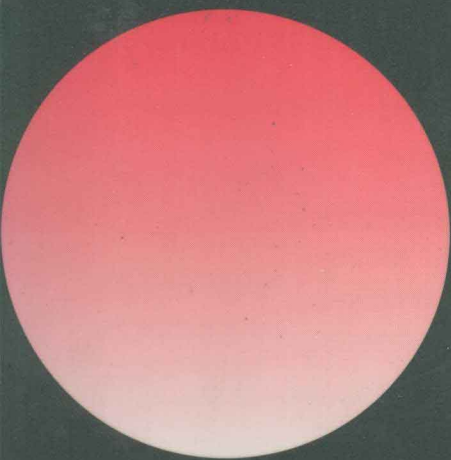


# Corporate Citizenship in Japan



**Yayoi Tanaka  
and Makoto Imada**

A DIRECTORY OF SOCIAL CHANGE PUBLICATION  
in association with



THE SASAKAWA PEACE FOUNDATION

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UK edition edited by Michael Norton

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Alongside our research and compilation work, we have also been making grants to help promote corporate giving in Europe by assisting in the development of intermediary organisations. These organisations can act as a network for companies and a focus for discussion and disseminating good practice.

In pursuing these various projects, our staff have found increasing interest being voiced and are asked more and more questions about how corporate citizenship activity is practised in Japan. One major reason for this interest is the growing presence of Japanese multinational corporations in overseas markets, where Japanese companies are having to address local expectations of good corporate citizenship. While the United States is seen as the global trend-setter in this field, some Japanese companies have developed philanthropic activities and approaches to corporate community involvement which are particularly imaginative. This book illustrates the ways in which some leading Japanese companies contribute to the communities in which they operate, encourage voluntarism amongst their employees, and take the lead in addressing some of the important social problems of the day.

In doing the research for this book, one obstacle we experienced was the dearth of publicly available information, research and literature on corporate community involvement in Japan. This made our task more difficult, and required extensive inquiries to extract the sort of information which we deemed to be of interest to an overseas readership.

This book is divided into two main sections. The first is a series of case studies on selected Japanese companies, six of which are presented in some detail. The second section attempts to provide a context for understanding the development of the Japanese style of corporate community involvement, by examining some of the past as well as contemporary social environments in which it has developed.

Through undertaking this project we learned all too painfully that compiling a comprehensive introduction to Japanese corporate citizenship was an ambitious, and not fully achievable, task. Although we were unable to provide information on all the major companies or give examples of the very wide range of approaches and activities that Japanese companies undertake, we hope you will find the examples we have selected for inclusion in this book to be both informative and of value in understanding what Japanese companies are doing. We are delighted to have the opportunity of sharing information on Japanese corporate citizenship with you.

*Akira Iriyama*

*President, Sasakawa Peace Foundation*

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The Directory of Social Change (DSC) is pleased to be able to publish this book as a contribution to the better understanding of corporate community involvement. DSC has been publishing information on company giving and corporate community involvement in the UK and Europe for over a decade, including *Corporate Citizen* magazine (see page 95). It has actively sought to encourage companies in Europe and internationally to 'get involved'.

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In the United States in particular, an upsurge in giving by Japanese-owned companies began to develop towards the end of the 1980s, and accelerated in the early 1990s. This was partly the 'think globally, act locally' principle at work (as US companies give substantially), partly a response to the huge demands for support directed at them by fundraisers and influential contacts, and partly a response to the business environment at that time, where public opinion in the US was beginning to adopt a rather xenophobic attitude towards the success of Japanese 'intruders'.

Japanese companies also began to contribute in Britain and Europe, but not on nearly such a large scale. The Japan Festival held in Britain in 1993 mobilised corporate support and

sponsorship from many Japanese companies for the first time.

But if Japanese companies were beginning to give in the West, what were they doing in Japan? Despite an expectation that Japanese companies should embrace the Western concept of corporate philanthropy and community involvement, there was little information in the West on what they were actually doing, and how this fitted within Japanese culture, tradition, and existing mechanisms for social, educational and cultural provision.

This book provides the answers. It shows that Japanese corporate philanthropy has been emerging and developing in its own way since the introduction of capitalism in Japan (the 'Meiji Restoration' in the mid-19th century). Although not a comprehensive survey of what is happening, this book selects some really interesting examples. These provide some important lessons for Western companies, as well as an insight for the reader into why and how Japanese companies give.

There are examples in this book where meeting a social need is closely linked to the company's business objectives and opportunities. These include Omron's support for factories for handicapped workers which are 'no hole-in-the-corner disabled workshops', but which are hi-tech and which generated profits from year one, Tomy's toys for the disabled and visually impaired, the 'charity bank' sponsored by Eitai, and the Yakult ladies who keep an eye on the elderly whilst distributing the company's yogurt drink. There are the examples of major philanthropic initiatives to commemorate important anniversaries, which is a particularly Japanese manifestation of corporate philanthropy. And 'The Fraction Club' where employees' salaries are rounded down and the fraction donated to charity is an interesting concept which has been mooted in this country, but can be seen to work in Japan.

Corporate community involvement manifests itself in different ways across the world, depending on the prevailing social, cultural, political and economic conditions. We have much to learn from one another and from Japan. But this book has another purpose – to encourage the further involvement of Japanese companies in corporate citizenship at home. This has been a continuing interest of the Sasakawa Peace Foundation and a theme of its grantmaking for many years.

Although there are many examples of good practice and interesting company involvement, and although the Keidanren (the equivalent of our own Confederation of British Industry) has been actively promoting corporate community involvement amongst its member companies, the author and the Sasakawa Peace Foundation believe that there is still much more that Japanese companies could and should be doing at home. It is heartening to see recent figures show that giving by Japanese

companies has been rising as a percentage of profits, although absolute figures show a decrease in giving as a result of economic downturn. It is also encouraging to see such interesting examples of corporate community involvement in practice, as this provides a good basis for its future development.

*Michael Norton  
London, February 1996*

## A note on terminology

*In this book we use the terms 'corporate philanthropy', 'corporate community involvement' and 'corporate citizenship'. Each has a slightly different meaning, which it will be helpful to be clear about:*

**Corporate philanthropy** (sometimes also called 'company giving') is the practice of companies making charitable donations to welfare, educational and cultural projects.

**Corporate community involvement** (sometimes called CCI) is wider than mere philanthropy. It encompasses contributions in kind, sponsorship (where there is some sort of return to the company), and also the involvement of employees as volunteers in the community. CCI includes both local involvement in the communities where the company has a business presence, and also national involvement on national issues and concerns (such as unemployment, falling educational standards or an ageing population). CCI is sometimes known as 'corporate community investment', which reflects the return the company expects for itself from making such expenditure – in terms of a more motivated workforce, better local community relations, entertainment opportunities for key customers and suppliers, and a better image for company products. The term 'enlightened self-interest' is often used in this context.

**Corporate citizenship** is an even wider term, which promotes the socially responsible behaviour of a company in relation to all of its key 'stakeholders' – customers, suppliers, employees, shareholders, society at large and the local communities in which the company operates. It includes socially responsible business and employment practice, as well as making financial and other contributions for the advancement of its objectives in relationship to the different stakeholders.

## Currency exchange rates

*In the text, all figures are given in yen. At the time of writing, the approximate exchange rates were:*

$\$1 = 105 \text{ Yen}$        $\pounds 1 = 160 \text{ Yen}$

# Contents

|                |   |
|----------------|---|
| Foreword ..... | 5 |
|----------------|---|

|                             |   |
|-----------------------------|---|
| Editor's introduction ..... | 7 |
|-----------------------------|---|

## Part I:

### Case studies of some leading Japanese companies

|                    |    |
|--------------------|----|
| Yayoi Tanaka ..... | 11 |
|--------------------|----|

## CHAPTER 1

### Corporate citizenship programmes of six

#### leading companies ..... 13

|   |    |
|---|----|
| CASE STUDY 1- Om on: supporting the physically disabled ..... | 15 |
|---|----|

|   |    |
|---|----|
| CASE STUDY 2- Osaka Gas: 70% of staff with volunteer experience ..... | 21 |
|---|----|

|  |    |
|--|----|
| CASE STUDY 3- Yakult: home visits for elderly people living alone .. | 27 |
|--|----|

|  |    |
|--|----|
| CASE STUDY 4- Eitai Credit Association: supporting grassroots community projects ..... | 31 |
|--|----|

|   |    |
|---|----|
| CASE STUDY 5- Shiseido: support for cultural activities ..... | 35 |
|---|----|

|   |    |
|---|----|
| CASE STUDY 6- Suntory: corporate citizenship spearheaded by the company President ..... | 41 |
|---|----|

## CHAPTER 2

### Corporate citizenship programmes of some

#### other companies ..... 45

#### The overseas influence:

|   |    |
|---|----|
| • IBM Japan: community involvement reflecting US head office philosophy ..... | 47 |
|---|----|

|   |    |
|---|----|
| • Fuji Xerox: developing employee volunteering programmes ..... | 51 |
|---|----|

#### Some more Japanese examples of particular interest:

|   |    |
|---|----|
| • Tomy: from a company project to industry-wide cooperation ..... | 53 |
|---|----|

|   |    |
|---|----|
| • Asahi Breweries: addressing an industry problem ..... | 57 |
|---|----|

|   |    |
|---|----|
| • Commemorative projects to mark centenaries and other important milestones ..... | 59 |
|---|----|

|   |    |
|---|----|
| • Supporting community arts and cultural projects ..... | 60 |
|---|----|

Part 2:

The history and current state of corporate citizenship in Japan

Makoto Imada ..... 61

CHAPTER 3

The development of corporate citizenship in Japan ..... 63

- From the 'Meiji Restoration' to World War II ..... 63
- The days of 'Taisho Democracy' ..... 64
- Wartime Japan ..... 65
- Post-war up to and into the 'Rapid Growth Period' ..... 65

CHAPTER 4

The context of Japanese corporate citizenship today ..... 69

- The role of the government ..... 69
- The decline in community solidarity ..... 70
- Japan's underdeveloped non-profit sector ..... 71
- The attitude of top management ..... 72

CHAPTER 5

A renewed interest in corporate citizenship ..... 73

- Increasing awareness of social responsibility ..... 73
- From material gain to cultural and spiritual enrichment ..... 74
- Spotlight on the private sector in a rapidly ageing society ..... 75

CHAPTER 6

Corporate citizenship today ..... 77

- Community service sections within companies ..... 77
- Community and social interest expenditure by major companies ..... 78
- Company support for employee volunteering projects ..... 79

Chapter 7

Legal background and statistics ..... 83

- Corporate giving and the Japanese tax system ..... 83
- Japan's non-profit sector ..... 86
- Trends in company giving ..... 89

Afterword ..... 91

Further information ..... 93

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# Contents

|                |   |
|----------------|---|
| Foreword ..... | 5 |
|----------------|---|

|                             |   |
|-----------------------------|---|
| Editor's introduction ..... | 7 |
|-----------------------------|---|

## Part I:

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|                    |    |
|--------------------|----|
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|--------------------|----|

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#### leading companies ..... 13

|   |    |
|---|----|
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|---|----|

|   |    |
|---|----|
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|---|----|

|  |    |
|--|----|
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|--|----|

|  |    |
|--|----|
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|--|----|

|   |    |
|---|----|
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|---|----|

|   |    |
|---|----|
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|---|----|

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|---|----|
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|---|----|

|   |    |
|---|----|
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|---|----|

|   |    |
|---|----|
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