ETHICS IN JAPANESE BUSINESS ENVIRONMENT

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Abstract

At first sight it is easy to understand that "ethics in business" is a field which aims at explaining problems of moral aspect which come up currently in the activity of economic agents from a market economy.

Considering the cultural variety of moral values and principles lengthwise and crosswise the planet and, since the adopted policies led to many unacceptable effects, the idea of drawing up international ethic codes appeared more and more substantial through the explicit agreement of some governmental and non-governmental associations in which the big transnational corporations have the main role.

The company system in Japan is so strict that it is quite hard, sometimes even impossible for a company to do business with another company with which it does not have personal, tight and previously established relations.

The Japanese philosophy is that only the company in which the human relations are good will succeed in while the one with bad human relations will go bankrupt.

In order to understand a Japanese company and to be able to cooperate with it, it is really useful for one to see it as an exclusive club, a cooperating union and a business enterprise because it incorporates features of these three aspects.

To put it in a nutshell, it is all about the great ambition and diligence of the Japanese, which are well-know around the world and also the basis of ethics in business in Japan. Still, what it is not exactly known is why the Japanese are so keen upon success: it is a mixture of historical factors and self-image according to which they have been superior and ambitious from ancient times.

Definitions of Ethics in Business

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R.T de George (1990) one of the most outstanding authors in this field defines ethics in business as "the moral perspective, whether implicit in a behaviour or enunciated explicitly, of a company or of an individual who does business". The behaviour and the statements may contradict one another so that one may say about a corporation that although it displays an ethic credo, allegedly, in the service of community, the terrible damages done to the environment show which are its real belifs. De George places ethics in business at the level of a simple description, the one which states and makes, effectively an economic agent in respect of certain ethic reasons.

P. V Luis has a different opinion. He defines ethics in business as "that set of principles or reasons which should govern the conduct in business at individual or collective level". If we agree on the fact that there are many things that businessmen should not do, ethics in business in this second meaning refers to what people *should* do in business (Lewis 1985). According to Lewis, ethics in business delimits its problems at the level of *standards* of moral behaviour which show the economic agents what should and what should not do in their specific activity.

In Roger Crisp's opinion, a praised philosopher of Oxford, chief editor at the ethics department of the imposing Oxford University Press, in the meaning most frequently used, ethics in business is a domain of philosophycal investigations, having its own problems and subject of discussions, specialists, publications, research centres and, certainly, a variety of currents of thought or schools of thought. Crisp suggests that "ethics in business concerns the evaluation and support with reasonable arguments the values and moral standards which should govern the economic game", hoping that his explanations may contribute to the improvement of moral practice in business environment (Cowton & Crisp, 1998).

Basic Principles of Ethics in International Business

Considering the cultural variety of moral values and principles lenghtwise and crosswise the planet and, since the adapted policies led to many unacceptable effects, the idea of drawing up international ethic codes appeared more and more substative through the explicit agreement of some governmental and non-governmental associations in which the big transnational corporations have the main role. Searches are more and more numerous but, the results are being, for the time awaited, at least on the practical field. The International Institute of Ethics in Business proposed to the firms of world-wide span the next three basic principles:

- INTEGRATION. Ethics in business must penetrate all the aspects of the organisational culture and must reflect itself in the management systems.

Companies must begin with the integration of ethics in the objectives' establishment and in the recruitment, hiring and promotion practices of personnel.

- IMPLEMENTATION. The ethic conduct is not just an idea, but it requires an effort to implement a plan regarding the change of attitude in the different divisions of activity of a corporation. Examples: modification of the systems of reward and stimulation of staff, promotion of some superior practices of environment protection, experts'consultation when needed.

- INTERNATIONALIZATION. The opening ever more extended towards the global market is necessary for every successful business of the 21st century. It may be accomplished through international partnerships, commercial blocks and through the implementation of GATT agreements or other similar agreements.

The clarification of one's definition of moral integrity, so that it may transcend national frontiers is necessary for every corporation which operates on the global market, having as result a programme of action and an ethic code without a cultural specific colour and which does not require essential changes when being put into practice in global contexts.

The last decade knew a real blast of ethic codes of behaviour of multinational corporations in international business. Most of them are drawn up in accordance with the principles established by OECD (Organization of Economic Cooperation and Development) and by ICGN (International Corporate Governance Network).

Unfortunately, many of these codes of conduct enunciate some quite evasive truisms and top managers and economic analysts admit the fact that there is still almost everything to be done regarding the effective implementation of the declared principles in the day by day activity of the firms which operate on the global market. Many problems are still waiting for a solution which has solid theoretical arguments and which is checked up in practice. However, the most important thing is that the pressing problems have already been formulated and accepted by the community of transnational corporations, which is not little. Undoubtedly, once put into movement, the process of evolution of ethics in international business will continue in an accelerated rhythm with, hopefully, positive results for as many and as wider categories of interactive groups in the global economy as possible.

Ethics in Japanese Companies

Kaisha - Japanese Companies

In Japanese the word correspondent to company <kaisha(kie-shah)> has, mostly, the meaning of community.When they refer to the place where they work, the Japanese, usually use the term <uchi(uu-chec)>, which means "inside" or "my

house" with possesive meaning ---uchi-no kaisha or "my company". This means more than "the place where I work". For those Japanese who work for big, acknowledged companies the place where they work <shokuba> is more important than their profession or what they work. When they are being questioned about the way they earn their living, the Japanese, generally, will not say that they are teachers, engineers, carpenters, sailors/navigators or anything else. They will answer that they are members of the personnel of the Chiyoda Highschool, of the Electric Company Sanyo, of the Construction Company or of Nissan Motors. Profession <shokugyo> comes second after <shokuba>.

The circumstances in which the Japanese identify themselves with their employers are, usually so powerful that hinder them to have or develop any other interests or connections with other people who have the same profession. In fact, in many professions, members of different organisations avoid to communicate with each other.

In the U.S., two persons may become friends very quickly, especially if they have the same profession, while in Japan this kind of interactions cannot even be taken into consideration.

Japanese are very loyal to their superiors and this determines a certain restraint towards those who do not belong to the company they work for. Most of the times, between Japanese and their business partners interferes a feeling of precaution, sometimes even hostility.

The system of companies in Japan is so strict that it is very hard, sometimes even impossible for a company to do business with another company with which it does not have personal, tight and previously established relations. However, when a situation like this occurs, they say that they "do business with the enemy".

This taboo is so deeply rooted that, sometimes it leads to absurd situations such as a company which does not take into consideration vital information simply because it did not come from somebody with whom the company has personal relations.

Another practice in the business field which seems especially strange for the foreign directors is that in Japan the most capable and hard-working employee is not always the most likely to be promoted. In the leadership system, the "highly-positioned" Japanese do not agree with the fact that the professionally superior people should get promoted quicklier than them. They worry that the people who get promoted will be, in this way more interested in themselves and not in their trade.partners The Japanese method is that of promoting the person who gets well with everybody, who is good at maintaining harmony, who is flexible and who is expected to be concerned of the well-being of everybody.

Recognition and promotion in the Japanese companies does not depend so much on the abilities or success as it depends on seniority or services for the company, age, education, the school which courses the employee has attended and

on demonstration of a straight attitude. For example, the young people who want to advance on the executive's chain of command do it by building in peace an image of "senior" and practising <jicho(respecting yourself)>. This also means that they will be cautious in order not to attract criticism or not to draw undesirable attention over themselves. They will never be ahead their superiors and they will not ask them questions as well. And, more or less, they will go on with the rest of the people and they will wait for their turn.

It is not a wonder that the key reason for which the relation superior-subordinate from the Japanese society is so powerful, as this makes all the workers to depend totally on their superiors but also on their subordinates. All the members must do their part/work to avoid putting the whole group into danger. Bearing these in mind, it is not hard to understand why the thirty-year-old employees of the Mitsui or Hitachi Company or of the Suzuki Electricity are not expected to disturb the harmony that they have with their Japanese, subordinates or superiors, as it is most likely to spend their entire life working with them. The employees content and success depend on the continuous good-will of the co-workers.

Shikomu (Training in the "Morality Company")

Japanese like to say that "people are the industry".This means that a company cannot be separated from the people who form it; that is the members of a company are connected through emotional, economic and social links which transcend them all. Japanese do not think that employees will give the entire contribution to the industry unless they are totally implied in the company's activities and unless they are totally loyal. This is another reason why the big Japanese firms prefer to hire workers directly from schools when they are young and "unspoiled" and much easier to inspire them with the company's philosophy.

The training to which Japanese companies subdue their new employees in order to inspire them with its own philosophy is known as <shikomu>. This is a special type of training which does not include only techniques, but also morality and philosophy of the actions necessary to complete an/a activity/job. Masters carpenters from Ancient Japan, for instance, used to send their apprentices to theatre in order to learn life's ethics. Afterwards, when the apprentices made mistakes with the saw or with the hammer, masters would rebuke them and they would ask them whether they have not learned anything from the theatre.

The Japanese philosophy is that only the company in which the interhuman relations are good will succeed while one with bad interhuman relations will go bankrupt. At least in theory, the good functioning of relationships whithin companies overpasses what the section, department and sometimes the entire company should accomplish.

This management of human relations prefered by the Japanese is based on physical interactions, face to face between groups and between individuals belonging to other groups and with whom they have established relationships. This, of course is another aspect of the role of introduction and of the "walks" from one group to another. It also explains why the system of Japanese businesses excludes doing business on the phone before a face -to -face meeting takes place and before the basis of a substantial degree of <amae> are put.

Shakai No Kurabu (Company like a Social Club)

Akio Morita, one of the founders of Sony Corporation noticed once that Japanese companies look more like social organisations than business entreprises. Of course, Morita refered not only to the vertical structure junior-senior, father-child of the Japanese companies but also to the famous organisation of big companies. In order to understand a Japanese company and to be able to cooperate with it, it is really useful for one to see it as an exclusive club, a cooperant union and a business entreprise because it incorporates features of these three.

Japanese industry, as a whole is characterized by a few large companies which dominate each industrial sector. Besides these, there may be average companies, independent or functioning as satelits of one of the big companies.

Ichi-ryu, Ni-ryu, San-ryu

All Japanese entreprises from the whole teritory of the country are, first of all classified according to the industrial category, then according to their size and sale and, finally, according to other companies with which are affiliated. All big and important firms, irrespective of industrial category are classified according to those who form it but also by making a comparison with other firms from the same category. An important firm is called <ichi-ryu> or a "first-class" company. <ni-ryu> is a "fore-cabin" company and <san-ryu> is a "third-class" company.Those companies which are below third class are very rarely "clasified".

The difference between "first-class" and "fore-cabin" companies is great because the entire Japanese industry is formed of a fiew concerns and a lot of little and average firms. Hereby, a terrible fight develops so that a company may reach the status of ichi-ryu, fight which for the Western businessmen may seem madness.

Likewise the fight carried by the companies in order to reach the highest status, the fight between graduates from highschools or universities stands out. For these ones it is very important to work for a "first-class" company even if economically they are underprivileged; in other words the salary does not match up to the status of the firm. In Japan the social status is determined according to the place where one works, not according to the money one earns and the prestige

can be gained by anyone who works for a concern, from executives to common workers.

It is important that big firms have a lot of little firms affiliated, which they call in different ways; the relation between the affiliated firms and "father" is less intimate and precise than the relation established in the big firm, even if this one offers the necessary assets and some marketing policies. The relation between them is conditioned by the objectives which the little firm must reach.

"Japanese's Success"

The Japanese's great ambition and diligence are well-known around the world, but what is not exactly known is why the Japanese are so front upon success – appearently, it is a combination between the historical factors and self-image according to which they had been superior and ambitious people from ancient times.

Even from the Japanese feudally era (1192-1868) social classes and occupations were generally hereditary. The only accepted and promoted characteristics in that period were the dedication for the rough labour and loyalty for the superiors.

At the fall of the feudally system in 1868, the new government began an intensive campaign with the purpose of rising the industrial level of Japan at the level of the U.S. and at the level of the developed countries in Europe. A part of the campaign consisted of the deposition of some efforts regarding the Japanese children's education in accordance with the concept "Risshin shusse" meaning "Rise in front of your enemy through success". This phrase refers to the fact that an individual's success depends on the success of a group, starting with team-work and ending with the inclusion in work of the entire country. Professor Hiroshi Hazama, professor at the University from Tokyo adds the fact that the success (shusse) for Japanese is not measured in terms of wealth, but in the level of social position they have. The Japanese's social status is gained by practising their professions: doctor, executive and professor, and the apogee is reached when an individual is the leader of a group or when he obtains the title of "cho" irrespective of the size of that group.

Hiroshi Hazama also adds the fact that the social status gained from being a simple employer is also of a vital importance in the Japanese system of values.This factor contributes to the Japanese's vocation to form their own companies no matter how big or how precarious these may be.

The end of the Second World War had a profound effect over the Japanese's attitude towards success. The family system in which the father was considered the absolute master ended. The introduction of the American democracy system led to equality of people in front of the law. The damages of

the war reduced the great majority of people at the same economic level – the level of poverty.

The new conditions after the war led to the quick replacement of the "shusse" or the concept of a group's success with the individual success in terms of social position and wealth.

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