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Americans Could Use Lesson in Responsibility

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What can American business learn from the Japanese?

As corporate crime continues to be commonplace in the United States, Japan, by contrast, has yet to be struck by such corporate

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lawlessness. American business executives, pondering that fact, and the phenomenal success that the Japanese have had in the marketplace, might consider importing a little of what the Japanese call *inseki jishoku*.

Literally translated, the phrase means "to take full responsibility,

and to resign one's position" in penitence. It refers to the profound sense of personal responsibility that pervades Japanese business practice. Why, then, is the corporate conscience of American business so weak?

A major factor is the peculiar identity of the corporation within our culture.

The standards of behavior established by law are undercut by the legal system's own schizophrenic attitude toward corporations.

While many laws treat corporations as if they were individuals, corporations are rarely the subject of criminal charges, perhaps because it's hard to figure out how to "punish" an institution, other than by fines.

Instead, most legal actions undertaken against businesses are civil suits—matters for lawyers to

reckon with, the outcome often determined by the magnitude of the legal and financial resources each side can muster.

We tend to view companies, particularly big ones, as distinct entities from the individuals who own, operate and work within them. In fact, this bifurcation is specifically acknowledged by law.

Courts rarely "pierce the corporate veil" to reach those within: Relieving owners and employees of personal liability is one of the main functions of corporate status.

In Japan, by contrast, corporate status has never been allowed to cloak the responsibility of its human members.

Indeed, corporations are not viewed as some transmogrified entity, as in the United States. Rather, they are considered more like extended families, their employees

subject to the strictures that Japanese culture places upon family members—including the customary role played by the head of the household.

"Among Japanese, someone must always assume responsibility," says Uji Ichioka, a sociology professor at UCLA.

"Traditionally, if a family member errs, the head of the household, the father, must make amends. The same principle applies in a Japanese company."

Some observers see a connection between Japan's economic prosperity and its strong code of personal responsibility.

"These social balancing mechanisms are powerfully ingrained within the Japanese culture. In business activity, they create by necessity a 'state of intimacy'

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among management and employees," says William Uuchi, author of the best-selling study of business management techniques, "Theory Z."

The sense of shared responsibility creates an "incentive for company owners and managers to be well-informed, which leads to a more efficient organization and higher quality production," Uuchi notes, "In addition to helping maintain a balance between business imperatives and the needs of society."

A more personal sense of corporate accountability among American executives would clearly be good for business and its ability to compete. Developing it would require a combination of tougher law enforcement and some internal,

structural changes for the corporation.

- Prosecute the criminal corporation. Monetary penalties are usually not a deterrent to big corporations. But limiting a company's authority to exercise certain of its legal rights would be. Effective punitive measures might include prohibiting a company from making acquisitions, selling certain products or declaring bankruptcy.

- Stop the buck at the top. Social responsibility can't be legislated, of course. But laws when they're enforced establish guidelines for acceptable behavior. Marching a few chief executives off to jail, or requiring their resignation as part of a plea bargain, would send a powerful message to management at all levels that individuals will pay for corporate irresponsibility.

- Enact a federal corporations law. Corporations are currently chartered on a state-by-state basis. Establishing a uniform body of law for corporations that do business on a national scale would make corporate oversight and law enforcement easier and more efficient. Centralization of regulatory functions might also foster a positive

environment for the growth of corporate responsibility. Author Uuchi notes that because Tokyo happens to be the center of both business and government in Japan, there is far more contact and dialogue among business, labor, political and academic leaders than in this country.

- Institute self-help structures. An independent ombudsman, granted unimpeded access to employees, and reporting directly to top management, could develop a code of conduct for the corporation and serve as an alarm system should it be breached.

Finally, employees who are treated like cogs in the apparatus are unlikely to feel responsible for their own actions, much less share a sense of responsibility for what their company does.

However, if the Japanese concept of *inseki jishoku* were applied to corporate America, workers here could develop their own identity within the corporate structure, thus promoting a stronger sense of the relationship between individual action and collective responsibility. Maybe then, American business could play in Japan's league.