Value Chain Modularity." *Journal of East Asian Studies* 7 (January 2007): 10-12.

Suar, Damodar. "Institutionalization of Ethics in Business." in *Human Values Management*, ed. Ananda Das Gupta (Aldershot: Ashgate Publishing Limited, 2004), 30.

Sueda, Kiyoko, and Richard L. Wiseman. "Embarrassment Remediation in Japan and the United States." *International Journal of Intercultural Relations* 16 (1992): 170.

Sugimoto, Naomi. "Norms of Apology Depicted in U.S. American and Japanese Literature on Manners and Etiquette." *International Journal of Intercultural Relations* 22 (1998): 269-271.

Summers, Craig. "Realities of Decision-Making And Social Issues: Implications For Developing And Implementing Ethics Guidelines." *The Science of the Total Environment* 184 (1996): 19-20.

Suzuki, Fujikazu. "Corporate Governance Reform and Industrial Democracy in Japan." *Japan Labour Review* 2 (2005): 82.

Swaen, Valérie, and Joelle Vanhamme. "The Use of Corporate Social Responsibility Arguments in Communication Campaigns: Does Source Credibility Matter?" *Advances in Consumer Research* 32 (2005): 590.

Sweeney, Lorraine, and Joseph Coughlan. "Do Different Industries Report Corporate Social Responsibility Differently? An Investigation Through the Lens of Stakeholder Theory." *Journal of Marketing Communication* 14 (2008): 117.

Swierczek, Fredric, and Jun Onishi. "Culture and Conflict: Japanese Management and Thai Subordinates." *Personnel Review* 32 (2003): 198.

Tabuchi, Hiroko, and Micheline Maynard. "U.S. Sees A Change of Attitude at Toyota." 11 May 2010, *The New York Times*, available from http://www.nytimes.com/2010/05/11/business/global/11toyota.html; Internet, accessed 26 June 2010.

Tabuchi, Hiroko."Why Japan's Cellphones Haven't Gone Global." *The New York Times*, 20 July 2009, available from http://www.nytimes.com/2009/07/20/technology/20cell.html?_r=1&em=&pagewanted=print; Internet, accessed 2 September 2010.

Tada, Hiroyuki. "Development of Corporate Social Responsibility (CSR) Management Systems in Japan." *Via3net*, 2003, available from http://www.via3.net/pooled/articles/BF_DOCART/view.asp? Q=BF_DOCART_102601; Internet, accessed 11 July 2005.

Tagesschau.de. "Toyota Prüft Rückruf von 270,000 Autos." *Tagesschau.de*, 28 October 2010, available from http://www.tagesschau.de/wirtschaft/toyota234.html; Internet, accessed 29 October 2010.

Takahashi, Hiroyuki. "Working Women in Japan: A Look at Historical Trends and Legal Reforms." *Japan Economic Institute Report* 42 (6 November 1998), available from http://www.jei.org/Archive/ JEIR98/9842f.html#changing; Internet; accessed on 1 October 2003.

Takahashi, Junko. "Corporate Responsibility Not Just to Shareholders." *The Japan Times Online*, 7 April 2002, available from http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nb20000407a4.html; Internet, accessed on 1 November 2002.

Takeyasu, Michiyo. "The Gift of Giving." *American Chamber of Commerce in Japan*, (October 2002): 41, available from http://www.acq.or.jp/document_library/ 1065594588.pdf; Internet, accessed 12 December 2003.

Tan, Christine, Daniel Mann, and Michelle Caruso-Cebrera. "Corporate Regulations Analysis." *Analyst Wire*, 26 January 2006.

Tanimoto, K. "Structural Change in Corporate Society and CSR in Japan." in *Corporate Social Responsibility in Asia*, ed. Kyoko Fukukawa, 49.Oxon: Routledge, 2010.

Taylor, James. "Organizing from the Bottom Up? Reflections on the Constitution of Organization in Communication." in *Building Theories of Organization: The Constitutive Role of Communication*, ed. Linda Putnam and Anne Maydan Nictora, 170. New York: Routledge, 2009.

Tech, Ralph, Ryan Bowd and Brian Jones. "Perceptions and Perspectives: Corporate Social Responsibility and the Media." *Journal of Communication Management* 11 (2007): 368.

The ALS Society of Canada. 2007 Walk for ALS, available from http://www.als.ca/ walkforals/; Internet, accessed 1 July 2007.

The Associated Press Tokyo. "Toyota Took No Action to Address Complaint: Lawyer." *Taipei Times*, 14 May 2006, p. 11, available from http://www.taipeitimes. com/News/biz/archives/2006/05/14/ 2003308161/print; Internet, accessed 28 May 2007.

The Associated Press. "For the First Time in 4 Years, Mitsubishi Motors Turns A Profit." *Boston Herald. Com*, available from http://business.bostonherald. com/businessNews/automotive/view.bg? articleid=196969&..;Internet, accessed 6 May 2007.

The Associated Press. "Japan Scolds Toyota for Recall Practices." *MSNBC.com*, 21 July 2006, available from http://www.msnbc.msn.com/id/13972069/print/ 1/displaymode/1098; Internet, accessed 28 May 2007.

The Associated Press. "Japan's Mitsubishi Fuso in Talks with Government over Possible Hub Defect." *International Herald Tribune*, 16 January 2007, available from http://www.iht.com/bin/print.php?id= 4221311; Internet, accessed 4 May 2007.

The Associated Press. "Mitsubishi Accused of Sexual Harassment on Outrageous Scale." *The Minnesota Daily*, 4 April 1996, available from http://www.mndaily. com/daily/1996/04/10/world_nation/ wn410b/; Internet, accessed 7 May 2007.

The Associated Press. "Mitsubishi Fuso Chooses New Chief in Bid for Trust." *International Herald Tribune*, 1 June 2005, available from http://www.iht. com/bin/print_ipub.php?file=/articles/2005/05/13/ yourmoney/mitsu.php; Internet, accessed 4 May 2007.

The Associated Press. "Mitsubishi Reports Narrower Net Loss in Q3." *Taipei Times*, 31 October 2006, available from http://www.taipeitimes.com/News/worldbiz/ archives/2006/10/31/2003334190/print; Internet, accessed 30 April 2007.

The Associated Press. “Top Toyota Officials To Testify At Senate.” *The Guardian*, 5 March 2010, available from http://www.guardian.co.uk/business/2010/mar/02/toyota-officials-testify-senate; Internet, accessed 26 June 2010.

The Associated Press. “Toyota Drives Back Into Black with $1,2 Billion 2Q Profit.” *CBS News*, 11 May 2010, available from http://www.cbsnews.com/stories/2010/05/11/business/main6471790.shtml; Internet, accessed 25 June 2010.

The Associated Press. “Toyota Executive Leaving After Sexual Harassment Accusations.” *FoxNews.com*, 9 May 2006, available from http://www.foxnews.com/printer_friendly_story/0,3566, 194865,00.html; Internet, accessed 28 May 2007.

The Associated Press. “Toyota Recalls 1,09 Million More Vehicles.” *MSNBC.com*, 27 January 2010, available from http://www.msnbc.msn.com/id/35111646/ns/business-autos/; Internet, accessed 26 June 2010.

The Associated Press. “Toyota Recalls About 54,000 Passenger Cars Because of Engine Problems.” *Associated Press Financial Wire*, 16 November 2006.

The Associated Press. “Toyota Recalls Nearly 1 Million Cars Worldwide.” *MSNBC.com*, 30 May 2006, available from http://www.msnbc.msn.com/id/13046349/; Internet, accessed 28 May 2007.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. Annual Report Pursuant to Section 13 Or 15(d) Of The Securities Exchange Act of 1934 For the Fiscal Year Ended 2005, 3, available from http://www.bk.mufg.jp/english/info/pdf/amended.pdf; Internet, accessed 18 January 2008.

The Bureau of National Affairs. “Product Recalls: Canon USA Recalls 800,000 Copiers Because of Overheating, Fire Hazard.” *Product Safety & Liability Reporter*, 25 September 2006, available from http://subscript.bna.com/SAMPLES/psl.nsf/4d230313cc0513e485256d030062adf8/cf8a123b3035bc27852571f10070e801?OpenDocument; Internet, accessed 7 July 2007.

The Center for Child Welfare Policy. “*Fundamental Values of Social Work: Social Responsibility*.” available from http://www.ihs-trainet.com/Pages/CCWP7.html; Internet, accessed 7 January 2004.

The Columbus Dispatch, “Toyota Recalling 30,000 Scion tCs.” *The Columbus Dispatch Business Section*, 25 October 2006, p. 1B.

The Economist Special Report. “Rising Above the Sludge – Business in Bad Times.” *The Economist*, 5 April 2003.

The Economist. “Corporate Responsibility Is largely A Matter of Enlightened Self-Interest.” *Economis.com*, 17 January 2008, available from http://www.economist.com/PrinterFriendly.cfm? story_id=10491124; Internet, accessed 27 February 2008.

The Economist. “Do It Right.” *Economist.com*, 17 January 2008, available from http://www. economist.com/PrinterFriendly.cfm?story_id=10491124; Internet, accessed 27 February 2008.

The Economist. "Does CSR Work?" *Economist.com*, 17 January 2008, available from http://www.economist.com/surveys/PrinterFriendly.cfm?story_id=10491055;Internet,accessed 27 February 2008.

The Economist. "Just Good Business." *Economist.com*, 17 January 2008, available from http://www.economist.com/specialreports/PrinterFriendly.cfm?story_id=10491077 ; Internet, accessed 27 February 2008.

The Economist. "The Ancient Art of Making Money." *The Economist Print Edition*, 5 April 2001, , available from http://nhh.no/geo/chinese/reading/Economist Survey/asian3.htm; Internet; accessed on 5 June, 2003.

The Economist. "Third World Way." *Economist.com*, 20 July 2007, available from http://www.economist.com/business/globalexecutive/PrinterFriendly.cfm?story_id =953; Internet, accessed 10 February 2008.

The Economist. The Way of the Merchant: Corporate Social Responsibility in Japan, available from www.eiu.com/CSR_Japan; Internet, accessed 15 February 2008.

The Japan Foundation Center for Global Partnership. *That's Bizarre! Comparison of Japan-U.S. Non-profit Sector* (Tokyo: CGP, 1999), 72.

The Kirin Group CSR Report. *The Kirin Group Corporate Social Responsibility Report 2006* (Tokyo: Kirin Brewery Company, Limited, CSR & Corporate Communications Division CSR Management Group (July 2006): 34, available from http://www.kirin.co.jp/english/company/csr/pdf/report2006/csr_report 2006e.pdf; Internet, accessed 26 May 2007.

The Nikkei Weekly. "Interview: Mitarai – Competition Will Rest on Labour." *The Nikkei Weekly (Japan)*, 13 February 2006.

Till ,Brian D., and Linda I. Nowak. "Toward Effective Use of Cause-Related Marketing Alliances." *Journal of Product & Brand Management* 9 (2000): 476-477.

Tilsner, Abby. "Sexual Harassment Suit at Mitsubishi Sparks Controversy." *The Militant*, 3 June 1996, available from http://www.themilitant.com/1996/6022/ 6022_22.html; Internet, accessed 7 May 2007.

Tixier, Maud. "Note: Soft vs. Hard Approach in Communicating on Corporate Social Responsibility." *Thunderbird International Review* 45 (2003): 79-80.

Toyota Corporation, Environmental Report 2006, Social Aspects: Communications – Toyota Stakeholder Dialogue, 76, available from http://www.toyota.co.jp/ en/environmental_rep/06/download/ pdf/e_report06_p62_p77.pdf; Internet, accessed 1 August 2007.

Toyota Corporation. Environmental & Social Report 2003: Initiatives Toward Traffic Safety, available from http://www.toyota.co.jp/en/environmental_rep/ 03/anzen.html; Internet, accessed 14 February 2007.

Toyota Deutschland. Toyota wird Mobilitätspartner des Deustchen Alpenvereins. Prius beim Kongress Berg.Schau!, available from http://www.toyota.de/about/news/ details_2008_03.aspx; Internet, accessed 21 March 2008.

Toyota in the News. “Toyota Takes Social Approach to Public Relations.” *Toyota in the News*, 18 February 2010, available from http://www.toyotainthenews.com/toyota-takes-social-approach-to-public-relations/; Internet, accessed 22 June 2010.

Toyota Industries Corporation. Conservation Activities, available from http://www.toyota-industries. com/csr/social/jirei/kankyo.html; Internet, accessed 6 May 2007.

Treece, John B. “Dinged by Recalls Toyota Defends Reputation.” *Automotive News*, 24 July 2006, p. 1.

Treece, John B. “Dinged by Recalls Toyota Defends Reputation.” *Automotive News*, 24 July 2006, p. 1.

Treven, Sonja. “International Training: The Training of Managers for Assignment Abroad.” *Education + Training* 45 (2003): 551-552.

Tsujimura, Akira. “Some Characteristics of the Japanese Way of Communication.” in *Communication Theory – Eastern and Western Perspectives*, ed. D. Lawrence Kincaid, 115-125. San Diego: Academic Press, 1987.

Tsukamoto, Seijiro. “Social Responsibility Theory and the Study of Journalism Ethics in Japan.” *Journal of Mass Media Ethics* 21 (2006): 62.

Tucker, Robert. “Innovation: The New Core of Competency.” *Strategy & Leadership* 29 (2001): 11-14.

Turner, David. “Japan’s Ethical Funding Makes Breakthrough.” *Financial Times (London)*, 4 July 2006, p.24.

Unerman, Jeffrey, and Mark Bennett. “Increased Stakeholder Dialogue and the Internet: Towards Greater Corporate Accountability Or Reinforcing Capitalist Hegemony?” *Accounting, Organizations and Society* 29 (2004): 688-689.

United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2006, xviii. New York and Geneva: United Nations, 2006, available from http://www.unctad.org/en/docs/ wir2006_en.pdf; Internet, accessed 8 March 2008.

United Nations. Corporate Social Responsibility – *Chapter XX*. p. 251; available from http://www.un.org/esa/socdev/ rwss/20%20Corporate%20social%20 responsibilities.doc; Internet, accessed 6 November 2002.

Vaaland, Terje, and Morten Heide. “Managing Corporate Social Responsibility: Lessons from the Oil Industry.” *Corporate Communications: An International Journal* 13 (2008): 214.

Valdes-Dapena, Peter. “Toyota’s Totally Bizarre Recall.” *CNN.com*, 11 July 2006, available from http://www.cnn.com/2006/AUTOS/07/11/bad_recall/index.html; Internet, accessed 6 May 2007.

Valdes-Dapena, Peter. “U.S. Seeks $16,4 Fine Against Toyota.” *CNN.com*, 5 April 2010, available from http://money.cnn.com/2010/04/05/autos/toyota_ nhtsa_fine/index.htm?cnn=yes&hpt=T2; Internet, accessed 27 June 2010.

Van Praet, Nicolas. “Can the Underdog Lead the Pack?” *Financial Post*, 16 August 2006, p.FP6.

Van Ruler, Betteke. “The Communication Grid: An Introduction Model of Four Communication Strategies.” *Public Relations Review* 30 (2004): 128.

Vancura,Vladivoj. “Mediterranean Countries Lag Behind in Protecting Europe’s Nature.” *WWF News & Publications*, 9 October 2004, available from http://www.panda.org/about_wwf/where_we_work/ europe/what_ we_do/balkans/news/index.cfm?uNewsID=15733; Internet, accessed 7 July 2007.

Virgintino, Mike. “Canon U.S.A. Again Places LPGA’s Michelle McGann on the Leader Board for Canon4Kids; Digital Photos of Missing Children Appear on Her Bag Through 2005 Tour.” *Business Wire*, 10 February 2005.

Virgintino, Mike. “Canon4Kids Raises Awareness about Missing Children for Third Consecutive Year on PGA Tour.” *Business Wire*, 4 January 2005.

Voigt, Ken. “Japan Inc.’s Reputation Rides on Toyota.” *CNN*, February 2010, available from http://www.cnn.com/2010/BUSINESS/02/24/toyota.toyoda/index.html; Internet, accessed 25 June 2010.

Walker, Rob. “Silent Green.” *The New York Times*, 23 July 2006, p. 6.

Wallace, Allan. Two Models of Corporate Social Responsibility to Communities, available from http://www.mountainplains.org/articles/mpa4.htm; Internet, accessed on 28 October 2002.

Walsh, Nicole. “James Cameron, Angie Everhart, and Patrick Stewart Among Stars Participating in the 26th Annual Toyota Pro/Celebrity Race.” *Business Wire*, 26 February 2002.

Walton, Clarence. *Corporate Social Responsibilities*. Belmont: 1967.

Wanner, Barbara. “ Sokaiya Scandals, Economic Woes Spotlight Japanese Corporate Governance.” *Japan Economic Institute Report* 3 (1998); available from http://www.jei.org/Archive/JEIR98/9803f. html; Internet; accessed on April 10, 2003.

Warner, Malcolm. “Japanese Culture, Western Management: Taylorism and Human Resources in Japan.” *Organization Studies* 15 (1994): 510.

Waswo, Ann. “The Culture of the Meiji Period: A Review.” *Journal of Japanese Studies* 13 (1987): 140-145.

Watson, David R., and Lynne M. Sallot. “Public Relations Practice in Japan: An Exploratory Study.” *Public Relations Review* 27 (2001): 400.

Watson, David, and Lynne Sallot. “Public Relations Practice in Japan: An Exploratory Study.” *Public Relations Review* 27 (2001): 395.

Webster, Sarah. “Environmental Group Questions Toyota’s Efficiency and Record.” *The Seattle Times*, 23 October 2005, available from http://seattletimes. nwsource.com/cgi-bin/PrintStory.pl?document_id =2002579445&zsec...; Internet, accessed 4 June 2007.

Welch, David, Ian Rowley, and David Kiley. "Why is Toyota Afraid of Being Number One?" *Business Week*, 5 March 2007, p. 6.

Welch, David. "Toyota's Hit and Myth Marketing." *Business Week*, 28 October 2005, available from http://www.businessweek.com/print/innovate/content/oct2005/id20051027_151002.htm; Internet, accessed 4 June 2007.

Welch, Mary, and Paul Jackson. "Rethinking Internal Communication: A Stakeholder Approach." *Corporate Communications: An International Journal* 12 (2007): 190-191.

Westerbarkey, Joachim. "PR Als Passion – Metaphern Imaginärer Intimität." in *Kommunikation über Kommunikation*, ed. Edith Wienand, Joachim Westerbarkey, and Armin Scholl, 193. Wiesbaden: VS Verlag für Sozialewissenschaften/GWV Fachverlage, 2005.

Westhues, Martina, and Sabine Einwiller. "Corporate Foundations: Their Role for Corporate Social Responsibility." *Corporate Reputation Review* 8 (2006): 148.

Whelan, Glen. "Corporate Social Responsibility in Asia. A Confucian Context." in *The Debate over Corporate Social Responsibility*, ed. Steve May, George Cheney, and Juliet Roper, 112. New York: Oxford University Press, 2007.

Whoriskey, Peter. "Auto Bill Draft Would Require Black Boxes, Allow NHTSA To Issue Quick Recalls." *The Washington Post*, 30 April 2010, available from http://www.washingtonpost.com/wp-dyn/content/article/2010/04/29/AR2010042904700.html; Internet, accessed 26 June 2010,

Wiersema, Margarethe, and Allan Bird. "Universalizing Upper Echelon Theory: Contrasting U.S. Theory with Japanese Firm Performance." *Journal of Asian Business* 12 (1996): 9.

WIWO.de. "Auto Rückruf: Toyota Will 215,000 Gaspedale in Deustchland Reparieren." *Wiwo.de*, 4 Februar 2010, available from http://www.wiwo.de/unternehmen-maerkte/toyota-will-215-000-gaspedale-in-deutschland-reparieren-421226/; Internet, accessed 23 June 2010.

Wokutch, Richard E. "Myths of the Japanese Factory." *Journal of Commerce*, 26 August 1992, p. 2.

Wokutch, Richard E. and John M. Shephard. "The Maturing of the Japanese Economy: Corporate Social Responsibility Implications." *Business Ethics Quarterly* 9 (1999): 530.

Wokutch, Richard E., and Jon M. Shepard. "The Maturing of the Japanese Economy: Corporate Social Responsibility Implications." *Business Ethics Quarterly* 3 (1999): 530-532.

Wolfson, Bernard. "Transportation: Faster? Faster? Cleaner?" *International Herald Tribune*, 7 June 2005, available from http://www.iht.com/bin/print_ipub.php?file=/articles/2005/06/06/news/rsuscar.php; Internet, accessed 4 June 2007.

Woodall, Bernie, and Matthew Lewis. "Toyota Could Face More U.S. Fines." Reuters, 10 May 2010, available from http://www.cbsnews.com/stories/2010/05/10/business/main6470614.shtml?source=related_story&tag=related; Internet, accessed 25 June 2010.

Woodall, Bernie, and Soyoung Kim. "Another Runaway Toyota Prius Reported." *Reuters*, 11 March 2010, available from http://www.reuters.com/article/idUSTRE6293IC20100310; Internet, accessed 25 June 2010.

Woodyard, Chris. "Toyota PR Blitz Plays Catch-Up After Storm of Problems." *USA Today*, 10 February 2010, available from http://www.usatoday.com/money/autos/2010-02-10-toyotaad10_ST_N.htm; Internet, accessed 23 June 2010.

World Business Council for Sustainable Development. *Corporate Social Responsibility: Making Good Business Sense*. Geneva: World Business Council for Sustainable Development, January 2000, available from http://www.wbcsd.org/DocRoot/IunSPdIKvmYH5HjbN4XC/csr2000.pdf; Internet, accessed 29 October 2007.

Wu, Fang, and Yi-Kuan Lee, "Determinants of E-Communication Adoption: The Internal Push Versus External Pull Factors." *Marketing Theory* 5 (2005): 26.

XFN-Asia Tokyo. "Japan's Canon Moves to Avoid Looming Labour Squeeze." *AFX International Focus*, 26 March 2007.

Yamauchi, Kiyoshi. "Corporate Communication: A Powerful Tool for Stating Corporate Missions." *Corporate Communications: An International Journal* 6 (2001): 134.

Yanai, Hiroyuki. "The Systematization of Ethical Virtue – The Position of Japan's Companies with Committees System." *Corporate Governance Japan Column*, 6 June 2003, available from http://www. rieti.go.jp/cgj/en/columns/text_009.htm; Internet, accessed 23 June 2007.

Yasuhide, Okuyama. "Modelling Spatial Economic Impacts of An Earthquake: Input–Output Approaches." *Disaster Prevention & Management* 13 (2004): 298-299.

Yoshimori, Masaru. "Does Corporate Governance Matter? Why Corporate Performance of Toyota and Canon Is Superior to GM and Xerox." *Corporate Governance* 13 (May 2005): 447.

Yoshimori, Masaru. "Does Corporate Governance Matter? Why the Corporate Performance of Toyota and Canon Is Superior to GM and Xerox," *Corporate Governance*, 13 May 2005, 450-452.

Yoshimori, Masaru. "Does Corporate Governance Matter? Why the Corporate Performance of Toyota and Canon is Superior to GM and Xerox?" *Corporate Governance* 13 (May 2005): 450-451.

Zaun, Todd. "Japan Penalizes Big Bank for Obstructing Inquiry." *The New York Times*, 8 October 2004, available from http://www.nytimes.com/2004/10/08/business/worldbusiness/08yen.html?n=Top/Reference/Times%20Topics/Subjects/B/Banks%20and%20Banking&pagewanted=all&position=; Internet, accessed 15 January 2008.

Zaun, Todd. “Japan Slaps A Ban on UFJ Bank.” *International Herald Tribune*, 8 October 2004, available from http://www.iht.com/articles/2004/10/07/ business/ufj.php; Internet, accessed 27 May 2007.

Zeit Online. “Ruckrufaktion in den USA. Toyota Stoppt Verkauf und Verkauf von Acht Modelen.” *Zeit Online*, 27 January 2010, available from http://www.zeit.de/ wirtschaft/unternehmen/2010-01/toyota-produktion-rueckruf; Internet, accessed 24 June 2010.

Zeit Online. “Rückrufaktion.Toyota Ist Nicht zu Bremsen.” *Zeit Online*, 9 February 2010, available from http://www.zeit.de/wirtschaft/unternehmen/2010-02/toyota-rueckruf ; Internet, accessed 24 June 2010.

Zenisek, Thomas J. “Corporate Social Responsibility: A Conceptualization Based on Organizational Literature.” *Academy of Management Review* 4 (April 1979): 360-361.

Zhihai, Zheng. “Special Article: Sincerity, Trustworthiness, Law-Abidance and Corporate Social Responsibility (CSR*)*.” *International Management Review* 3 (2007), available from http://www.usimr.org/IMR-1-2007/v3n107-art6.pdf; Internet, accessed 2 July 2010.

Zippel, Kathrin. “Transnational Advocacy Network and Policy Cycles in the European Union: The Case of Sexual Harassment.” *Social Politics* 11 (Spring 2004): 61.