



Perspectives on business ethics in the Japanese tradition: implications for global understanding of the role of business in society

Jessica McManus Warnell, et al. [full author details at the end of the article]

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Abstract

The paper explores conceptual approaches to business ethics from the Japanese tradition and their potential to enhance our global approach to social and environmental sustainability, including discussion of a framework for understanding the embeddedness of the business in society. As globalization and economic and sociopolitical challenges proliferate, the nature of the connections between the USA and Asia is more important than ever. Following an expressed “pivot” or “rebalance” to Asia and the current nebulous alliances, we hope to raise the profile of Japan’s potential to shape the conception and practice of business in society. We explore attempts to offer a universal business ethic, intended as guidance for businesses globally, and examine contributions of Japanese thought to these frameworks. Considering the traditional approaches of *sanpoyoshi*, or tri-directional (buyer, seller, and societal) welfare in business transactions, *kyosei*, which can mean “living and working together for the common good”, and *mottainai*, or “grateful and sustainable consumption,” the research explores the relationships between the private sector, government, and civil society. Further, we examine the related notion of moralogy, which has been described as a virtue-based stakeholder approach to business. We suggest that these concepts merit promoting the conception of the “homo socio-economicus” model to replace the prevailing “homo economicus” model that threatens what sound business should be. Through interviews with Japanese scholars and practitioners and exploration of Japanese cultural traditions, we present an overview of these approaches. With this perspective, we cite the case of the Tōhoku earthquake and Fukushima nuclear disaster as one illustrative example. We hope that this understanding of the embeddedness of business in society based on Japanese traditions and experience can contribute to a global conception of the role of business in society, relevant to the USA as well. Our goals are to contribute to existing discussions of Japanese business ethics and relevance to a global perspective, and to inspire ongoing exploration of applications of these ideas in teaching and scholarship.

Keywords Japanese business ethics · Business ethics · Global business · Sustainable business · Embedded economy · Moralogy · *Sanpoyoshi* · *Mottainai* · *Homo socio-economicus*

Scholars and media continue to chronicle the response of business educators and practitioners to the murky path toward globalization, collaboration, and prosperity across cultures in the wake of the global financial crisis of 2008 and within a changing and tenuous global order. The opportunities to enhance our international understanding of the role of business in society, and how we approach these topics in scholarship and teaching, are more salient than ever. In this increasingly challenging context, it is wise to consider how conceptual approaches from a variety of cultural traditions can enhance our approach to social and environmental sustainability toward a universal conception of the role of business in society. This paper presents an introduction to key concepts from the traditions of Japanese business ethics, considers their applicability toward a global understanding of business and society, and examines the model of homo socio-economics and the embedded economy, which assert that economic activities cannot be considered distinctly from impact on communities, society, and the natural environment. The Tōhoku earthquake and Fukushima nuclear disaster of 2011 is noted as one illustrative example of the embedded economy. We are hopeful that this preliminary discussion of key issues prompts further exploration.

We present these ideas as an American academic whose university focuses on a prosocial conception of business, who has been inspired by her research and teaching in Japan, and who is intrigued by the traditions that so clearly reflect the integration of well-being of the individual and of society; and as a Japanese scholar writing and teaching in the context of a rich historical approach to the intersection of character development and business, who explores the nature of the economy as inherently embedded in relationships and in society, and who has examined cross-cultural approaches toward a global ethic. Our shared goals are to contribute to existing discussions of Japanese business ethics and relevance to a global perspective, and to inspire ongoing exploration of applications of these ideas in teaching and scholarship toward a global business ethic. At a time when transcendent guidance on the role of business is sorely needed, we are hopeful these ideas can contribute to scholarly consideration and in turn to the practice of business in society. In this analysis, we consider specifically the relationship between Japan and the USA. As attention to Asia in scholarship, teaching, study abroad programs, and other collaborations continue to increase in US business schools, and as Japan's attention turns increasingly outward, we hope to raise the profile of Japan's contributions to shaping the role of business in society.

Introduction and context

The rate of growth and influence of Asia in the global economy is unprecedented and now represents 40% of the world's GDP. Japan, the world's third largest economy by GDP and fourth largest by measure of purchasing power, has long been characterized as socioeconomically successful. With lifespans among the longest and infant mortality among the lowest in the world, ready access to quality and equitable health care, an educated population, high levels of employment, and a per capita income five times that of China, this world leader in twenty-first century industry offers rich opportunities for contribution to the discussion of the role of business in society. Japan's connections with the USA reflect a close partnership in economic, political, and security concerns; Japan is one of the USA's most important economic and political allies. Examining

Foreign Direct Investment, we see Japan is the second largest investor in the US economy, and the USA is the largest investor in the Japanese economy. The USA and Japan are top trading partners, Japan is a significant market for both B2B and B2C businesses, and there is a proven track record of success for companies doing business between the two countries.

Consistent industrial and scientific exploration occurs in partnership with Japan. Japanese corporations are a part of all Americans' lives. Its unique "collective" capitalism involves a fascinating combination of free markets, government investment, and strong social capital. Japan is at the forefront of critical conversations on economics, sustainable energy, and other critical issues facing our global community and offers a ripe context for study. For one example, the Trans-Pacific Partnership (TPP), proposed as a regulatory and investment treaty between the USA and the Asia-Pacific region with Japan as a key member, was poised to significantly impact world economies; the debate surrounding the proposed treaty represents critical considerations in our global economy such as issues of free trade, governance, transparency, labor, and investing.¹ Japan's role is critical as the USA manages its presence in Asia, in particular in relationships with China and other Asia-Pacific leaders. Common interests and values between the USA and the largest Asian democracy, Japan, make understanding Japan critical to scholars and students with a global business perspective.

The time is right for this exploration. Decisions around the use of nuclear energy are nowhere as acute as in the Japanese archipelago, and the world is watching this model. In addition to energy challenges, a rising stock market, lower currency, and indications of increasing consumption and investment demand are current considerations, alongside issues of government debt, and an aging and shrinking population, with new programs to increase women's presence in the professions and to enhance immigration. All of this, of course, in the context of the uneasy alliances among key players in Asian-Western spheres.

Specific characteristics of Japanese business are illustrative. Today's "rise of Asia" in the world's economy has been well documented; after centuries of economic dominance by the West, Eastern nations, alongside emerging economies, are beginning to challenge Western positions of industry leadership and related managerial philosophies and perspectives (Barkema et al. 2015). Exploring characteristics of Asian organizations can be illuminating for business leaders operating within this new economic paradigm; for example, communication within and between organizations as high-context, incorporating implicit and indirect communication, is more likely practiced in Asian organizations than in US companies where direct, explicit communication is predominant (Cole 2015); the nature and goals of leadership in business organizations; the motivation and pattern of investment in countries external to the organizations; existing and new structures for tackling global challenges such as poverty and access to education which are met in diverse ways, such as private-public partnerships, depending on country context. These and many other opportunities exist for scholars to explore and contribute to management knowledge and practice by engaging in this cross-cultural research (Barkema et al. 2015).

¹ As of this writing, the TPP is defunct, due to the USA's withdrawal of their signature, and has been renegotiated by the remaining partners as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, enforced beginning 30 December 2018.

Conceptual approaches in the Japanese tradition present clear alignment with the triple bottom line approach, including consideration of the economic, social, and environmental impact of business that the world community has acknowledged is essential for sustained and equitable human flourishing. “[Japan] led the way in post-war economic growth but managed to remain one of the most egalitarian countries in the world, to develop a fully inclusive national health system that works day-to-day, but with one of the lowest tax rates in the world. By many countries’ standards, it is peaceful and almost crime-free. And as the world’s third largest economy its comparatively low per capita carbon emissions put some others to shame” (McIntosh 2014). Japan’s business models and traditions have long been touted as examples; many US managers are familiar with the *kaizen* approach of continuous improvement most notably associated with Toyota, and less ubiquitous but present in the management literature is the *ringi* approach of consensus-based decision-making (Sagi 2015). We hope to expand and contribute to the discussion by providing an introduction of key traditional perspectives, each with implications for ethical leadership, recognizing Japanese contributions to global understanding of the role of business in society that Western scholars may be able to incorporate into teaching and research. We can consider Japan’s important contributions to the global conception of business ethics, including the ways Moralogy, an indigenous Japanese approach to a universal ethic, can strengthen the approach.

Toward a global business ethic

Attempts to provide guidance for a global conception of business ethics come from many sources and are designed to transcend social, political, and cultural differences. The “governance gaps” that occur when states are unwilling or unable to enforce human rights prompt corporations to take responsibility for aligning business activity with social and environmental goals (Tutsui and Lim 2015). Corporations have the means to make tremendous impact, and the literature supporting the broad benefits to corporations of such activity is compelling. The *Manifesto for a Global Economic Ethic*, presented at a United Nations Global Compact meeting in 2009, was designed in part to “provide individual and virtue-based ethical foundations to the management principles of the UN Global Compact,” noting (in Küng et al. 2010) that “the development of human civilizations is associated with the development of virtues and values, which can and must be shared globally in practical activities, because this very civilization is not possible without them,” and warning that “without a value-oriented culture of leadership and a leadership style based on ethical standards, long-term success cannot be assured in a modern economy.” Consider this excerpt from the *Manifesto*:

For the globalization of economic activity to lead to universal and sustainable prosperity, all those who either take part in or are affected by economic activities are dependent on a values-based commercial exchange and cooperation.... Further, fair commercial exchange and cooperation will only achieve sustainable societal goals when people’s activities to realize their legitimate private interests and prosperity are imbedded in a global ethical framework that enjoys broad acceptance. Such an agreement on globally accepted norms for economic actions

and decisions – in short, for an ‘ethic of doing business’ – is still in its infancy. A Global Economic Ethic – a common fundamental vision of what is legitimate, just, and fair – relies on moral principles and values that from time immemorial have been shared by all cultures and have been supported by common practical experience (Committee of the Global Ethic Foundation 2009, p. 153).

Tenets of the *Manifesto* include the preeminence of the principle of humanity as the “yardstick for all economic action” and provide concrete guidelines for doing business that both “creates value and is oriented toward values for the common good.” The brief list of these universal values includes recognizing the goal of economic action is to allow humans to live in dignity, acknowledgement of respect for the individual, the duty to promote good and avoid evil, and to embrace the tenet of reciprocity, perhaps best expressed in the “golden rule,” the spirit of which has been acknowledged in all religions and social traditions for thousands of years: What you do not wish done to yourself, do not to others. The *Manifesto* presents basic values for global economic activity to include non-violence and respect for life, justice and solidarity, honesty and tolerance, and mutual esteem and partnership, and provides concrete examples of each. Initial signatories of the *Manifesto* include global experts in economic, political, and religious affairs, including Klaus Leisinger, Jeffrey Sachs, Desmond Tutu, and Carolyn Woo, among others.

Over time, several attempts toward a global ethic have been presented and are quite promising, including the ISO 26000 standards and the Global Reporting Initiative (Takahashi 2009). We consider here in more detail two major movements, the UN Global Compact and the Caux Round Table Principles, the latter of which influenced the others. The founders of the UN Global Compact Principles, for example, recognize the Caux Principles among their influences, as having the best chance of gaining economic legitimacy in the global business community, given that their formulation involved input from significant business leaders and that they were an international endeavor from the start (Williams 2014a, b). The goal is presenting frameworks that can progress beyond expressions of commitment to practice. Certainly the United Nations Sustainable Development Goals, upon which companies have successfully framed goals for equitable and prosocial growth and development, reflect these principles.

The Caux Round Table Principles for Business, developed by the Caux Round Table, a group of international business executives from Japan, Europe, and the USA that has met annually since 1986, provides guidance for global business. The Caux Principles provide an aspirational set of standards for corporate accountability in improving economic and social conditions. The goal of their development was to produce principle-based guidance that could transcend cultural differences toward shared values. “Putting one’s own house in order and seeking to establish what is right rather than who is right” was a guiding maxim (Ishida 2014). Seven core principles represent the Caux Round Table approach, and included are specific examples of actionalizing the principles. The Principles² are supported by extensive “Stakeholder

² The Principles include the following: respect stakeholders beyond shareholders; contribute to economic, social, and environmental development; build trust by going beyond the letter of the law; respect rules and conventions; support responsible globalization; respect the environment; and avoid illicit activities.

Management Guidelines” that cover the various dimensions of successful business: customers, employees, shareholders, suppliers, competitors, and communities (Caux Round Table 1994). We also can see early use of the “moral capitalism” terminology that is falling into favor in some academic and business circles (Young 2003).

The UN Global Compact provides another forum for international business ethics standards. This “strategic policy initiative provides resources for businesses that are committed to aligning strategy with the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.” With over 12,000 corporate participants and other members from over 145 countries, the Global Compact is the world’s largest voluntary corporate responsibility initiative.³ As of early 2019, over 300 Japanese companies are listed as active participants in the Global Compact. The Japan Global Compact Local Network (JGCLN), formed in 2003, provides Japan-specific companies with a dynamic learning platform for information exchange and sharing of best practices. As scholars and practitioners explore the success of the Global Compact endeavor, it would be illuminating to learn more about why companies join, or why not, and whether participation provides substantive information on the quality of members’ corporate practices. Several high-profile Japanese companies, and those with positive reputations in corporate ethics, for example, Toyota and Canon, are not members. Their adherence to the traditional principles could be explored more fully, and their participation in this attempt toward a global ethic considered.

These principles and related action items, generated by business for business, provide useful guidance toward a global business ethic. We revisit one of the key concepts included in the Caux approach, *kyosei*, and suggest inclusion of additional principles from the Japanese tradition—*sanpoyoshi*, *mottainai*, and Moralogy—that can strengthen these global approaches.

Conceptual traditions in Japanese business ethics

Several key concepts in the Japanese tradition can illuminate our exploration. The approaches of *kyosei*, *sanpoyoshi*, and *mottainai* merit preliminary attention. We introduce each and discuss their relevance to global conceptions of the role of business in society. A note here on spirituality also merits attention, though a complete discussion is beyond the scope of this paper. It is interesting to consider whether a culture rooted in the Shinto religion (Shintoism), or other Eastern faiths that are not

³ Thus, “The UN Global Compact asks companies to embrace, support, and enact, within their sphere of influence, a set of core values:

Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 7: businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.” (UN Global Compact 2000)

monotheistic, might more naturally align with transcendent and pluralistic notions of what is good, right, and ethical. By drawing from the best of multiple traditions, an approach advocated by Chikuro Hiroike which we will explore below, these traditions may more readily align with guidance toward an inclusive, global business ethic.

Kyosei

The Caux Round Table Principles incorporate *kyosei*, symbolized by the Kanji characters for “working together” and “life,” which can mean “living and working together for the common good.” Proposed by a founding member of the Caux Round Table, Ryuzaburo Kaku, a former chairman of Canon, Inc., a multinational corporation specializing in imaging and optical products, *kyosei* can provide guidance for business that enables “cooperation and mutual prosperity to coexist with healthy and fair competition” (de Bettignies et al. 1999). In Japan, the term is not used exclusively in the context of business ethics; for example, it has been used to describe academic departments, i.e., “global *kyosei*” or “multicultural *kyosei*.” We use the term here as specifically relevant to business. Kaku characterizes *kyosei* to include the core values of social well-being or prosperity, respect for diversity or justice, and community. In addition to calling for economic prosperity, it includes the idea of fair distribution of resources and a realization of social or community cohesion.

Goodpaster (1999) explores *kyosei* and the similarities between two broad ideals in management ethics from the Eastern and Western traditions, suggesting these concepts can serve as an integral part of business operations. In the dialogue surrounding the creation of these universal principles, Matsuoka (1999) suggests we concentrate on “*what* is correct and right rather than on *who* is correct and right” and that *kyosei* concerns accepting the existence of others and making the best use of each other’s merit. As Goodpaster notes,

Kyosei takes us beyond conventional business thinking (markets and laws) to a comprehensive aspiration for happiness, justice and cooperation. In practice... this means tempering individual, organizational and even national self-interest by concern for more embracing ‘common goods,’ and tempering the assertion of narrower entitlements by a concern for more basic rights (e.g., liberty and equality) in a just society.... *Kyosei* is an integrative concept.... Like the triad of ‘prosperity, justice and community’ [which the term represents], *kyosei* ... can manifest itself on levels ranging from humanity as a whole to ‘wherever two or three are gathered together.’ As an imperative for business philosophy, *kyosei* represents what Kaku describes as a fourth stage of evolution, beyond the first three stages of pure self-interest, concern for employees, and concern for relatively local stakeholders, respectively (Goodpaster 1999, pp. 151–152).

Goodpaster recognizes the necessary bridge from ideals to action, noting *kyosei* and the Western philosophical approach of the moral point of view offer guidance and a foundation for dialogue between Eastern and Western traditions that can lead to improved business behavior. He notes a critical complementarity, thus, “as Eastern moral thought seeks to recover the individual in its traditional affirmation of the common good or the social whole, Western moral thought seeks to recover the social

whole in its traditional affirmation of the individual” (Goodpaster 1999, pp. 154–155). *Kyosei* can thus invoke the concept of *sanpoyoshi* in its inherent recognition of other-regarding, not merely self-serving, perspectives and behavior.

Sanpoyoshi

Sanpoyoshi can be roughly translated as “tri-directional good,” “tripartite satisfaction,” or the idea that economic transactions inherently involve and must acknowledge impact on the buyer, the seller, and the society. The two primary actors in an economic transaction, the buyer and the seller, should consider both the other party in the transaction and the community in which the transaction occurs, most specifically not impairing the benefit to the community. Thus, promoting (not impairing) the welfare of the other actors in a transaction as well as promoting (not impairing) the welfare of the community is fundamental. An illustration may be helpful; for example, in a two-party contract, a deal can obviously be made to benefit the buyer and seller at the expense of a third party—we need only consider numerous examples of such potential for exploitation of the environment, labor, health, or future generations.

This philosophy of *sanpoyoshi* is inconsistent with mainstream economic theory of the economic actors in a free market economy; this will be explored shortly. In brief, the predominant *homo economicus model*, defined as inherently self-regarding, falls short in its disregard for other-regard and community-regard that characterizes economic activity in practice. We thus assert a need for an alternative model, one that embraces the spirit of *sanpoyoshi*.

Consideration of the societal impact, perhaps akin to stakeholder theory in business ethics, requires the parties to acknowledge and improve the ethical quality of their decision-making. This may be reflected in modern-day comparisons of Japanese and American managers; longitudinal research comparing Japanese and American business ethics suggests that Japanese managers are more often situational in their ethical orientations than are American managers (Nakano 1997; Nakano and Yamada 2008). Other research suggests that Japanese corporations acknowledge the need to advance activities in environmentally and socially responsible business toward sustainable development, both locally and globally (Tanimoto 2014).

Sanpoyoshi is rooted in the tradition of the Omi merchants of Japan’s Edo Period (1603–1867), a foundation of Japan’s business and industry. These early businesspeople, most active in the Edo Period but dating to the thirteenth century, were distinct in their operations because they traveled for their enterprises. Omi merchants viewed businesses not as private assets but as public entities. Engendering trust and mutually beneficial relationships between buyer and seller were critical to long-term business prosperity. These considerations were not merely strategic. Contributions to the local communities were considered instrumental to operations and the relational nature of enterprise—acknowledging reciprocity and trust—was key. We can connect this approach to that of Moralogy, which will be addressed in the following section. Chikuro Hiroike, the founder of the concept of Moralogy, first coined the term *sanpoyoshi* in the early twentieth century as he articulated and developed the philosophies of the Omi merchants (Ohno 2012).

Trust was fundamental to successful businesses that prospered in the long term. We can acknowledge as well the possible association with the long tradition of family-

owned businesses in Japan—readily compatible with efforts to reinforce and pass on values and mission. Some of the oldest companies in the world are Japanese; Japan boasts the largest number of companies in the world (over 20,000) with 100-year+ histories, and nearly 40 companies with 500-year histories (consider, for example, the Hoshi Ryokan (family inn), which has been in operation for 46 generations). Exploring the mission and values of these businesses, one notes the explicit attention to mutual trust, benevolence, and reciprocity. Language around the concept of *sanpoyoshi* can be found in the mission and origins of long-standing, successful companies such as Toyota Motor Company, Aeon Corporation, Fujitsu, Itochu, Nomura, and many other international companies in and outside of Japan.

Of course, all is not well as we consider the achievement toward these principles. Our contention is that this traditional axiom for merchants, prompting consideration of the welfare of the other actor in the trade as well as the welfare of the community in which the activity takes place, has, in some cases, been forgotten. Though these approaches predominated, as the size of Japanese businesses grew and they faced waves of globalization, the attention to these traditional philosophies has waned. Revisiting and exploring them as we consider our global business ethic is useful as a prompt to reinforce them. We can also explore another concept, *mottainai*, which has seen a resurgence in attention and aligns well with notions of responsible, sustainable business.

Mottainai

In the West, an early catchphrase of the sustainability movement, for individuals and corporations alike, was “reduce, reuse, and recycle.” *Mottainai*—described variously in translation as “grateful consumption” and “too precious to waste,” can be considered to capture sustainability goals more comprehensively, adding the fourth “r” of “respect.” Colloquially, *mottainai* expresses regret or even aversion to seeing waste. Incorporating the philosophical and spiritual dimension of respect—for things, for people, for nature—is rooted in Japanese Shinto perspectives of inherent worth, and asceticism and interdependence of Buddhism, and is reflected in many ways in Japan’s cultural practices. The *mottainai* concept has influenced environmental campaigns in Japan and beyond, for example, through the work of the late Nobel laureate and founder of Africa’s Green Belt Movement, Wangari Maathai. Deconstructed, *mottainai* incorporates a powerful notion that we are interconnected, our “things” have life cycles, that consumption does not begin and end as distinctly as we might wish to believe, and that the long view is necessary in resource consideration. The link between resource use and societal well-being extends in many directions. Scarce and inequitably distributed resources lead to political and economic conflict. Business’s role in the production and usage cycle of natural resources is at the forefront of movements toward a sustainable future.

Interestingly, and evidence of Western culture’s fascination with Eastern approaches—and the never-ending quest to find sanity among the chaos of modern life—*mottainai* has found a pop culture home through the New York Times #1 bestselling, over-8-million-copies-sold (and newly launched Netflix series) Marie Kondo’s *The Life-Changing Magic of Tidying Up: The Japanese Art of Decluttering*

and *Organizing*—centered around the premise that the things in our life should be useful, should “spark joy,” should be recognized with gratitude, and discarded appropriately. Scholars might do well to more fully explore this cultural tradition in the context of business operations and societal systems.

We turn now to an approach that embraces *kyosei*, *sanpoyoshi*, and *mottainai*.

Morality

The nature of business ethics in the Japanese tradition includes an approach indigenous to Japan: *Morality*. Important for our purposes of advocating a global ethic and a more complete understanding of the nature of the economy, the concept of universalism is inherent in this approach to business ethics developed by Chikuro Hiroike, first proposed and published in his *Treatise on Moral Science* in 1928. Morality is defined as “a comprehensive, scientific study of the transcendent qualities essential for enabling both individuals and societies to achieve ultimate peace and happiness” (Taka and Dunfee 1997, p. 507). Hiroike considered the notion of conventional morality as inherently self-interested and egoistic; he proposed an alternative approach he called *supreme morality*, based on benevolence and practiced by what he called the five great sages of the world—Socrates, Jesus Christ, Buddha, Confucius, and Amaterasu Omikami (the mythical Japanese figure, from whom the Imperial Family is believed to have descended).

Drawing on the study of these sages, who lived exemplary lives, Hiroike derived universal principles of right conduct. These principles include self-renunciation, realization of benevolence, precedence of duty, respect for “ortholinos” (those forerunners, either familial, national, spiritual, or other social benefactors, who have come before us and contributed to the existence, peace, happiness, and development of humankind through their practice of morality—importantly, they reject egoism and attribute their success and position to their predecessors and acknowledge the role of society’s support of their achievements), and enlightenment and salvation (Taka and Dunfee 1997). Here we can see echoes of role modeling or virtue-based ethics advocated in Western ethical philosophy. Extrapolating the core principles from the sages leads to *Morality*, a new moral science of universal values and principles. The approach is inherently accessible to all members of society; Hiroike asserted that the best of eastern and western philosophy should be available to the people.

Importantly, Hiroike applied these principles to the business community since the approach’s inception. Moralogical management (Mochizuki 1993) develops from the unification of morality and economy; morality, or the principle of spiritual life, and economy, the principle of material life, are two sides of the same coin, and supreme morality is the basic of the construct of both. The principles of supreme morality, which have been extended and promoted for implementation through the Institute of Morality affiliated with Reitaku University in Chiba, Japan, have been particularly influential among a set of small-to medium-sized corporations. Morality developed at an interesting time in Japanese history. In contrast to what some have described as the capitalist excesses of the pre-World War II Japanese political-economic system,

Morality stressed a communitarian perspective with an emphasis on virtuous morality and general obligations to broader society. This ethic, in turn, was combined with a global perspective encompassing streams of moral thought from a variety of legal, cultural, religious and philosophical perspectives (Taka and Dunfee 1997, p. 508).

These ideas, explored in the 1920s, readily align with Western approaches now advocated by scholars and practitioners of ethics. Chikuro Hiroike included passages reflecting what we now call the stakeholder approach, and discussed *sanpoyoshi* as constituting part of his notion of supreme morality. It is illustrative to see the original ideas, translated from the Japanese. Thus, Hiroike notes, in Ohno (2012), “Perfect economics and a perfect economic system must be organized in such a way that a certain adequate gain will be rendered to (1) oneself, (2) employers, (3) the vendors of materials or goods, (4) the buyers, (5) the users, (6) society in general and (7) the state that controls all.” Further, “Conventional morality, being partial and biased, has no such sincerity as to consider the happiness of the three parties together—namely the other party, the third party and the party who follows conventional morality to obtain salvation. Supreme morality teaches the way by which all three parties may enjoy life-long happiness,” and finally, “Supreme morality aims at bringing happiness to all Three—oneself, the other party, and the third party.” (Hiroike in Ohno 2012). We see that these ideas of stakeholder considerations, broader definitions of success, and prosocial impact of business are not new but have been reflected in the Japanese tradition for years. These approaches have simply been left behind by far too many businesses.

Further, considerations of character are key. Hiroike’s approach, which informed both business and educational institutions, including a university, Reitaku, firmly acknowledged that education should provide both knowledge and moral character. The approach is described as a science because of its emphasis on providing empirical evidence of character development. Thus, our actions are key. This approach is attractive as we consider global ethics and the role of business in society because it acknowledges the necessary progression from *knowledge* of moral principles to *behavior and action*, a key concern of scholars and teachers. Thus, a critical component of the approach, its science, is the commitment to supporting the hypotheses of the core principles. Choices made, actions taken, decisions rendered—these activities provide the empirical evidence of character.

An additional concept merits mention as we consider this important progression from knowledge to action and behavior in ethical decision-making—a central consideration as we apply ethical standards to the global economy and society. Japan offers the idea of *chigyo go itsu*, derived from the characters for knowledge and practice combined into one. This is related to the notion of the unity of morality and economy, or *do-ke-ittai*. Importantly, translating the term as *knowledge and practice “should be” combined* and *knowledge and practice “are” combined* are both possible, allowing for both normative and descriptive considerations of the concept. Knowledge or wisdom is incomplete without the progression to operationalizing knowledge or wisdom into behavior, choices, and actions. This awareness transcends geographic boundaries.

A final note on Morality merits attention. Because the tradition has been primarily identified with small- and medium-sized companies, the issue of leadership should be

acknowledged. Here also may be a relation to the prevalence of family-owned companies in Japan's business history. In such organizations, the leader often has more ability to influence the culture of the firm. As multinational corporations expand in size and scope, the potential for influence of the values and virtues of the leadership may be diluted. This dynamic has been reflected in a movement away from *sanpoyoshi* as a guiding principle. Future research might continue to explore businesses that exemplify Moralogy, continuing the tradition of scholars in Japan (Nakano 1997; Nakano and Yamada 2008; Taka and Dunfee 1997) and alignment with the virtue approach to business ethics and leadership. Indeed, as Western companies are increasingly characterized by business leaders who are aligning themselves publicly with and against government actions and policy, moving into activist and influencer roles that had been largely the province of the government or public and NGO sectors, consideration of the role of CEO and leader virtues and character, and the implications of their engagement with these issues on their various stakeholders, promises to grow in saliency.

Toward a new model: *homo socio-economicus*

How can these traditional approaches contribute to a global understanding of the role of business in society? We can start with a discussion of the individual in society and turn to an exploration of what we will call the embedded nature of business. Thus, we suggest that these concepts promote adopting the conception of the “homo socio-economicus” model by combining elements of the “homo economicus,” the “homo reciprocans” (O’Boyle 1994, 2011; Bowles and Gintis 1998), and the “homo cooperans” emphasizing the logic of the commons (Bauwens 2006). Recognizing the reality of our “living and working together for the common good” (*kyosei*), “tri-directional good” for the parties in economic transactions including the society itself (*sanpoyoshi*), responsible and sustainable consumption (*mottainai*), are concepts and approaches that accurately reflect and aspire to an interconnected society with the potential to flourish.

The empirical limitations of the dominant model, *homo economicus* (economic man, motivated by rational self-interest with the goal of maximizing utility and profit), have been criticized for decades. By incorporating discussion of alternative motivations (altruism, social behavior), the *homo socio-economicus* model is a more robust representation of behavior. However, the *homo economicus* model dominates and, importantly, may be understood at its most theoretical (and oversimplified) conception by students studying business and, in turn, by business practitioners. Incomplete, superficial examination of Adam Smith, for example, may leave some with the impression that rational self-interest is the sole motivation of economic participants. To this point, Williams (2014a, b) writes,

The crucial point in Smith’s analysis is his assumption that.... [the] ‘self-interest’ of business people would be shaped by moral forces in the community so that self-interest would not always degenerate into greed and selfishness. Wealth creation enabled and sustained a humane community when it was practiced by virtuous people.... Smith assumed that an acquisitive economy existed in the

context of a moral community that would ensure that single-minded focus on making money would not persist (pp. 84–85).

Justice, benevolence, virtue, and fairness are all critical components of Smith's approach. Smith, the alleged champion of free markets in our time, expressed this need for self- and other-motivation better than anyone (Treviño and Nelson 2014). Enderle (2014) offers additional considerations:

[One] far-reaching implication of wealth conceived as a combination of private and public wealth concerns different types of motivations. In order to produce private goods, the motivation of self-interest, undoubtedly, plays an important though not an exclusive role. One might recall Smith's famous saying that it 'is not of the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest' (Smith 1776/1981, 26–27). However, as Amartya Sen (1993, 7–8) points out, this saying focuses only on exchange (not production and distribution) and does not express the whole motivational structure of Smith's theory. After all, Smith published not only the book on the wealth of nations but also *The Theory of Moral Sentiments* (Enderle 2014).

Thus, "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it" (Smith, TMS). Even this bastion of rational self-interest acknowledges the role of virtue and interconnectedness.

Further, a restrictive view of economic actors is fundamentally incompatible with notions of the triple bottom line, sustainable business, equitable development, and other key frameworks that will advance our societies in ways that reflect the true nature of wealth that allows for long-term prosperity and human flourishing. These limitations are explored with empirical support (Sandel 2012, among others) and we recognize a new sensibility is emerging; however, the view presented in scholarship and teaching is too often limited. Wealth in society includes much more than financial metrics like GDP; broadly defined, wealth must include physical (natural and produced), financial, human, and social capital (Enderle 2010). The Organisation for Economic Cooperation and Development (OECD) acknowledges as much and offers important models and data for analysis and policy development as it promotes economic and social well-being metrics as critical inputs to consideration of wealth and development, with the perspective that oft-touted measures like GDP, which exclude issues of wealth distribution and sustainability, are of limited use in considering wealth and prosperity. The moral status of the firm has often been neglected. Corporate efforts, even in their terminology (witness "corporate governance" or "citizenship"), often reflect this disconnect between normative considerations of theoretical ethics and corporate social responsibility (Rossouw 2011). The economic model upon which much policy and assumptions rest should itself be redefined.

All economic actors or market players co-exist with and co-depend on each other in their business or economic relations. Some kinds of nexus or links are, in the course of interactions, assumed to be formed among actors. This recognition links us to the

concept of an ecological view of economy. Each economic actor depends on each other, even in a market context, in contrast to traditional economists' assumptions. Because, in the economists' assumptions, each actor is supposed to rationally behave in order to maximize his own utility independently of how other actors behave, interdependency among economic actors is theoretically nil: interdependent relationships among economic actors are marginal to business. In reality, an interdependent relationship can be typically seen in a transaction in which economic actors are involved. This transaction could be called an "exchange." This conception is consistent with the *sanpoyoshi* notion of three-way satisfaction or benefit.

Exchanges take place among economic actors, individuals, or corporations, in various places and on a variety occasions. People go shopping in department stores, dine at restaurants, use transport services, or pay for entertainment. People pay charges when they use a mobile phone, or access the internet through personal computers. People's daily transactions involve exchanges, and these exchanges consist of markets. Between a supplier and a receiver in a supply chain, for instance, there exists a market. Exchanges that take place every day and everywhere are not only economic but also social transactions among actors, economic, and social. An exchange takes place in a given social context. It is thus embedded in society. Nagayasu (2013) notes, "Every system has a dimension that aims at improving goodness for human beings. The dimension is composed of four concepts related to individuals and their mutual relationships," including autonomy, justice, non-maleficence, and beneficence. O'Boyle's notion of *homo socio-economicus* (1994) prompts us to consider the new concepts of hard and soft markets (explored further in Umeda 2013) that reflect human behavior in the market as both self-regarding and other-regarding, or altruistically. The degree of embeddedness varies from the hard market to the soft market, and it is consideration of this spectrum of behavior that prompt consideration of an alternative model.

Radcliff (2013) reminds us that a prevailing sentiment in neo-classical economics is the commodification of labor and offers a compelling argument that the quality of human life is determined by the nature of the relationships between the market and human well-being and happiness. He writes, "We can embrace the market, but also devote ourselves to a political program that limits the extent to which the market reduces persons to commodities" (p. 188).

This view is compatible with the embedded economy and *homo socio-economicus*. Mainstream economists believe in the beauty of the elegant system of the market, characterized by utility and self-interest-maximization. We argue against this all-time prioritization of efficiency—rather, we have a right not to pursue efficiency—actors sometimes irrationally behave (and here we acknowledge laziness, apathy, imprudence, or other factors) in part when we sincerely prioritize realizing social causes or seeking public good. This can be intentional, as we illustrate in later sections. We are behaving rationally in that we are aiming to realize a goal (social good) while simultaneously producing economic inefficiency. In some cases, we may even have a duty to do so, sacrificing our utility or self-interest, for the sake of some greater good. Arguments that sustainable development requires some reduction in unfettered economic growth are increasingly made as the world faces ever-growing environmental and social challenges. Perhaps these ideas are connected. Thus, "inefficiency," which economists intuitively depreciate, is an interesting conception.

We can also acknowledge efforts to shift perspectives on the well-being of societies from traditional economic measures to those dimensions of human well-being such as income and wealth, health and skills, working and housing conditions, interconnectedness, life satisfaction, and other measures of what it means to prosper. The Organisation for Economic Co-operation and Development (OECD) provides data on well-being indicators from OECD countries around the world that can assist in identifying relative strengths and weaknesses, developing policy interventions, and designing strategies to grow and prosper (OECD 2015). This OECD framework, featuring 11 dimensions of human well-being, acknowledges that country GDP is not a complete measure of wealth and prosperity. The United Nation's Development Programme's human development index is designed from a similar philosophy.

Koehn (1999) notes that exploring specific traditions in the Japanese tradition can inform our approach, thus, in contrast to the fuzzy notions of corporate responsibility promoted in some parts of the West, rather,

business [should be considered] as just one of the many institutions thoroughly embedded within the social matrix. It is not entitled to make absolute claims for itself. The question for the businessperson, as for every human being in the society, is: What is the good of the larger whole and how can I behave in such a way as to contribute to that whole? The first responsibility of an agent is to consider the whole. Only after having done so is the agent able to be true to the specific human relation in which he or she is operating (Koehn 1999, p. 77).

We see clear reflection of the *sanpoyoshi* concept in this sentiment.

Piketty (2014) offers a provocative and data-rich exploration of wealth and inequality and we are encouraged by his recognition that our understanding of wealth and prosperity needs reconsideration. His notions are compatible with a broader understanding of economics and societal impact, and remind us that collaborative approaches and working together toward international solutions are required to meet today's urgent challenges—in fact, a key recommendation, though perhaps optimistic without significant changes to our approaches, is a global tax on capital. Piketty writes,

To put it bluntly, the discipline of economics has yet to get over its childish passion for mathematics and for purely theoretical and often highly ideological speculation, at the expense of historical research and collaboration with the other social sciences.... This obsession with mathematics is an easy way of acquiring the appearance of scientificity without having to answer the far more complex questions posed by the world we live in.... The truth is that economics should never have sought to divorce itself from the other social sciences and can advance only in conjunction with them.... If we are to progress in our understanding of the historical dynamics of the wealth distribution and the structure of social classes, we must obviously take a pragmatic approach and avail ourselves of the methods of historians, sociologists, and political scientists as well as economists. (Piketty 2014, pp. 32–33)

Indeed, thoughtful scholars and practitioners need only acknowledge the state of world affairs to recognize a need for collaborative efforts to meet the challenges of our times.

We then turn to the broader issue of the nature of business. The role of the corporation in society has long been examined in the above sources and many others (including Sundaram and Inkpen 2004; Dodd 1932; Friedman 1970; Porter and Kramer 2011; Serafeim 2013; Mackey and Sisodia 2013, among others). Williams (2014a, b) offers helpful considerations consistent with the embedded view of the economy. Thus, “the strict division of labor between the private and public sectors is no longer a reality in our time.... Many argue... that the purpose of business is not simply to make a profit, but rather that business is a community of persons and that this community can foster development of society as well as people” (Williams 2014a, b, p. 2).

Through practices that enhance the financial sustainability of a company while simultaneously advancing the economic and social conditions in the communities in which it operates, both the organization and society can prosper: “Not all profit is equal—an idea that has been lost in the narrow, short-term focus of financial markets and in much management thinking. Profits involving a social purpose represent a higher form of capitalism—one that will enable society to advance more rapidly while allowing companies to grow even more. The result is a positive cycle of company and community prosperity, which leads to profits that endure (Porter and Kramer 2011).” Economic systems must be considered as related to political systems and sociocultural systems, all operating within a natural ecosphere. We conclude our exploration with an illustrative example, the 2011 Tōhoku earthquake and Fukushima nuclear disaster, shortly.

We can also consider the role of trust, echoing our earlier introduction to the Omi merchants and the *sanpoyoshi* concept. Hollensbe et al. (2014) note, “The values of dignity, solidarity, plurality, subsidiarity, reciprocity, and sustainability are potential mechanisms to help organizations build both trust and better businesses,” and provide examples of business at its best—acting a steward of resources which reduces inefficiencies and costs, showing respect for human dignity through treatment of works, consumers, and other stakeholders, operating transparently to provide goods and services that society wants and needs, connecting with new and emerging markets, transcending borders and fostering long-term relationships, and nurturing decision-making that reflects responsibility and purpose (Hollensbe et al. 2014, p. 1232). This inherent trust can be illustrated in transactions from large to small—to consider just one, for example, think of the use of a credit card. This transaction requires trust (the merchant will use this information only as relevant to the transaction). In the words of Mochizuki (1993), we can think of our economic activities as pursuing both “individual happiness and social peace” (Mochizuki, Y.), and success only comes from actualizing these goals.

Grant (2014; in DiMeglio 2013) extends this consideration to the way we teach economics in business schools. He notes that transactions in the market do not take place absent relational considerations, and that creation of wealth is often considered too narrowly. Thus,

Economics courses—especially ones such as macroeconomics and business economics—often focus on game theory.... You learn that for things to go well everyone must cooperate with one another. But people get greedy, and if your friend defects and you do not, then you get screwed. So everyone defects to protect himself and win. In real life, people are not as likely to defect all the time

because there are consequences to their decisions beyond victory. Want to keep teaching the prisoner's dilemma? You must make students participate repeatedly in the exercise, so that they cannot be anonymous when they defect and their reputation follows them, just as it would in the real world. You cannot keep being a greedy jerk and get away with it. Also, when we teach economic principles, we often say that it is about the allocation of scarce resources. But students need to understand it's also about making resources less scarce in the first place (DiMeglio 2013).

The role of business schools in producing leaders with ethical sensitivity and global perspectives is a topic of much scholarly attention and is more important now than ever, as the numbers of students pursuing business studies are ever-increasing and the impact of business practice may be the single greatest variable in well-being and prosperity around the world.

Thus, wealth creation as a goal of economic activity must be considered comprehensively. Sustainability of well-being over time requires the preservation of different types of capital (economic, natural, human, social) and includes both public and private wealth. If we assume this comprehensive definition of creating wealth, it is certainly appropriate for businesses to consider creation of human and social capital as part of core strategy (Enderle 2010). These notions of broad creation of well-being are quite consistent with these approaches from the Japanese tradition. We can acknowledge that mutual collaboration toward and economic prosperity includes fair resource distribution and social cohesion (*kyosei*), and the inherent, inseparable consideration of three parties in economic transactions—buyer, seller, and society—as reflected in the notion of *sanpoyoshi*, are representative of the true, embedded, nature of business in society, and represent a prosocial conception of business that acknowledges its tremendous potential for positive impact in the world. These commitments to operationalizing our understanding of the embeddedness of business and society are reflected in the orientation of Moralogy. We now turn to one example of this interconnectedness, after revisiting Hiroike, who Palencia-Roth (2010) describes as asserting that our very future as a people depends on whether we recognize and prioritize only our rational self-interest, or rather those notions that more robustly pursue decisions on the environment, international relations, politics, and economics with notions of morality and self-and other-interest.

The Fukushima example

In March 2011, a 9.0 magnitude earthquake struck the coast of the Tōhoku, northeast, region of Japan. The most powerful earthquake in Japan's history, its impact and the resulting tsunami resulted in nearly 16,000 deaths, over 6000 injured, and 2600 people missing across 20 prefectures with over a million buildings damaged partially or totally collapsed. Level 7 meltdowns at the Fukushima Daiichi Nuclear Power Plant led to evacuation zones affecting hundreds of thousands of residents. The World Bank estimates the natural disaster as the costliest in history, at over US\$ 235 billion.

In the wake of this tremendous tragedy, from which residents continue to recover, we can witness the true interrelationship of individuals, business, and society. Case

studies are beginning to emerge that allow for in-depth exploration of key considerations of the tragedy, its roots, and its aftermath. The Fukushima disaster has impacted public perception and government and industry policy around the world (Kim et al. 2013; Wittneben 2012). The USA and Japan, alongside the global community, can and should learn from these lessons to pursue a configuration of energy policy and practice with a clearer prioritization of societal impact. Our goal here is to highlight the episode as an illustrative example of our discussion of Japanese traditional approaches to business ethics and to the embedded economy, with the hope that it can inform our ways of thinking about business in society.

In brief, the Tokyo Electric Power Company (TEPCO) appeared to be poorly prepared, and their response was inadequate and slow. Yet the disaster also evidenced the tremendous community spirit with local officials and local business leaders galvanizing efforts to provide real relief:

The meltdown of the [reactors] has been widely blamed on lack of preparedness of [TEPCO]. Government regulators were viewed as complicit in their lack of oversight and unwillingness to force TEPCO to do serious emergency preparedness planning prior to 3/11 for fear that this would be unsettling to the Japanese people who were already sceptical of the safety of nuclear power. . . . Likewise the overwhelming public belief is that overly zealous and loyal corporate employees withheld information and played down the negative effects of the disaster in order to protect its corporate reputation. . . . Despite this lack of preparedness on the part of the company, many TEPCO workers demonstrated outstanding bravery and a sense of duty/loyalty both to the company and to their country in combating the disaster. More than 4,000 TEPCO workers continue to brave the high levels of radiation in their efforts to clean up the site, a task that is expected to take approximately 30–40 years. (Wokutch 2014, p. 27)

The Fukushima-area workers, the Japanese people, and companies, both Japanese and multinational, displayed bravery and commitment. Companies provided help via their core competencies. For just two examples, Nissan provided Leaf hybrid vehicles to serve as mobile generators after the shutdown of the Fukushima facility; Omron, a Japanese sensing and monitoring company, delivered health equipment, traffic signals, and automatic teller machines, and these collective activities in the spirit of corporate responsibility have been described as distinctly Japanese (Wokutch 2014). “In the aftermath of the 3/11 disaster, there has been a severe power shortage in Japan since all of the country’s nuclear power plants with the Daiichi design were shut down for precautionary reasons. In response to this the entire auto industry moved their ‘weekend’ to Thursday and Friday and worked on Saturday and Sunday to help even out the demand for power” (Wokutch, pp 27–28). The national “Cool Biz” and “Super Cool Biz” campaigns prompt businesses to conserve power during the hot summers by raising the thermostat and encouraging short sleeves instead of formal wear. Citizens were asked to conserve power, with these campaigns resulting in even more energy savings than had been targeted (Wokutch, p. 28). Wokutch compares these stories with those of the violence emerging at US gas stations during the gas shortages of the 1970s. “It seems that the solidarity of the Japanese people has some built-in advantages in terms of managing CSR” (p. 28).

There can still be a question raised: Is a consumption-cut practice a matter of agreement by both sides of a contract: consumers and power providers? This interpretation intends to reduce the consumption-cut practice by businesses and households into something like a stake in a negotiation. If compensation was agreed upon applying to such a case, this contract-based interpretation may hold true, but in practice, consumption-cutting was not something rewarded by the power companies involved, nor was it agreed that they would compensate consumers for participating. It was, at least partly, a product of voluntary commitment to cut power consumption by consumers in the region. This case, therefore, could be regarded as a typical example showing the “superior prudence,” as Adam Smith suggested in the TMS, exercised in a market context. This can be regarded as compassionate (negative) consumption in the sense that consumers reduced consumption for the sake of public interest.

Japan’s unique approach to CSR has also been cited in other contexts for its integrated stakeholder perspective, acknowledging that government and industry can work together while supporting commercial interests. “Japan’s approach has positive CSR implications because of the adoption of the precautionary principle [an operating guideline of the Convention on Biological Diversity suggesting precaution even when cause and effect linkages between business activity and environmental damage have not been fully established, given that the stakes are so high], the breadth and integration of stakeholder engagement, and stakeholder outcomes that balance the interests of conservationists and businesses” (Reade et al. 2014, p. 62). Business operating within the context of an ecosystem is not new to the Japanese conception.

We include here brief reference to several diverse yet illustrative examples of these ideas in practice. First, Japan is the home of world’s largest pension fund, the Government Pension Investment Fund, which recently announced a commitment to considering ESG (environmental, social, and governance) factors in equity-investment decisions (Umekawa 2015). Second, Japanese car brands are leading the way in emissions reductions; top-ranked Nissan, Toyota, and Mazda are three of the top five companies acknowledged for their reductions, in a ranking intended to illustrate a material impact on a company’s earnings in a global market where emissions regulations are tightening (Ethical Performance 2015). Finally, when considered in the context of the US financial crisis and staggering CEO pay and golden parachutes, American students (and their American professors) do not quite know what to make of some of the news out of Japan, for example, recent headlines describing how Japan Airlines’ CEO, in response to the global financial meltdown, cut his own pay to less than that of his pilots and eliminated all of his perks, accompanied by video clips of him riding public transportation and eating in the employee cafeteria, queueing up for lunch with his colleagues, or Nintendo’s CEO announcing his self-imposed 50% pay cut after record-low earnings.

Some of these episodes can clearly be linked to the “collective capitalism” practiced in Japan. Public-private sector interface is strong. For example, Japanese companies lead all other regions in the world in linking environmental initiatives to their economic impacts in their sustainability reporting, with 55.7% of Japanese companies providing some link in their reporting between environmental initiatives and cost savings; this figure is clearly higher than the global average (45.7%) and that of the average for Asia (32.1%): “Japanese companies provide more examples than other companies throughout the world of ways in which they can derive both cost saving as well as revenue

opportunities from their environmental initiatives and products” (Albrecht and Greenwald 2014, pp. 35–36). This may reflect tradition of more comprehensively considering environmental and contextual factors in business considerations. The role of government initiatives as drivers of reporting, in particular the Japan Ministry of Environment’s Environmental Accounting Guidelines, has been identified as critical. These advances position Japan well to integrate more comprehensive measures of prosperity and development, perhaps including OECD indicators, broadly into decision-making processes. This approach can inspire the rest of the world.

The Fukushima episode is illustrative of the challenges and promise of the Japanese approach to business ethics. It is impossible to witness the Fukushima disaster and fail to acknowledge the interconnectedness of the private, public, and social sectors. Of course, natural disasters are difficult to predict; however, the preparation for such possibilities, and the response in the wake of the earthquake and tsunami, may have been different had these traditional approaches been front-of-mind in the business and government responses.

Clearly, the salience of relationships—between the government and the private sector, and both of these with citizens of Japan, are clearly and directly impacted. Now clearly these connections extend to the world community, for example, due to the impact on products and trade, on the Pacific Ocean, and in the questions that other countries, and Japan, consider on the future of energy and best practices, and on the impact of decisions made to advance economies (such as the generation of energy) which so clearly affect society. Thus, we acknowledge, of course, that these questions are not exclusive to Japan—one must only consider the BP oil spill of 2010, the Keystone Pipeline debate in North America, among many others—and we argue that these far-reaching decisions must be considered thoughtfully, with global impact, an acknowledgement of our connectedness, and principled decision-making at their center.

We see positive developments in the wake of Fukushima’s tragedy. In the West, the post-Fukushima dialogue seems to center around the pros and cons of nuclear energy. The Japanese, however, facing scarce domestic power sources, are considering whether their viability is dependent on nuclear power. NHK World’s “Tomorrow” series describes recovery efforts in the disaster zone. Companies in the region forwent profits to assist with recovery, with teams providing community medicine, temporary housing, information systems, and food relief. We are hopeful that these discussions of what comes next are undertaken in the spirit of sustainable prosperity for the global community. The rich tradition in Japan of the interconnectedness between and coexistence of the natural world and society, a cornerstone of the Shinto approach as one example, provide support for solutions that recognize the embeddedness of economic decisions and actions.

Research in the wake of the Fukushima disaster indicates that trust guides the perceptions of benefits and risks of investment in nuclear power—even more than specific knowledge of the technologies themselves: “The perceived benefits and risks are significantly affected by the perceived trust. However, an individual’s knowledge is not associated with the individual’s perceived benefits and risks of employing renewable energy technologies. It is a notable point that there is little or no interrelationship between an individual’s knowledge of particular energy technologies, including their applications, and the individual’s

perceived risks and benefits.” (Park and Ohm 2014, p. 209). Again we see the foundational nature of trust and integrative collaboration in economic decision making:

In addition, as presented in the current study, trust plays a major role in the public assessment of renewable energy technologies. One of the most significant findings is to foster the individual’s social trust in the public area of the potential benefits and risks for employing renewable energy technologies. That is, industry and government have to take responsibility for guiding the proper distributions of technologies, and supporting public consumption. In detail, they also have to revise legislation, including political, environmental, and economical regulations, to allow the public to incubate moods of social trust. Extensive policies, including not only supporting allied industries and potential users, but also helping build their awareness and trust around renewable energy technologies, should be examined and addressed. Moreover, prior studies identified that the public’s perceptions positively enhance the public’s trust, when the public think that professional experts, including scientists, engineers and researchers, take their interests and concerns into account. Therefore, the government has to include the public in important decision-making tasks, in a significant effort to improve public perceptions (p. 209)

Acknowledging interconnectedness and embedded economic activity is key.

Conclusion

We make no claim that Japanese approaches to business are infallible. Indeed, like the USA, Japan faces myriad examples of corporations behaving badly, illustrated most recently with the Kobe Steel and Takata airbag debacles, the Toshiba accounting impropriety, and Nissan’s emissions and leadership concerns. Rather, we assert that achieving a global business ethic must incorporate the best of multiple perspectives, of which Japan is an important one. This is an approach that echoes Chikuro Hiroike’s notion of the five sages that offer collective wisdom and guidance which can be broadly applied. We can learn from Hiroike’s approach and derive a global conception of business ethics from the best of our diverse cultural traditions. Those working to address challenges of today’s global business and society, including rising inequality and sustainability concerns, will benefit from acknowledging the Japanese concepts that can contribute to solutions.

The task becomes considering how to best operationalize these concepts in business teaching and practice. An integrated approach is key; incorporating case studies on Japanese companies and multinational corporations operating in Japan, seeking replicable approaches, and encouraging adoption of traditional conceptions can inform global approaches and can be vital to Japan’s own development as they face acute challenges such as an aging population, changing roles of women, the demand for innovation and entrepreneurialism, changes in immigration policies, and other critical issues. Indeed, meeting these challenges promises growth potential for ethical business; learning from research on the role of gender in corporate social responsibility in Japan,

for just one example, illustrates the complexity and the promise of these intersections of economic and social considerations, at the macro level and within firms (Mung and Jung 2018). The challenges to cross-culturally relevant approaches to ethics in practice are many, but interesting work is emerging on the relationship between culture and social responsibility of business (see for one example Halkos and Skouloudis 2017), and in today's environment, these conversations cannot be ignored. In the spirit of Hiroike's inclusive, transcendent guidance, we can pursue convergence of the best of us toward a socially, environmentally, and economically prosperous society by learning from others.

How and in which fields can these principles and an understanding of the embedded economy be a contributing factor? At least two contributions may be made. First, they may help bridge mainstream and non-mainstream schools of economics, such as evolutionary economics and behavioral economics, by providing a common platform upon which they can communicate with each other and dissolve theoretical discrepancies. Secondly, they may give theoretical support or a source of legitimacy to the ongoing activities or philosophies that seem to have been marginalized by mainstream economics. These include solidarity, social enterprises, local movements to introduce community currency, third-sector businesses including cooperatives, NPOs, fair-trade movements, microfinance movements, and ethical or moral consumption movements, etc. The approaches will also provide those who commit themselves to such activities or philosophies with clearer knowledge as to where they stand in relation to mainstream economics. They are consistent with more comprehensive and meaningful understanding of the role of business in society, beyond greenwashing and community relations to "acting justly in the fulfillment of one's corporate duties to all relevant stakeholders" (Koehn 2012). These broader conceptions offer tremendous promise. New models for enterprise include micro-lending, cottage industries, social business and benefit corporations, multinationals expanding into emerging economies, hybrid public-private social entrepreneurship, and strategic alliances between traditional corporations and NGOs and nonprofits (Werhane and Bevan 2015). Increasingly, triple bottom line thinking is a requirement for business to prosper. Within traditional and new models of business, in a global context in which the only certainty is uncertainty, companies do well to embrace the competitive advantages that come from holistic thinking.

Other approaches are promising as well. Notions of "collaborative consumption" and the "sharing economy" acknowledge the human socio-economic ecosystem and are quickly becoming a preferred model among consumers, particularly young consumers. With these types of economic arrangements (think ride sharing or car services like Uber, or the vacation home marketplace of Airbnb), trust is an inherent quality of the transactions. These models can also be expanded to include examples such as peer lending systems and cooperatives. They will continue to profoundly shape the way business is done.

Scholarship in these areas is ongoing and we look forward to our own future explorations. One exciting foray into joint exploration of character from the Japanese and American traditions is a partnership between the Center for Character and Social Responsibility at Boston University and the Center for Moral Science and Education at Reitaku University in Japan. Their volume *Happiness and Virtue: Beyond East and West toward a New Global Responsibility* presents a series of essays examining virtues and their practical importance from both the Japanese and American perspectives. Our

own investigations are ongoing and we are eager to develop this dialogue. The time for cross-cultural collaboration is now.

We close by acknowledging the special relationship between Japan and the USA. Japan, like much of the world and certainly like the USA, is facing acute economic and social challenges. The structural reforms representing the “third arrow” of Prime Minister Shinzo Abe’s revitalization efforts (with the first two arrows of fiscal stimulus and monetary easing) include Japan’s need to expand the role of women and to consider immigration thoughtfully. Concerns abound, and certainly the USA faces acute and growing challenges to its economic prosperity and well-being. In addition to the economic and political connections, Japan’s place in the world continues to fascinate and inspire. As just one example, FutureBrand reports on the “Country Brand Index” each year to reflect consumer perception, and in the 2014–15 report, Japan took the number one position, the first Asian country to do so, and the only Asian country in the top ten (though Singapore (14) and South Korea (20) are rising rapidly). Their research reflects that products’ design and manufacturing country of origin influence consumer concerns related to safety and perceived quality, and consumer respect for heritage, history, and culture (Dill 2014). Scholarly attention, business faculty, student, and practitioner interest in collaborative engagements, drivers of investment and trade, and certainly popular culture, hospitality and tourism, and other connections are growing and exciting. Perhaps they can inspire explicit attention to business ethics in and among Japan and the USA.

It can be easy to despair as we witness sociopolitical and economic strife in both the USA and Japanese contexts. We hope that our collective interest in well-being, broadly defined, will prevail. We appreciate that in his piece expressing concern that these goals may be out of reach, Adler (2015) acknowledges space for optimism as he writes,

We need to celebrate instances in which we see the market being effectively reembedded – where investment and production decisions are being driven by social needs rather than private-profit considerations.... There is an impressive range of such new democratic institutions and institutional ecologies that have been quietly developing just below the surface of public awareness in recent years. They presage various ways of reembedding the economy, not as a return to pre-capitalist modes of embeddedness, but as the creation of a new form of society in which economic decisions are made under norms of democratic dialogue. (p. 24)

As the role of Asia in the world continues to grow, Westerners too often categorize Asia uniformly—lost is the example of a specific form of capitalism practiced in Japan, which is very different than that of China and India. Our goal is to highlight some of these characteristics and traditions. Our next step will be building on our exploration of the traditional approaches and examining some of the ways Japanese businesses operate, highlighting some best practices that can contribute to our global conception of responsible business. We will explore key characteristics of top Japanese companies—those success stories measured by revenue, but also by more comprehensive indicators such as those used in CSR and related rankings, such as Ethisphere’s Most Ethical Companies. Several Japanese companies have been acknowledged, including Kao Corporation, a consumer products company, in 2018, and Shiseido

Co. LTD in health and beauty, Ricoh Company Ltd. In information technology, and Hitachi Data Systems in previous years' rankings (Ethisphere 2015, 2018).

These case studies of Japanese companies and of multinational corporations operating successfully in Japan can contribute to understanding best practices and can prompt identification of replicable approaches. Japan can meet the challenges it faces by embracing the spirit of the best of the traditional approaches such those outlined here, in tandem with encouraging innovation and the entrepreneurial spirit, enhancing the role of women in the professions, and pursuing thoughtful immigration strategies. In the context of its strength as a democracy, its collective capitalism, and its tradition of socioeconomic success, Japan can continue to provide an example for the global community. We are hopeful that as Japan, the USA, and other of our leading economies consider the role of business in society, we acknowledge our interconnectedness and cultivate human flourishing. We are inspired by the work exploring these themes of global citizenship of individuals and corporations, advocating for a citizenship that involves concern for people as well as profits, a global versus local view of business impact, and a systemic view of commerce including both people and the environment (Galpin 2016).

Japanese scholars are observed to more consistently call attention to the larger context in which the individual self functions: "Reflecting their cultural heritage... [these scholars] more explicitly place the self 'in its widest setting, in its relationship to all that the universe contains,' including not only human relationships involving one's parents, ancestors, classmates, fellow workers, and even one's enemies, but also relationships with animals, plants, and everything in the inanimate world that enhances our lives" (Ryan et al. 2011). This "network of interdependence" can prompt benevolence—a virtue that reminds us of the potential of shared values and collective good. We hope that this awareness can inspire. Our goal is to support including these ideas in the global consideration of the role of business in society. As we continue this exploration, additional insights from scholars and practitioners in the region and beyond are most welcome.

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Affiliations

Jessica McManus Warnell¹ · Toru Umeda²

✉ Jessica McManus Warnell
jmcmanus@nd.edu
Toru Umeda
umeda@reitaku-u-ac.jp

- ¹ Mendoza College of Business, University of Notre Dame, 254 Mendoza College of Business, Notre Dame, IN 46556, USA
- ² Reitaku University, 2-1-1 Hikarigaoka, Kashiwa, Chiba-ken 277-8686, Japan