

Working for the common good:

Ethical standards

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■ The concept of 'Kyosei' has recently become the subject of much discussion in Japan. 'Kyosei' has been translated as meaning 'living and working together for the common good'.

There are four types of corporation. The first is a purely capitalistic corporation. There is nothing wrong with it. It gives much dynamism to society but has those negative attributes of capitalism that Karl Marx was quick to point out.

The second type of corporation is one which shares destiny. By this I mean that workers and management belong to the same corporate family, sharing destiny and acting together. It goes without saying that the corporation should increase wages, shorten working hours and build amenities for the benefit of workers. Most important, however, is that the workers are fully respected as persons and that there is no discrimination

between workers and management. In the past we had a class conscious society where one's educational background determined the degree of one's station in life, where one's promotion depended on whether one was from a good family or an ordinary one. The second type of corporation manages the company in such a way that they abolish all kinds of class distinction, treating all personnel equally. If an employee makes all-out efforts, he or she can rise in rank even to become the top executive. Under this philosophy there are hardly any labour disputes. On the contrary, there is merit in this type of corporation as employees find their life worth living and they put in work effectively for the corporation. The disadvantage of this type of corporation is that while workers and management enjoy happy relations, the local community may not necessarily share in it.

This brings us to the third category of corporation which considers all stakeholders. Stakeholders include workers, shareholders, consumers, subcontractors, local communities and all interested parties. But if the corporation contributes solely to the community it is in, it may create international friction.

The fourth type of corporation is a truly global corporation which contributes around

Corporations must address the imbalance between the generations living today and those to come: they must take responsibility for issues of the environment, resources and energy





The survival of humanity depends on attention to the environment and to human rights

The protection and promotion of human rights is one of the pillars of Philippine government policy. My Government is fully committed to the empowerment of the Filipino people not only in their political and civil rights but also in the enjoyment of their economic, social and cultural rights. Towards this end, top priority is given to the peace process and to economic recovery so that the conditions that give rise to strife and possible violations of human rights are reduced, if not removed. It is with great honour that my country, an original signatory to this historic document, joins the international community in rededicating ourselves to the fulfilment of the Universal Declaration of Human Rights.

H.E. Fidel V. Ramos
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the world to serve all humankind. In this corporation there are no labour-management conflicts, no troubles with local and international communities. Beyond this there are no racial or ethnic problems, no national or religious conflicts. It is an ideology of treating everyone equally without discrimination going beyond all the things that divide us. How does this translate into reality?

To address this question, we must first look at the problems we must confront. For example, there are far too many imbalances in our world which affect us adversely.

Let us try to resolve imbalances of trade among developed countries. Let us also act to redress the discrepancy between developing and industrial countries. However, there is a third imbalance which is even more crucial: it is one between the generations living today and those to come. This, in fact, involves the issues of environment, resources, and energy. Corporations must address these issues. Therefore, the fourth category of corporations is comprised of those actively engaged in these pressing global problems. I am aware that these comments can create misunderstanding. In other words, current confusion surrounding Kyosei stems from the fact that if I only emphasize distributional aspects of corporations, a counter argument is brought forth saying that, while Kyosei's ideals are all very well, corporations in reality are not so simple.

The role of a corporation is the distribution of wealth. My explanation of Kyosei, categorizing corporations, is all about the

distribution of wealth, ie. Kyosei with employees, Kyosei with the local community, Kyosei with the world.

The essential corporate role is to create wealth and the primary role of a corporation is innovation. A long time ago, J. A. Schumpeter, the economist, came up with a fine theory about innovations. That is to say, a corporation must first innovate a new technology and secondly use it to make innovative products which have not existed before. Thirdly, a corporation must be innovative in its approach to the production process. Fourthly, it must pursue innovation in organizations and innovation in marketing. I agree wholeheartedly with this analysis which I can underline from my own experience in management.

There are deficiencies in Japanese corporations which must be redressed. At present Japanese corporations lack independence, because many of them are allied with the government and bureaucracy. We must overcome this and be fully independent.

Competition is essential but it must be fair. Unfair competition is out of the question but sometimes corporations engage in wrong kinds of competition without being aware of it. By wrong kinds of competition I mean those that are excessive or insufficient. For example, one of the criticisms against Japanese corporations is the extent to which they emulate each other. If one comes up with a successful product, others jump on the bandwagon selling it everywhere. This results in excessive exports and 'inundation of products' in overseas markets. This behaviour is what I call excessive competition. When a corporation competes with truly innovative technology and innovative products, this is fair competition. And this is most important.

Insufficient competition is a kind of collusion that exists in certain industries in Japan. Competition must be fair and these collusive relations must be put right. It must be expected that half-hearted corporations lose out in the process of fair competition. But I do not think that the law of the jungle should apply without reservation. I do not think it is right that serious-minded corporations lose out in the game of the survival of the fittest. Competition should also be such that serious-minded corporations can survive. Therefore, it is important that good corporations around the world support each other for mutual prosperity.

In summary I believe the role of a corporation is to do its utmost to engage in creative activities, earn profits fair and square and use these profits to contribute actively to the betterment of society and humankind.