Making implicit CSR explicit? Considering the continuity of Japanese “micro” moral unity

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Making Implicit CSR Explicit? Considering the Continuity of Japanese "Micro" Moral Unity

Abstract

While there are many studies that address how well Japanese companies have adopted explicit CSR practices, our understanding of their own views on such practices is still limited, particularly of the difference in their views before and after the process of making implicit CSR explicit. The present research thus aims to address this apparent change by providing comparative case studies of two Japanese companies selected from two different time periods. The findings indicate there is a continuity observable in the mindset of these companies not a change. This contradicts existing literature and suggests that the process of making CSR explicit has not been accompanied by any real change in their mindset. The result shows that ethically questionable practices have been going on behind the explicitly articulated CSR policies and implies the difficulties of delegating the power to address societal issues to business organizations. This is important particularly now when the expectations of the public regarding the responsibilities of business towards society are on the rise.

Key words: implicit and explicit CSR, Japanese style of management, micro moral unity, Minamata, Fukushima

1. Introduction

In his well-known essay "the social responsibility of business is to increase its profits", Friedman (1970) clearly denied the notion that business should use its resources for social purposes. However, today we recognise that even more recent proponents of his view have already admitted that it may well be in the interest of business organisations, at least in the long run, to devote their resources to providing amenities to the society in which they are operating (Porter & Kramer 2006). Within academic writings, numerous corporations have been often cited for their social contributions, and the idea that corporations are not only held responsible for how they produce goods and services to the market but also for how they respond to the expectations of stakeholders has become not uncommon (Lawrence & Weber 2014; Carroll et al. 2017).

According to Moon and Vogel (2008), the growth of the idea of corporate social

responsibility (CSR) must be understood in relation to the changes of governance arrangements that have been promoted in the last three decades. Although the nature and timing of these changes may vary among different countries, they have been marked notably through reforms of the social welfare state. Initially, the idea of CSR had been characterised by corporate involvement in the community through philanthropic activities like education, training as well as local economic development. More recently, however, it has started to reflect the new governance arrangements, where the services of business organisations towards the society has come to be given more importance.

In this way, while the idea of CSR has become a core aspect of business practices today, little attention has been dedicated to the question of why it differs between countries. In order to address such a question, Matten and Moon (2008) conducted a comparative investigation of CSR, particularly between the US and Europe, and identified two different types of CSR. According to them, while CSR policies and practices have been enacted and explicitly articulated by companies in the US, in the latter countries these policies have been reflected in values, norms, and rules resulting in formal and informal requirements for corporations to address these societal issues.

However, they noted that European companies recently have also come to adopt a more explicit commitment to CSR which resembles that of US companies. According to them, the rise of such an "explicit CSR" in European companies was a typical response to the recent global trend towards neoliberalism. For example, privatisation of public services has led to the substantial delegation of social services to business organisations. These shifts have then increased societal expectations of business and pushed corporations towards more "explicit CSR" (see also Moon 2004).

What is important here is that these institutional changes were not European specific phenomena. They also added that there is a good reason to expect an increase of "explicit CSR" in such countries as Japan, Korea, and Taiwan, where the business systems had been considered fairly similar to European countries (Matten & Moon 2008: 417). Certainly, the Japanese *keiretsu*, the Korean *chaebol*, and the Taiwanese conglomerates had hitherto operated in business systems similar to European ones, characterised by high bank and public ownership, patriarchal employment, and control systems based on long-term partnership. These characteristics allowed the management of the companies to be more free from financial market discipline in pursuing their management policies.

Particularly in Japan, it is evident that many CSR programs have been explicitly initiated by industry associations (Keidanren 1991; Keizai Doyukai 2011). This kind of institutional re-ordering has provided an incentive to adopt corporate-level policies concerning societal issues especially among Japanese multi-national companies (MNCs).

A survey conducted in 2017 reported that 95.7% of 1,413 Japanese major respondent companies articulate CSR policies (Toyo Keizai 2018). The number of companies publishing reports on CSR issues has also increased to the extent that 96% of NIKKEI 225 companies published CSR reports in 2017 (KPMG 2017).

Behind such a favorable outward appearance, however, a number of Japanese managers seem to feel uneasy concerning the uncritical adoption of the explicit CSR initiatives. In an interview research with Japanese managers in various companies, one of the interviewees remarked as follows: although the idea of CSR has become widely discussed in recent years in Japan, "CSR is something similar to values reflected by corporate creeds or principles which already exist within the organisation" (Fukukawa & Teramoto 2009: 137). Another article also repeats the same point: "the emergence of corporate business in Japan has, from the beginning, assumed the notion of CSR" (Fukukawa & Moon 2004: 46).

Why have CSR policies been widely adopted by Japanese companies while at the same time their managers feel uneasy about this uncritical adoption? And given that Japanese management has been thought of as a society oriented model in stark contrast with the US shareholder oriented model, what does this recent change of making CSR explicit mean for Japanese companies? To address these questions, the present research has three objectives: first, to explain how negative as well as positive aspects of Japanese management can both be valid if it is looked at based on the idea of "micro moral unity"; second, to reveal that such a "micro moral unity", against expectations, is still alive and well in Japanese management; and third, to indicate that the process of making CSR explicit has not been accompanied by real changes in the mindset of these organisations.

With these objectives in mind, this paper conducted comparative case studies of two Japanese companies selected from two different time periods. Consequently, it was found that there is a continuity of "micro moral unity" observable in the mindset of Japanese management not a change. This contradicts existing literature, which has supposed a change of its management along with the adoption of the explicit CSR on the one hand, and praised its traditional morality instead of accepting the Western values associated with the CSR policies on the other. This is the novelty of the paper to the literature in this field. Specifically, understanding the gap between the apparent wholesale adoption of CSR policies by Japanese companies and their actual thinking is fundamental, for both theory and practice. Better understanding of their own comprehension of CSR is not only a contribution in itself, but can also allow us to better identify the difficulties accompanying the enactment of CSR.

While there are a number of researches which have shown the successful adoption of

CSR practices by Japanese companies such as the survey above mentioned (KPMG 2017; Toyo Keizai 2018), the question of how they really think about CSR is still relatively under-studied (Fukukawa 2010; Low et al. 2014). Among these limited studies, most of them have been inclined to presuppose a great cultural divide between the West and Japan. This is partly because they have been influenced by the arguments known as "Japanese style of management" (Abegglen 1958). As is well known, the "Japanese style of management" has been studied in the context of international competition from the 1960s to the 1970s, where Japanese companies achieved great success, and its management practices such as QC circle, Kaizen, etc. had become the subject of high praise and intense scrutiny (see Ouchi 1981; Keys & Miller 1984). It was in this vein that writers placed emphasis on its traditional morality (e.g., Confucianism, Buddhism, Shintoism) to understand the reasons behind their success (Dollinger, 1988). Here, these arguments clearly distinguished the management system from the philosophy behind the system, and treated Japanese management as an antipole to the US model of management because of the different philosophy --- see a classic Japanese slogan "*Wakon-Yosai*" (Abegglen 2006: 73), which means adopting Western science and technology while keeping Japanese own traditional morality in mind. This has reinforced the stereotypical cultural divide between the US and Japan among existing literature on Japanese management. Certainly, such a divide is useful to grasp an overview of the situation synchronically, however, it can do more harm than good, when it comes to a diachronical understanding of the situation.

Based on the divide, if the change of the situation is of interest for researchers, the options they can take have been limited to the following trichotomy (or the tripartite analytical categories based on the above dichotomy): 1) Japanese management still keeps its own traditional style; 2) Japanese management has changed from head to toe to the US model of management; and 3) balancing between the two extremes (Dunphy 1987; Haak & Pudelko 2005; Pudelko 2009). Of course, such a trichotomy is not specific to Japanese management (see Convergence-Divergence-Crossvergence debate by Ralston 2008, for example), however, it is true that the understanding about Japanese management has been seriously influenced by this kind of stereotypical categorisation. For example, some researches have addressed the international transferability of Japanese management system, by calling it "hybrid factory" (Kumon & Abo 2004; Abo 2007). Needless to say, the very idea of "hybrid" takes such a stereotypical cultural divide as given, regardless of whether it is intentional or not. Theorisation about the change in Japanese CSR has also been influenced by these options: 1) some emphasise the importance of its traditional morality (Taka 1994; Taka & Foglia 1994; Taka & Dunfee

1997; Koehn 1999); 2) some emphasise the shift from traditional to modern CSR (Wokutch & Shepard 1999; Matten & Moon 2008); and 3) some emphasise the importance of balancing between them (Goodpaster 1996; Fukukawa & Teramoto 2009).

However, history itself does not presuppose such a divide (see Morris-Suzuki 1989). It is an observer bias that supposes the divide when he/she analyses the history. Therefore, if we observe longitudinally management practices embedded in a certain context, it is evident that numerous elements interact one another in various directions, not to mention the influences from both sociocultural and business ideology (cf. Ralston et al (2006: 71)'s definition of the "crossvergence"). The present research enables us to understand the mindset of Japanese companies to continue with their ethically questionable practices, not as a unique characteristic to its management, but as a phenomenon which can be observable anywhere in the world, if certain conditions are met. This is fairly important now when some of the conditions are being met in the name of CSR, or the service of business towards society in terms of paternalism. In short, it is important to have insight of what lies behind the façade of CSR in order to understand what the real situation is.

From a practical point of view, by providing a thorough understanding of the fact that ethically questionable practices have been going on behind the scenes of these explicitly articulated CSR policies, this research allows the difficulties of delegating the capacity to address societal issues to business organisations to be identified by policy makers, and to improve their capabilities to predict the existence of the outsiders of their mainstream society. In addition, it can serve to discourage business organisations and managers to conduct ethically questionable practices and/or encourage them to improve the social inclusion by providing a deeper understanding of the situation.

The remainder of this paper is organised as follows. Section 2 presents an overview of the relevant literature regarding the morality of Japanese management. Section 3 explains the research question and the hypothesis of this paper, followed by a description of the methods employed (section 4). After that, two case studies are presented (section 5) and discussed (section 6). Finally, section 7 concludes this paper, followed by its limitations and suggestions for future research (section 8).

2. Literature Review

When Taka (1997) gave an overview of historical development of business ethics in Japan since around the mid twentieth century, he referred at the beginning and as a

premise of his arguments to the meaning of the word "*kei-ei*", which stands for "business" in Japanese, as follows: "to make efforts to develop societies harmoniously and raise the well-being of the people" (Taka 1997: 1499). Based on such an interpretation, he remarked that the word "*kei-ei*" (business) has naturally contained the meaning of ethics at least within the Japanese context.

As far as Japanese domestic writings regarding business ethics are concerned, there are certainly several popular Japanese concepts which have been thought of as the origin of Japan's business philosophy. For example, over 700 years ago, the merchants of a small town in western Japan, Ohmi, developed a unique and sensible model for business practices. The most famous expression employed by the Ohmi merchants is "*sampo-yoshi*", that means to provide benefits to a company, its customers, and to society at large, or among all three parties concerned (PHP 2012). Actually, it has been thought that the Ohmi merchants' business philosophy has served as a guiding spirit for such pioneering companies as Panasonic, Sony, and Honda Motors. This concept lives on even today, a board member of Itochu, for example, refers to it in its web site as a basis of its CSR policies (Kobayashi 2020).

Another example is "moralogy". "Moralogy" is thought of as an indigenous Japanese approach to business ethics, and defined as "a comprehensive, scientific study of the transcendent qualities essential for enabling both individual and societies to achieve ultimate peace and happiness" (Taka & Dunfee 1997: 507). According to Taka and Dunfee (1997), the concept has been particularly influential among a set of middle-sized to small business companies in Japan for over 100 years, and these companies understand business ethics based on this indigenous concept rather than the idea of CSR promoted by the Western companies.

Among these concepts, the most notable in this field must be "kyosei". "Kyosei" was firstly introduced by Kaku, the then chairman of Canon, in 1987, and it means "individual and organisations live and work together for the common good" (Kaku 1997: 59). As is well known, the Caux Round Table developed a comprehensive set of principles for business leaders based on the very idea of "kyosei" in 1994 (Caux Round Table 2020 March 26). According to him, the roots of the application of "kyosei" into business can be traced back to Japanese house codes in the early seventeenth century, and there is even an article which attempts to confirm the connection between Confucianism, on which "kyosei" is based, and its application into business in the sixteenth century (Boardman & Kato 2003).

Probably, it was on this basis that many writers have characterised Japanese management as a society or community oriented model, in stark contrast with the Anglo-

Saxons market oriented model (Abegglen 1958, 2006; Dore 1973, 2000; Ouchi 1981; Haak & Pudelko 2005). For example, in his best-known work *The Japanese Factory: Aspects of its Social Organisation*, Abegglen (1958) identified three key characteristics of its management based on an "anthropological" research in large and small Japanese companies throughout the country: lifetime employment, the seniority system, and company based unions. Dore (1973) also characterised Japanese management by emphasizing the differences between the organisation oriented welfare corporatism model of a Japanese factory (Hitachi) and the market oriented employment system of a British factory (English Electric). He described the extensive welfare provision in Hitachi, and the importance of the company in their private lives and the social identity of its employees. In such a context, employees' families had been treated as adjunct members of the community, and it forms the basis of society to which individual employees belong. According to Dollinger (1988), the underlying characteristics of Japanese management had its basis in Confucian thought. He remarked: "these are all consistent with the Confucian goal of the search for perfection and the development of a righteous character" (Dollinger 1988: 579).

Obviously, these arguments indicate that Japanese business organisations in some way co-exist with stakeholders rather than shareholders. Therefore, it would be understandable why Japanese managers prefer these indigenous concepts to Western ones, when it comes to CSR. At least for them, these concepts have been equivalent to or better than CSR theories such as "stakeholder theory" (e.g., Bonnafous-Boucher & Pesqueux 2005), "integrative social contracts theory" (e.g., Dunfee 2006), etc. However, we cannot overlook the fact that Japanese management has also been repeatedly criticised for its ethically questionable conducts at the same time (Taka 1994; Taka & Foglia 1994; Wokutch 1990; Wokutch & Shepard 1999). For example, Wokutch and Shepard (1999: 528) pointed out that while there is indeed one set of moral standards for the corporations and the mainstream Japanese society, the interests of people on the outskirts of such a mainstream society like women, foreigners, and certain minority groups have been frequently sacrificed for the interests of those in the mainstream society.

Wokutch and Shepard (1999: 531) raised several examples of such ethically questionable conducts. First, most Japanese companies have maintained a separate non-career-oriented track for women employees even after the passage of the Equal Employment Opportunity Law (EEOL) in 1986. Second, discrimination against domestic minorities such as the indigenous tribe of Ainu, the ostracised community called the "Burakumin", ethnic Koreans, as well as foreigners living in Japan have also been

occurred.

Interestingly, Wokutch and Shepard (1999: 532-3) attributed the reason for these questionable conducts to the same qualities as its traditional morality: a) the within-group/ out-of-group distinction; b) the Confucian sense of duty to those with whom one has a specific relationship; and c) the strong emphasis placed on the value of loyalty. Firstly, group membership is of paramount importance in Japan, where one has a much greater sense of responsibility to those who are members of one's group. Based on that, clear distinctions have been made between insiders and outsiders of the community. Secondly, it is Confucian ethics that has defined Japanese morality in terms of duties in certain specific relationships. In Confucian ethics, one has a certain duty to help people, but it is limited to those with whom one has a specific relationship. Therefore, while there are strong duties in both directions for employers and employees, duties to unknown others like those who are outside of the community have been given little attention or concern. And thirdly, loyalty to one's lord or master has been a very strong tradition in Japan dating back to feudal times. This loyalty was considered to be unconditional, and these kinds of values have survived to the modern day, with employees acting with absolute obedience and loyalty towards their employer (see also Wokutch 1990: 62-64).

From this point of view, although Japanese companies have certain moral values to respond to their stakeholders rather than their shareholders, the range of its application has been limited to the carefully circumscribed communities of interest. In other words, while there has been one set of moral standards that exists to govern interactions with people within these "micro" communities, a different set of standards have also been maintained for individuals outside these communities. Wokutch and Shepard (1999) called this type of double standard "micro moral unity". This framework is quite useful because it enables us to understand how the above positive and negative aspects of its management can both be valid. In short, it depends on whether one is inside of the community or not. Therefore, responsibility to unknown others like those who do not have membership within the same community have been afforded little care --- see also Taka (1994) who pointed out the similar aspect of Japanese management by using his unique framework consisting of a religious dimension and a social dimension.

3. Research Question

Given the above process of making CSR explicit, how did the double standard change

along with it? Interestingly, Wokutch and Shepard (1999) anticipated a rather optimistic future for Japanese CSR. According to them, the increase of economic prosperity would fulfill their basic needs, and then bring about greater demands for CSR issues. Consequently, the values that have supported its "micro moral unity" would be eroded. As a proof of that scenario, they referred to the promotion of the idea of "kyosei" by Japanese companies and commented as follows: "clearly, this ["kyosei"] indicates a major departure from the thinking characterising the micro moral unity" (Wokutch & Shepard 1999: 537).

However, as far as the recent arguments of Japanese management, such as "the end of the community firm?" (Inagami & Whittaker 2005), "the end of Japanese-style of management?" (Pudelko 2009), etc., are concerned, the situation seems to go in the opposite direction. Within these arguments, it has been recognised that the Japanese model has become uncompetitive and outdated because of the long-standing malaise of its economy. Actually, it is at this point that we encounter a curious contradiction: while Japanese companies have apparently achieved a good reputation in the field of CSR, the criticisms of their ethically questionable conducts are growing rather than diminishing.

Firstly, Japanese companies have rigorously reduced their full-time employees, particularly since the mid-1990s, and began to make broader use of non-regular employment to reduce their overall personnel costs (Coe et al. 2011). Consequently, these individuals have been excluded from the opportunities to develop vocational abilities that are available to regular workers (Ministry of Health, Labour and Welfare 2013). Specifically, the proportion of individuals who are employed but remain in long-term poverty is higher in Japan than in other developed countries (Higuchi 2013).

Secondly, concerning women's working conditions, despite the adoption of the above EEOL in 1986, practices have seen little improvement. Although the proportion of women who work in regular, full-time jobs increased after the passage of the EEOL, this was primarily the case for highly educated women younger than 40 years old. Actually, there was no improvement in the regular employment of married or single women (Abe, 2011). A recent article in *The Economist* (2014, March 29) also reported that Japanese companies continue to prefer men for managerial roles and relegate most women to the "clerical track". In this sense, the gender gap still persists in Japanese management (see also Shimizu & Washizu 2009).

And thirdly, one serious problem concerning foreign workers in Japan is their greater use in such industries as manufacturing, agriculture, construction, etc., instead of in professional and technical fields. Moreover, the social safety net has not functioned adequately for those foreign workers, which is evident from their lower enrolment rate

in health and unemployment insurance (JILPT 2014). The public understands more immigration is necessary to revive its economy, however, the acceptance of foreign workers is still limited to such industries. This implies Japanese management has remained relatively closed against foreigners. As a matter of fact, they make up only 2% of the population of 127 million, compared with an average of 12% in the OECD countries (*The Economist*, 2016, August 20). While the media no longer reflexively blames foreigners for all social ills, the government makes little effort to help foreigners be integrated into their community. An article in *The Economist* observed as follows.

> Both for Mr Abe and for society as a whole, there is a sense that economic imperatives, rather than evolving cultural attitudes, are prompting these changes. Many members of Mr Abe's Liberal Democratic Party see putting women to work as a *lesser evil* than accepting mass immigration, and thus the only way to counter a shrinking working-age population. [original emphasis] (2017, November 18)

Based on these criticisms, Japanese management seems to go against the current CSR arguments which usually assume a continuous seeking to include various stakeholders into consideration. Therefore, at least for Japanese management, the question is neither whether Japanese companies have responsibility towards certain stakeholders rather than shareholders, nor whether they have their own traditional morality which can be compatible with the theories characterising the current CSR arguments, but precisely whether the moral unity which was once qualified as "micro" has been successfully expanded beyond its narrow community or not.

Here, I would like to return to the above question of why Japanese managers feel uneasy concerning the uncritical adoption of the CSR practices. Instead of assuming that the Western-led CSR does not suit Japanese culture due to the above cultural divide, I would like to propose a different hypothesis as follows, in order to answer the question.

> Hypothesis: Japanese managers are aware that these CSR practices are just a façade or window dressing because they still think in terms of "micro moral unity".

If this is right, Japanese management still does not care about the outsiders of their narrowly defined community, behind its ostensibly articulated CSR policies. This is important because the argument which has promoted the service of business towards society is not a static responsibility to the well-defined stakeholders but a dynamic process of including once ignored issues into consideration, at least in its political sense.

4. Methods

Undoubtedly, it is difficult to uncover what people really think, particularly in a country where they are inclined to conceal their real intentions behind ostensibly expressed statements, such as Japan. Actually, Japanese people have placed importance on the distinction between "*tatemae*" and "*honne*": while the former stands for a principle, a belief, or a professed intention, the latter stands for the actual state of affairs, practice, or real intention (see Sugimoto 2010: 32). Clearly, this is a kind of so-called "impression management" (Schlenker 1980). Therefore, it would be too naïve to assume that certain sorts of cross-sectional research design such as surveys with questionnaire, structured interviews, as well as content analysis of texts prepared by the managers themselves---usually it seeks to quantify the content in terms of predetermined categories---are applicable to the present research objectives. The reason for this is that, if the managers notice what is asked when they are required to answer questions or prepare reports, they can conceal their real intentions to achieve a favorable "self-presentation" (see Leary & Miller 2000). In such a situation, although these methods reveal something valid, replicable and reliable, those results would be superficial and can hardly be thought to be their actual thinking.

Some may assume that it is necessary to conduct certain psychological research methods to uncover what people really think. However, even if it is possible to reveal the fact that they have a certain psychological tendency (e.g., Yamagishi & Yamagishi 1994), it must be difficult to confirm whether or not they really conceal that tendency at the very moment when they interact with stakeholders regarding CSR issues.

Given that the present research question requires confirming the continuity of their disposition, it is necessary to employ certain longitudinal approaches. Therefore, a promising research design for the above hypothesis should be qualitative longitudinal methods such as "anthropological" research, which usually involves participation at the location for a lengthy period of time and repeat observations of everyday conversation to uncover the realities of the people studied. Only through these "anthropological" research methods, can we expect to achieve the so-called "thick description" (Geertz 1973), or to reveal "the native's point of view" (Van Maanen 2011). Although there are several outstanding researches employing such an approach to Japanese management (e.g., Abegglen 1958; Dore 1973), it is undoubtedly laborious and sometimes unrealistic in that it requires a relatively long time period like this research.

Therefore, in this paper, I employed multiple case studies to compare the two cases which are selected from two different time periods. Specifically, I conducted discourse analysis of statements in each case, through which companies communicate with their respective stakeholders. Discourse analysis is suitable for the present research because of its capacity to interpret the real intentions behind the sentences expressed by the companies. It comprises a searching out of underlying intentions in the materials being analyzed (see Potter 1996).

With this in mind, I chose two different companies based on the similarity of the situation they were faced with. Thus the two cases of a leading chemical company (Chisso Co.) and a leading utility power company (TEPCO) are selected because these companies faced the similar two greatest national concerns about environmental problems postwar era in Japan respectively. The former is one of the four major pollution caused illnesses in the 1950s, which consequently led to the creation of the Basic Law for Environmental Pollution Control in 1967, and the latter, which is still fresh in our memories, is the so-called Fukushima disaster caused by the Great East Japan Earthquake in the 2010s. In both cases, these companies polluted the sea and took the lives or destroyed the livelihoods of many people, regardless of whether one was the result of a natural disaster or the other was not --- for further comparison between the two cases, see George (2012); Yoneyama (2012).

I chose these well-publicised cases with the intention that the existence of outsiders to their communities, or environmental victims, were clearly visible. In both cases no further explanation is needed regarding whether or not the outsiders, who are affected by the companies' activities, really existed. Instead, we can focus on the communication process itself with their clearly visible outsiders.

As sources for the discourse analysis, I took up a certain clause in the "consolation contract" which was agreed between Chisso. Co. and its environmental victims regarding the Minamata disease in 1959 on the one hand, and the so-called "CSR report" published by TEPCO in 2017 to communicate with its local communities on the other. Importantly, while the former clause was produced by the company in response to the requirement from the local government (therefore, otherwise remained implicit), the latter statement was explicitly expressed by the company in its "CSR report". In the next section, the description of each case will be provided as briefly as possible with the intention of grasping the background of the necessity for these companies to communicate with their respective stakeholders.

5. Case Studies

5.1 Case of Chisso Co. in 1950s

During the postwar race for economic development in Japan, environmental concerns had been frequently neglected. By the late 1960s, pollution had become a paramount concern with the Japanese public. By the early 1970s, they had begun to claim to be suffering directly from pollution damage, and worried about becoming pollution victims in the future. Some of the earliest pollution disputes led to path-breaking litigation, acquired national publicity, and had direct impact on Japan's legal systems as well as indirect impact on thereafter environmental policies. Actually, through the major four verdicts (Minamata disease; Niigata-Minamata disease; Itai-Itai disease; and Yokkaichi asthma), the courts made it easier for victims to win pollution lawsuits by declaring epidemiological evidence acceptable and by shifting the burden of proof to industry. Today we know that the government officially acknowledged the crisis by the first creation of the Basic Law for Environmental Pollution Control in 1967 (Despite the stereotypical contrast between the US and Japan in the existing research, situations in both countries were quite similar. Before the expansion of environmental awareness in the 1970s, few lawsuits were filed against industrial pollution in the US, too. For example, residents in Hayden in rural Arizona also suffered proximity to and probable health damage from copper smelter pollutants with little help from state environmental regulators. See Sicotte 2009).

The outbreak of Minamata desease occurred almost 70 years ago. Since around 1953, strange phenomena have been apparent in fishing village around Minamata Bay in Kumamoto prefecture. It was first noted in cats that ate large quantities of discarded fish taken from the Bay: the cats ran around to die. Soon afterward, the same strange phenomena began to appear in human inhabitants. Congenital cases of the disease, caused when methyl mercury accumulated in the placenta of a pregnant woman and transmitted in a concentrated dose to the fetus, were discovered in 1958. During the period from 1956 to 1960, while a great deal of research on the disease was conducted, the process of scientific examination was complicated by several factors including rivalry among government study teams from different ministries. In 1959 the Ministry of Health and Welfare (MHW) announced that its investigations pointed to methyl mercury as the probable cause of the disease, and the Kumamoto University team named Chisso Co. as the likely source of the mercury. However, Chisso Co.'s management hired other study teams with support from the Ministry of International Trade and Industry (MITI), which insisted that mercury was not the cause. Conclusive results were obtained, by a

researcher who worked for Chisso Co. Using secretly obtained Chisso Co.'s waste water instead of sample from Minamata Bay, his experiments conclusively proved that Chisso Co.'s wastes could produce Minamata disease in cats, with symptom identical to those of human victims of the disease (McKean 1981: 51-2). With hindsight, Chisso Co. discharged a lot of mercury-laden wastewater to Minamata Bay from 1932 until 1961. According to Matsuyama et al. (2019), although the condition in the Bay today has improved through Kumamoto prefecture's dredging project, most of the mercury remained in the Yatsushiro Sea area which is located outside the Bay --- for more specific information about the background of the case, see the National Institute for Minamata Disease (2001).

Here, I focus on the sentences from the "consolation contract" in which the Chisso Co. and the Mutual Help Society of the Minamata Disease Families, or the disease victims and their families, agreed to sign through the local government arbitration in December 1959. From the contract, it is evident that the company not only refused to acknowledge responsibility for Minamata disease and to pay indemnities in accordance with the damage sustained by disease victims and their families, but also designated the extremely small amount of allowances to be paid to each patient as consolation for the plight of the sick. The contract spelled out the price for the life of the Minamata disease patients as shown in table 1.

Insert Table 1 here

In particular, at the end of the contract, there was the most infamous clause as follows.

> Clause No. 5: Even when the outbreak of the Minamata disease was determined later to have been derived from the factory wastes, the Mutual Aid Society will not require new payment as compensation. (cited from Ishimure 1972: 327)

The point here is that the payment is not intended for compensation but a present of money in token of their sympathy, and it required the victims to promise never to protest or demand greater compensation in the future even if Chisso Co. were later found responsible. Although such a clause to relinquish the victims' claim for further money frequently appeared in settlements for damages in Japan, it was rare to include such an explanatory note as "even after it will be determined that the disease is derived from the

factory's wastes". What is even worse, the management had already known of the foregoing researcher's conclusive findings implicating the firm. Today, we know that it was not the end but the beginning of an exhausting battle between the company and the victims involving lawsuits (see *Japan Times* 2011 March 31). Unfortunately, however, a similar attitude towards outsiders is still observable in Japanese management today.

5.2 Case of TEPCO in 2010s

Since around the 1970s, Japanese nuclear power industry had enjoyed a continuous growth, and the number of the plant constantly increased. In order to achieve such a steady success of the industry, not only utility power companies but also governmental agencies such as the Science and Technology Agency (STA) and the same MITI had played important roles in the development of nuclear power in Japan. Through the restructuring of governmental agencies in 2001, STA was dissolved and its authority over nuclear power was divided into three agencies: the Ministry of Education, Culture, Sports, Science and Technology (MEXT); the Cabinet Office; and the Ministry of Economy, Trade and Industry (METI, previous MITI). Consequently, METI has become the most powerful governmental agency with authority over the nuclear power industry. However, after the Fukushima disaster in 2011, the Japanese public lost all confidence in this industry and the official regulators, resulting in a shutdown of all of the nuclear reactors by the mid-2013 --- for more information about the background of Fukushima disaster, see IAEA (2015); OECD (2013); National Diet of Japan (2012).

In summer 2012, the Japanese government commissioned a deliberative poll to explore public preferences for one of three policy options: a) phase out nuclear energy altogether (the 0 percent option) by 2030; b) reduce the nation's reliance on nuclear power to 15 percent of total energy supply; or c) reduce reliance to 20-25 percent of total supply. Over the course of two days, deliberative polling participants increased their knowledge of energy use and its economic impact, and discussed policy options in groups. As participants learned more about nuclear power, they became more opposed to a future that includes nuclear energy (White 2014). Actually, safety has become more important for Japanese people, and zero risk request on radiation effects for future generations is continuously increasing after the accident in Japan (Iimoto et al. 2019).

Clearly, TEPCO still face high and growing barriers to bringing existing reactors back online. It means the industry has not yet been able to win back the trust from its local communities that have hosted nuclear facilities as well as the Japanese public (Murphy

2014: 26-7). In addition to that, TEPCO continues to pay compensations for the nuclear damages to the people who suffered the damage. Of course, these costs cannot be met only by TEPCO, the company thus has received the financial assistance from the government (Katsuta 2019) --- for details including the ongoing TEPCO trial, see also Johnson et al. (2020).

In such a situation, TEPCO has explicitly shown consideration to the circumstances and feelings of the victims in its CSR report as follows.

> We adhere to the principle of putting local communities and safety first. It is crucial for us to build a business operation system that enables us to earn the trust of society, including the local communities in which our power plants are located. In establishing the public's understanding of our nuclear power, we must not only reflect deeply on the Fukushima nuclear accident and develop a corporate culture and sense of responsibility that constantly urge us to keep safety in check, but also engage in further dialogue with local communities. Through the dialogue, we are keeping track of how local residents and society at large view the TEPCO Group, and if any perception gap is found between their views and our awareness, we work to improve our business operations and transform the behavior of each individual employee. At the same time, we will continue to proceed with close dialogue with local communities while always remembering to ascertain what values we share with them. (TEPCO 2017: 68)

However, behind such a favorable presentation of their communication process with local communities, the real intention seems to be different.

> In addition, we are also dedicated to holding community dialogues through our Risk Communicators, who try to put themselves in the shoes of local communities and society. (TEPCO 2017: 67)

The point here is that, contrary to the polite words, TEPCO is attempting to transfer their responsibility to its subsidiary body to keep the local community away from its business. This is evident in the definitions of the Risk Communicator. According to its CSR report, the aims of the body are: a) to harness their expertise as nuclear engineers to provide members of the public with technical information in an understandable manner; b) to gather information of high interest to society at large and propose countermeasures to risks, and to conduct activities to enhance employees' social

sensitivity; and c) to provide public relations and engineering units with advice on how to deal with problems when they arise. From these definitions, we can discern that the purpose of the Risk Communicators is not to facilitate an acceptance of the opinions expressed by the local communities but to promote its own accountability just in terms of a risk management of its business. In this sense, this is essentially a confidence building mechanism that presupposes the continuing existence of the nuclear power plant as it was. This implies that TEPCO has recognised communications with the local communities as a matter of a risk management, not as a matter of moral minds through which they feel responsibility, duty, or loyalty to those who have membership of the same community.

Actually, the similar attitude is also observable in the news sources which have reported how well TEPCO handled the crisis. According to them, TEPCO officials most frequently portrayed TEPCO as a victim of the natural disaster, and stated that they could not have predicted the damage that stemmed from the earthquake and the tsunami (Campbell 2019). Needless to say, claiming "victimhood" represents the lowest level of responsibility possible.

6. Results and Discussion

In this research, the two cases were selected in large part because of the similarities rather than the differences in the situation each company was faced with, with the intention of focusing on the key factor which I would like to reveal as important: the continuity of "micro moral unity". Table 2 shows several dimensions in which they were similar except for whether or not they have an explicit communication mechanism with their stakeholders.

Insert Table 2 here

As Table 2 shows, these two companies have similar attitude towards outsiders regardless of their different time periods. This result supports our hypothesis, or at least, indicates that we cannot deny the possibility of the hypothesis. Based on the result, the process of making CSR explicit has not been accompanied by any real changes in the mindset of these companies. Rather, each company as well as government leaders might

hide, deny, or downplay their responsibility, and attempt to limit the damage to their positive image.

Is this a specifically Japanese phenomenon? Or are there any implications for readers who are not Japanese?

Through her investigation of Minamata Disease, Ishimure (2003) pointed out that majority of the members who belonged to the Chisso Co.'s community followed a very simple logic: "If they find out the truth about Minamata Disease, Chisso will naturally get all the blame and go bust. If the company goes bankrupt, Minamata's economy is also done for" (Ishimure, 2003: 327). In short, these people were highly dependent on a single company. Here, this logic reminds us of a classic concept known as "company town" (Porteous 1970). As is well known, company town first appeared in Europe and North America with their industrial revolutions, particularly in their rural areas, as a way to make manufacturing or mineral extraction possible (e.g., Greencastle and Indiana in the US as a site of IBM). They were residential and service centres built by companies near to the places of production or extraction in which they operated not only as employers but also as de facto enforcers of social security and harmony. As industrialisation and capital investment expanded, company towns also emerged in Latin America, Africa, the Middle East, Oceania, and colonial territories throughout Asia as well as in Japan. In these countries, they have often acted as pioneering devices in Europeanizing or Americanizing efforts (e.g., Toyota city and Kamaishi city in Japan have been the home towns of Toyota and Nippon Steel). While a basic characteristic of a company town is the combination of the roles as employer and provider of housing and services, it is no surprise that such a double role frequently brought about intricate tensions between its economic profit and the social welfare of the community. To solve such inherent tensions, these companies have regularly resorted to using paternalistic practices manifested in the provision of services towards society such as education, physical well-being, etc., aiming not only to ensure employees' loyalty but also to cultivate a positive company image. In short, they sought to build communities that ensured the provision of dependable workforce that avoided conflicts (Borges &Torres 2012).

While companies are inclined to view these welfare activities as a testimony to their commitment to workers' well-being, critics have frequently considered the paternalism as another instrument of company control. For example, Solecki (1996), through his case study of a rural north Florida mill town, during the course of its pollution crisis from 1991 to 1992, pointed out that latent social relations of paternalism played out simultaneously by the firm, local elites and townspeople had circumscribed opportunities for meaningful public dialogue by narrowly framing their actual debates. According to

him, long-standing traditions of deference by locals to the corporate paterfamilias tended to divert political discourse in the community from focus on the objective causes of pollution to focus on the morality and character of the firm. This shift enabled the firm to reassert its social and economic dominance over the community, and then marginalised local environmental oppositions by silencing alternative avenues for public debates. In this sense, the paternalistic relationship itself fosters a kind of xenophobic response to calls that something has to be done about the pollution problem. As he argued, such a xenophobic culture marginalises local environmentalists as "outsiders", just because it makes it possible to re-legitimise the firm's position as the economic base of the community. In this way, xenophobic characterisation of the relationship between "insiders" and "outsiders" served to further enforce the prevailing paternalistic sense of the community as a self-contained family unit with the firm as its benevolent head.

Probably, the above "micro moral unity" is another example of the company town. This is evident in the case of Chisso Co. where the framing of local discourse away from issues of environmental health and safety towards a focus on its economic livelihood. In such a situation, local environmentalists are inclined to be cast as potential destroyers of the community. Obviously, members belonging to Chisso Co.'s community were driven by a fear that economic hardship would result if the plant closed. However, it is important to note that such a fear was not the only factor shaping their response to pollution victims. Rather, their actions were mediated additionally by faith, fostered by years of paternalism, that Chisso Co. would take care of them and that they themselves essentially owed allegiance to the firm.

It must be unfortunate that we can still observe the same logic in Japan today, where there is a powerful closed circle of government agencies, utility power companies, and local authorities who have supported the industry: this is the so-called "*genshiryoku-mura*" (nuclear power village) --- for details of the circle after Fukushima disaster, see Hara (2013). Based on the close tie between them, the process of decision-making for nuclear power is carefully closed off by experts and policy makers, with the intention of preventing the involvement of local communities in the process. As a Japanese STS (Science, Technology and Society) researcher pointed out, "in theory, Japan's democratic principles require that the processes be open to the public, but in reality, … there is little effort to include stakeholders in the process of solving complicated problems" (Fujigaki & Tsukahara 2011: 392) --- for further discussion on this aspect of the nuclear power industry in Japan, see also Hindmarsh (2013); Pritchard (2013). In short, these kinds of circles, far from fostering the involvement of the society, instead have the opposite effect of disempowering citizens and demolishing social movements.

If this is the case, it would be seriously misleading to assume that Japanese management is a society oriented model in stark contrast with the US shareholder oriented model, which has been the stereotypical framework among existing literature to understand its characteristics against the backdrop of international competition particularly around the 1960s – 70s. At least, we cannot praise Japanese traditional morality without any doubt if we look at its xenophobic attitude towards outsiders of their "micro" communities. As seen above, such an attitude is still alive and well in Japanese management, and importantly, this is going on behind the appearance of their favorable images. Based on that, the contribution of better understanding of the gap between the successful adoption of explicit CSR and the companies' actual thinking would be clear.

7. Conclusions

A survey conducted in 2018 showed an interesting result that the number of Japanese companies which engaged in stakeholder dialogue with civil organisations had been decreasing from 2014 to 2016. A member of the survey project concluded as follows:

> Japanese companies seem less enthusiastic about the social sector's potential contribution, … they have low expectations for taking advantage of organisations' linkage with other groups networks with concerned citizens, public outreach experience, and policy-proposal skills---all special strengths of the social sector. (Kuramochi 2018)

Interestingly, this was happening despite their explicitly articulated favorable CSR policies. As seen from the above, Japanese companies have stated their CSR policies, built CSR divisions within their organisations, and implemented some CSR practices like philanthropic activities towards society. If we take these points into consideration, the question that should be asked is not how well Japanese companies successfully adopt CSR practices in comparison with other countries, but would have to be whether those who have been newly counted as stakeholders have been taken care of by their managers or not.

This paper presented comparative case studies between two companies selected from different time periods in order to examine the continuity of "micro moral unity". The

results showed, contrary to the optimistic view presented by Wokutch and Shepard (1999), that the "micro moral unity" still remains in Japanese management, hiding behind the positive image conveyed by their CSR practices. This suggests that the process of making CSR explicit has not been accompanied by any actual changes of the mindset of these companies and implies the difficulties of delegating the power to address societal issues to business organizations. This is important particularly now when the expectations of the public concerning the responsibilities of business towards society are on the rise. According to the above arguments, Japanese management has never been a unique management model on the other side of the world, but only one of many variants in our same management system. In this sense, we as cosmopolitan observers may have an obligation to oversee the influences of our business system on the far corners of the world.

8. Limitations and Suggestions for Future Research

As with any qualitative research, the current research also has some limitations, particularly about its subjectivity, replicability, and the possibility of generalisation. First, the findings from the case studies rely to a large extent on the author's view concerning what is significant and important, or the observer's subjectivity. Second, because what is observed and what is the focus of the selected sources are to some extent products of the author's preferences, it would be difficult to replicate the findings from the above case studies. And third, since our research only covers two cases, our findings cannot be generalized. Unfortunately, this paper cannot be free from these criticisms. However, the quality of the findings should be evaluated in terms of theoretical inferences developed in the paper. It is for that reason that I explained rather precisely why the two cases were selected in the section of "methods".

On the other hand, some readers may not be convinced about the effectiveness of discourse analysis employed by this research. For them, the research might pay less attention to the specific context of each case, and more to the similarities on which the cases were selected. There is no doubt about the importance of these comments, and it is entirely possible that there are further dimensions not considered in this research, which may also help understand the continuity of these companies' ethically questionable practices. Future research might therefore aim to conduct a more thorough "anthropological" approach to reveal their actual thinking going on in these organisations as opposed to the façade of their explicit CSR.

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Tables

Table 1: Amount of allowance for victims

the life of a child	¥30,000 a year
the life of an adult	¥100,000 a year
the life of the dead	a one-time allowance of ¥300,000
funeral expenses	a one-time allowance of ¥20,000

Source: Ishimure, 1972: 326-7

Table 2: Comparison table

company	location	stakeholder	issue	support from government (METI*[MITI**])	explicit communication mechanism	ethically questionble attitude towards outsiders
Chisso Co.	Minamata in Kumamoto prefecture	Local community of organic chemical plant	risk of methyl mercury	Y	N	Y
TEPCO	Futaba in Fukushima prefecture	local community of nuclear power plant	risk of radiation	Y	Y	Y

* METI: the Ministry of Economy, Trade and Industry (previously MITI)

** MITI: the Ministry of International Trade and Industry