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The Significance of Rita no Kokoro for Business Administration

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1. Is Rita no Kokoro necessary for corporate management?

Today, in commemoration of the opening of the Ritsumeikan Inamori Philosophy Research Center, I would like to speak about the significance of Rita no Kokoro for business administration and share with you the idea of *rita*, or “altruism,” which constitutes the very basis of my management philosophy.

I am pleased to see so many people here today, including university researchers and business managers. Many of you may think that the idea of Rita no Kokoro, or “altruistic mind,” is simply ethical and moralistic, and it is irrelevant to corporate management.

In fact, researchers and business managers often ask me, “While you stress the importance of ‘Rita no Kokoro’ for corporate management, isn’t it naive to maintain that we should be kind and considerate to others in doing business, given the nature of capitalist society in which companies are struggling to survive the intense market competition?”

My answer to this frequently asked question is that for corporate managers, Rita no Kokoro is perfectly compatible with striving to improve corporate performance.

As a corporate manager myself, I believe that acting for the benefit of others with the mindset of Rita no Kokoro and enhancing our moral sense is the key to successful corporate administration.

I will discuss this belief in more detail in light of my experience at Kyocera, KDDI and Japan Airlines, respectively.

2. The principle at the basis of the management philosophy of Kyocera

First, let me discuss the background to the founding of Kyocera, the first company I ran. In 1955, I moved to Kyoto from my hometown in Kagoshima to work as an engineer for a long-established manufacturer of insulators used for high-voltage electric wires. At this company, I was engaged in R&D of fine ceramic materials with outstanding high-frequency insulation performance and successfully launched new products onto the market. However, after several years, I decided to leave the company.

I was twenty-seven years old at the time, and had no place to work, but fortunately, some people offered me generous support, and helped me found Kyoto Ceramic, later known as Kyocera, in 1959.

When founding the new company, some subordinates and younger colleagues and even some of my supervisors, with whom I shared good and bad times together while working in the former company, decided to join me. Thus, I started Kyoto Ceramic with seven colleagues who trusted me.

Soon after I started the company, however, I had to make business decisions one after another, and was pressed by my subordinates seeking instructions. With no experience of running a company and no one to be readily reached for advice on corporate management, I was quite at a loss regarding the basis on which I should make decisions.

After a great deal of thinking, I came to the conclusion that I would base my decisions on “what is the right thing to do and what is the wrong thing to do,” as taught by my parents and teachers when I was a child. I then encouraged both myself and employees when making business decisions to always ask ourselves “What is the right thing to do as a human being?” and this principle has since guided me in corporate management.

In the third year after the start of the company when we had managed to get our business on track, an event happened, which made me think deeply about what it means to be a good business leader.

One day, around ten employees, who had joined the company after graduating from high school the previous year, came to me without notice and demanded me to guarantee regular salary raises and bonus payments throughout their employment period to reduce uncertainties about their futures, saying that they would all immediately quit the company if I rejected their demands.

I said to them, “Remember that we have all agreed on working together to make our start-up business a leading company in the future. I am determined to do my best to improve this company for all of you so please trust me and stay.”

But my words were not convincing enough for them.

When night fell, I took them to the municipal housing where I was living at the time, and over three days and three nights tried to persuade them to continue. Finally, one of them nodded his agreement, and some followed, but others still remained skeptical. In the end, I made up my mind and resolutely said to them, “Because we are a new company, I cannot say anything definite about our future, but rest assured that I will work harder and more desperately than anybody else to protect the company. Should I betray your trust in me, you may kill me there and then!” I managed to persuade them from my heart, until finally I could convince all of them of my sincerity.

While I breathed a sigh of relief having overcome the crisis, I couldn’t get any sleep that night. Since starting to work, I had been sending money, though not much, from my salary to my family in my hometown every month, and I had also continued to do so after I founded Kyoto Ceramic.

Having been able to barely support my own family, I felt it burdensome to also ensure the well-being of people who were associated with me under employment contracts.

I was made keenly aware of the huge responsibility of being a corporate manager and even regretted having started a company.

In founding Kyocera, I and my colleagues who left the former company with me had a shared determination to prove the worthiness of innovations I wanted to develop to society. While working for the former company, I felt that the management did not fairly recognize my research and technical contributions. One of the main purposes of starting a new company was, therefore, to fulfill my personal desire as an engineer to prove the worthiness of my technical innovations to society.

However, the abovementioned experience regrettably forced me to abandon such a personal desire as an engineer and pursue the interests of employees instead. At the same time, I was led to the realization that the most important goal of corporate management is to ensure the well-being of employees and that business managers are obligated to achieve this goal.

Therefore, I set the goal of “providing opportunities for the material and intellectual growth of all our employees” as part of the management philosophy of our company. But this goal alone seemed not meaningful enough for us to pursue, so I supplemented the philosophy by adding another goal, “contributing to the advancement of society and humankind.”

As it turned out, this management philosophy had significant impact on the management of our company, in particular, the philosophy’s emphasis on their material and intellectual growth, which was favorably received by all the employees and motivated them to unite efforts and work harder for the development of the company.

Our management philosophy, which focuses on the material and intellectual growth of employees and thus favors the interests of employees over those of the employer, is an embodiment of *Rita no Kokoro*. For this very reason, the philosophy appeals to many employees and is effective in encouraging them to collaborate.

In the early days of our foundation, we didn’t have enough personnel, funds, or facilities. The only asset we had was the bond and mutual trust among us. Therefore, I encouraged all employees to devote their energies to the same goal, thereby multiplying our corporate strength many times over, which was made possible by our adherence to the principle of *Rita no Kokoro* incorporated in our management philosophy.

Eventually, our company, from its humble beginnings, grew to become a leading manufacturer, and for more than fifty years since our establishment, we have never operated in the red. As a leading electronics

manufacturer, Kyocera today boasts annual sales of 1,500 billion yen and pre-tax profit of over 120 billion yen, and I am pleased to note that this success is the product of the efforts of all our employees who have worked in unison under the management philosophy that originates in *Rita no Kokoro*.

3. Starting Daini Denden Corporation out of pure motivation

The second case where the concept of *rita* or “altruism” proved its worth in corporate management dates back to 1984 when I started Daini Denden Corporation (present-day KDDI).

The deregulation of the telecommunications industry in Japan in 1984 brought this country to a big turning point. I had been always concerned about Japan’s telecommunications fees being excessively higher than international standards, which not only imposed financial burdens on Japanese people but also could have created obstacles to the healthy development of Japan’s information society.

At the core of this problem was the monopoly of the telecommunications market by Nippon Telegraph and Telephone Public Corporation (present-day NTT). Therefore, I looked forward to a large company being able to stand up against this giant to reduce Japan’s telecommunications fees.

As it turned out, however, no company dared to enter into a direct competition with NTT, as the chance of winning against a company with sales of as much as 4,000 billion yen and 330,000 employees seemed too small.

I became so frustrated with the situation that I began to give serious consideration to the possibility of entering the telecommunications market to offer long-distance telephone services at lower charges for the benefit of Japanese people. Forgetting my position as the president of a medium-sized company in Kyoto, I became confident that taking risks was what venture companies with an entrepreneurial culture, like Kyocera, were made for.

In those days, it became my habit to ask myself before going to bed every night, “Am I motivated by a righteous cause?” and “Am I not driven by self-interest?” By continuing to ask these questions seriously night after night, I wanted to make sure that what motivated me to enter the telecommunications market was not my selfish desire to attract favorable attention from the public.

After six months, I finally convinced myself of the righteousness of my motivation and the absence of any selfish desire, and decided to start Daini Denden Corporation.

Kyocera was the first to declare entry into the telecommunications market after the deregulation of the telecommunications industry, and then two other companies followed. As a result, three companies were to compete in this newly liberalized market.

In those days, it was widely alleged that Daini Denden, with Kyocera as a parent company, was at a

great disadvantage vis-à-vis its two competitors. One of the competitors was Japan Telecom Co., Ltd., which was established by Japan National Railways, and could easily build high-speed telecommunications networks covering Tokyo, Nagoya and Osaka simply by laying fiber optic cables alongside Shinkansen railway tracks. The other competitor was Teleway Japan Corporation, funded by the Japan Highway Public Corporation and the Ministry of Construction, and they could also start telecommunications services with ease by providing fiber optic cables along the Tomei and Meishin Expressways.

On the other hand, Daini Denden was established by a local Kyoto-based medium-sized company with no telecommunications infrastructure in place and had to start the new business under unfavorable conditions. Accordingly, most people thought that Daini Denden had no chance of success.

Against this backdrop, I took every opportunity to encourage my employees, saying “Let’s do whatever we can to reduce long-distance telephone charges for the benefit of Japanese people. Let’s achieve something meaningful as we only have one life.”

In this way, I shared with employees of Daini Denden the principle of Rita no Kokoro, which motivated them to work for the well-being of Japanese people, not just for their own interests. Generally speaking, people are inherently supportive of the idea of Rita no Kokoro and contributing to the good of society, people, and the public at large, and willing to spare no effort to work for this cause.

Employees of Daini Denden wholeheartedly wished for the success of this new business and engaged in their work with genuine enthusiasm.

4. The factor that brought Daini Denden to a success

Such enthusiasm of the employees was first directed to long-distance telecommunications services.

Having no long-distance networking infrastructure, Daini Denden had to install parabolic antennas on the summits of mountains in Osaka, Kyoto, Nagoya, and Tokyo to establish microwave-based telecommunications networks.

Creation of microwave-based networks required the construction of relay bases on the summits of high mountains where there were no climbing roads. So, first, we had to build roads in the mountains to climb to the summits to install these huge parabolic antennas.

Young employees of Daini Denden fought against swarms of mosquitoes during the summer, and transported construction materials to the summits by helicopter in freezing cold weather during the winter. With their serious and dedicated efforts, we could manage to complete microwave-based telecommunications routes at the time, and this allowed us to start telecommunications services

simultaneously with our competitors.

Of course, we had to overcome many obstacles even after starting telecommunications services. For example, Daini Denden experienced great difficulties in acquiring customers.

Backed by Japan National Railways, Japan Telecom could press suppliers dealing with this giant railway company to use their networks, while Teleway Japan enjoyed a great advantage in sales operations due to their association with Japan Highway Public Corporation and Toyota Motor Corporation.

Unlike these competitors, Daini Denden had no strong backing, as Kyocera didn't have a high profile in those days. Despite the difficulties, however, employees of Daini Denden, assisted by employees of Kyocera, made concerted efforts to promote sales, with a firm determination to achieve a success in this business for the interests of Japanese people.

Such dedicated and sincere efforts first impressed our distributors and suppliers, who in turn generously supported us. Gradually, our services were accepted by an increasing number of customers, which eventually led to our success in the telecommunications industry.

In 1993, nine years after its foundation, Daini Denden could list on the Tokyo Stock Exchange, earlier than its two competitors.

Later, Daini Denden merged with its former competitors, KDD and IDO, to become KDDI, a company everyone knows today. The founding philosophy of Daini Denden is alive in KDDI and serves as a driving force of our development.

Looking back, Daini Denden, which started about thirty years ago with so many disadvantages, continued, contrary to initial predictions, to keep ahead of new entries in the telecommunications market, and grew to become KDDI, which today has established its position as one of the leading telecommunications companies in Japan. With sales and ordinary income exceeding 4,500 billion yen and 750 billion yen, respectively, KDDI has now topped even the telecommunications giant, NTT Docomo.

What then, enabled Daini Denden to achieve the greatest success in the competition despite its beginning as a company least likely to succeed? The answer is the idea of Rita no Kokoro, which was shared by all the employees and supported by our customers and business partners, and motivated the employees to reduce telephone charges for the interests of Japanese people by any means.

You may be doubtful that such a simple idea could lead to the success of a business, but pure Rita no Kokoro has more power than you can imagine, as evidenced in the case of Daini Denden or the present-day KDDI.

5. Factors that contributed to the successful restructuring of Japan Airlines

Another case that illustrates this fact is my experience of engaging in the restructuring of Japan Airlines (JAL) for three years starting from 2010.

At the end of 2009, I was asked by the Japanese government to assume the post of chairman of JAL after it went bankrupt.

I repeatedly declined the request as I was nearly eighty years old and had no experience of working in the airline industry, but in January 2010, I finally agreed to accept the post for the following three reasons.

First, I feared an adverse impact of failure of JAL on the Japanese economy. JAL was one of Japan's largest companies. If this company failed in restructuring and filed for bankruptcy for a second time, then the damage to the Japanese economy could have been enormous. On the other hand, if JAL, which was on the verge of collapse, succeeded in restructuring, this could help Japanese people regain confidence in the recovery of the domestic economy.

Second, I thought I had to ensure the continued employment of JAL's employees. For the reconstruction of JAL, regrettably, some employees were forced to leave the company under a business restructuring plan. However, filing for a second bankruptcy by the company would have led to all its employees losing their jobs. I was determined to protect the employment of at least 32,000 of JAL's employees who stayed with the company, by whatever means possible.

Third, I wanted to serve the interests of the Japanese people and airline users. Bankruptcy of JAL would lead to a de facto monopoly of Japan's airline market, and a market without competition means higher prices and lower customer service levels. Such a situation can never be beneficial to the people of Japan. If users are to be offered better services at lower fares, there should be fair competition among air carriers.

In short, it is *Rita no Kokoro*: a drive to contribute to the good of society and people, which is comparable to a chivalrous spirit, that made me decide to take up the responsibility to reconstruct JAL.

In February 2010 when I became chairman of JAL, the Enterprise Turnaround Initiative Corporation of Japan had already formulated a business restructuring plan for this company. Initially, the media were mostly of the opinion that the chances of a successful reconstruction of JAL were minimal.

As it turned out, however, JAL posted an operating income of 180 billion yen in the first year of the restructuring process, and over 200 billion yen, which was a record-high, in the second year, and then successfully got relisted. JAL's performance has since remained consistent, generating an operating income of 190 billion yen in 2013, 160 billion yen in 2014 and 180 billion yen in 2015. While the airline

industry is generally characterized by low profit margins, JAL has established and maintained a profitable business structure with a profitability ratio higher than ten percent.

How then, was JAL, which had been on the verge of declaring bankruptcy for a second time, able to become a profitable company and get relisted in such a short period of time?

Among several factors behind the successful reconstruction of JAL, I think the most important one is the drastic change in the mindsets of JAL employees, who began to make serious efforts at their respective workplaces for the improvement of the company based on the idea of *Rita no Kokoro*. Next, I will speak about measures I took to change their attitudes towards work.

6. Steps I took to change the mindsets of JAL employees

The first thing I did was to define the purpose of JAL as a completely new company. Specifically, I made it clear that the purpose of the company was to “provide opportunities for the material and intellectual growth of all employees” and incorporated this purpose into the management philosophy of JAL. Then I instilled each and every JAL employee with this management philosophy. As I mentioned earlier, this idea constitutes the basis of my management philosophy, and serves as a guiding principle for the management of Kyocera and KDDI.

Some people criticized me for adopting such a principle as the management philosophy of the ailing company, who argued that it was not appropriate for a company that had received a bailout from the government to establish employee well-being as a primary goal. However, no matter what criticism I received, I would not change my mind, as I had an unshakable belief that every company should exist to ensure the well-being of all of its employees.

Corporate managers who only pursue profits and give no heed to the well-being of employees can never garner genuine support from their employees. On the other hand, if corporate managers value employee relationships among other things, employees will be motivated and feel comfortable to work for the company with passion and pride, resulting in an improvement of corporate performance as a natural consequence.

To some, the purpose of “providing opportunities for the material and intellectual growth of all employees” may seem to be contradictory to the interests of shareholders. Admittedly, it is widely accepted in today’s capitalist society that companies are properties of shareholders who invest in them and that management should aim to bring benefits to shareholders.

However, I believe that employees who work diligently for their company in pursuit of their material and intellectual growth can better contribute to enhancing corporate performance, which will eventually

result in greater benefits for shareholders. On the contrary, if a company shortsightedly seeks to serve the interests of its shareholders without consideration for its employees, then the company will face difficulties in the long run leading to negative consequences for its shareholders.

Therefore, I am confident that my management philosophy that upholds the purpose of “providing opportunities for the material and intellectual growth of all employees” is highly beneficial, not detrimental, to shareholders.

I explained the significance of this to JAL employees, and gradually, they came to consider JAL as their own company, and shared a determination to reconstruct the company. Eventually, all JAL employees began to make committed efforts towards the reconstruction of the company, disregarding their own personal interests. Such attitudes of the employees proved to be the most effective factor in the process of reviving JAL.

Next, I set about changing the attitude of JAL employees towards their work based on my management philosophy.

Immediately after becoming chairman of JAL, I strongly felt the need to change the bureaucratic culture of the company, which was especially apparent among employees in managerial positions. I also realized that JAL employees had little sense of togetherness, and this problem had to be addressed as soon as possible.

Thus, I started efforts to change the attitude of managerial personnel of JAL in line with the management philosophy I had developed through many years of service as president of Kyocera and KDDI.

My philosophy is a practical one developed through the process of asking myself “What is the right thing to do as a human being?” in my endeavor to act justly at all times, and it aims to encourage people to make decisions and take action always based on universal ethical values taught since childhood such as justice, fairness, equity, sincerity, modesty, effort, courage, and benevolence.

At the same time, this philosophy teaches us important things about life, indicating how we can live a happy life by basing our decisions on *Rita no Kokoro* and enhancing our moral sense.

I persevered and continued to try to convince JAL employees of the importance of this philosophy for corporate management, and also how it would relate to their private lives.

Specifically, I first put about fifty executive managers through a one-month intensive leadership training program to instill my philosophy and help them develop a comprehensive understanding of the key roles required of leaders and the basics of business administration.

These executive managers were well-educated persons who had graduated from some of Japan’s top universities, so they were initially skeptical of my philosophy. In fact, some voiced their dissatisfaction,

saying “What is the use of learning such a simple, naive idea?”

I said to them: “You may think what I am saying is too naive to deserve your serious attention and sounds too obvious to mention. But you don’t understand the basic concept of my philosophy, let alone practice it, and such attitudes caused JAL to go bankrupt.”

As I continued to talk in this way, the executive managers, who were skeptical of my words at first, gradually deepened their understanding of my philosophy.

With a belief that the attitudes of employees towards their work have special importance in the airline industry, I started educating general employees at the same time.

Because companies in the airline industry require a large number of equipment, such as aircraft, flight control devices and maintenance equipment, they are generally considered to be part of an enormous machinery-related industry. However, soon after beginning to work for JAL, I became aware that the aviation business is ultimately a hospitality business, in which the greatest emphasis should be placed on passenger satisfaction.

Passengers’ satisfaction depends on how airport counter staff treat them, how flight attendants care and deal with passengers onboard, and how pilots and copilots fulfill their responsibilities for flight safety and carry out their tasks, including in-flight announcements.

As an airline, the most important thing is ensuring customers are served well by employees on duty. Dissatisfied passengers will not use JAL again, therefore, JAL will not be able to increase customers and improve its performance.

I repeatedly visited airports myself, where I spoke to JAL employees who directly served customers and said to them, “While JAL is currently in a process of severe restructuring, you are expected to overcome this difficult time and do your utmost to serve customers with warm hospitality. Doing so will certainly lead JAL to a bright future.”

Gradually, a change occurred in the attitude of each employee towards their work, which resulted in the steady departure of JAL from a bureaucratic culture, which had long been with this air carrier, and the improvement of customer service, which had been often offered merely as a routine duty. Thus JAL employees came to serve customers out of their own will to provide them as much satisfaction as possible, and in doing so, put into practice the idea of *Rita no Kokoro*. With tireless efforts of all employees for innovations and improvements at respective workplaces, JAL enhanced its performance at a remarkable pace.

I also believe that my wholehearted dedication to the reconstruction of JAL encouraged employees in some small way, whether directly or indirectly.

Initially, I agreed to work as chairman of JAL on a part-time basis without pay. This was my condition to accept the request to serve as chairman. Thus I started to work at JAL for three days a week but as I grew increasingly enthusiastic in the reconstruction process, I found myself working four days a week, and then five days, until finally I dedicated most of my time to JAL.

It seemed that my selfless and untiring efforts inspired enthusiasm in many employees, making them think that if I, someone as old as their grandfathers, was able to work so hard without any pay for the reconstruction of JAL, a company totally irrelevant to me, then they must work harder than me for the sake of their company.

It is widely assumed that success of a company is dependent on the availability of visible resources such as financial and technical strength, and corporate strategy promoted by the president. Of course, these are important factors that greatly contribute to a success, but I believe invisible resources, such as the positive attitude of employees towards work, and organizational climate and corporate culture created by employees, are more important.

During the reconstruction process of JAL, employees came to shift emphasis, from self-interest to a customer-first principle, or the mindset of *Rita no Kokoro*. Such a change in its employees' attitudes helped JAL offer better customer service and restore public confidence in the company, eventually resulting in the improvement of its corporate performance.

I think that JAL's miraculous recovery from the brink of second-time bankruptcy is proof of the effectiveness of *Rita no Kokoro* in corporate management as a contributing factor to success and prosperity.

As I have discussed, it is *Rita no Kokoro*, or pure motivation to work for the good of society and people, that led me to success in the management of Kyocera and KDDI and the reconstruction of JAL.

7. Unsustainability of selfish corporate management

Whenever I speak about the importance of *Rita no Kokoro* for corporate management, as I mentioned earlier, someone always poses the questions, "How can corporate management be compatible with *Rita no Kokoro*?" and, "Isn't pursuit of selfish interests at the basis of every corporate management?" It is true that selfish desires, such as making more money and living a richer life, can serve as a strong driving force for business development and this is especially true for most venture companies. I do not deny the fact that high-level business strategies developed in pursuit of selfish interests can often lead a business to success.

However, I believe that corporate managers who care only for their personal interests cannot achieve

long-lasting success, because if they devise a business plan for the sole purpose of satisfying their selfish desires, then their competitors will certainly launch a counter plan that works favorably for them only, and in such a situation, conflict is inevitable.

Also, corporate managers driven by selfish interests are likely to become less humble and more arrogant towards people around them as their business grows, and come to treat employees with disrespect, ignoring their contributions to the growth of the company. Such egoistic attitudes will discourage employees to work in unison, and may eventually result in the decline of the company.

An even worse scenario is when corporate managers become so devoted to the pursuit of their own interests that they forget to ask themselves the basic ethical question, “What is the right thing to do as a human being?” and break legal or moral rules or conceal unfavorable corporate information from the public, resulting in being condemned by society and even expelled from the business world.

Worldwide, we see many cases of individuals who start a company for the sake of their own interests achieving success after many years of efforts but eventually cause the company to fail and bring their names into disrepute due to their selfishness.

On the other hand, we can win confidence and trust of our business partners by doing business based on the principle of *Rita no Kokoro* without regard to our personal interests, and having a relationship of trust enables us to yield mutually beneficial results. I think such an experience is not new to many of you. As I mentioned earlier, I have many experiences of achieving far greater results than I had imagined by sticking to the principle of *Rita no Kokoro* in running my companies.

8. Why does the principle of *Rita no Kokoro* lead us to success?

Let me discuss why the practice of *Rita no Kokoro* leads us to great success.

The idea of *Rita no Kokoro* is about wishing for the good of our partners and other people around us. Accordingly, corporate management based on this idea means running a company in a way that benefits people around us, instead of only pursuing our own interests with a belief that doing so will in turn benefit us.

In other words, if a corporate manager wants to make a profit, they should endeavor to run their company with the aim to bring as much benefit and pleasure as they can receive to their business partners and other people around them as well.

Specifically, it is important for corporate managers to treat employees who earn a living by working for the company with decency and respect, as indicated by the management philosophy of *Kyocera*. If a company that sticks to the principle of *Rita no Kokoro* has achieved significant improvement in

performance, then the president will share benefits not only with top executives and board members but also with the rest of employees in recognition of their dedicated contributions to the company.

Employees who work for a company that is run on the principle of Rita no Kokoro feel pleasure in participating in corporate management, and willingly offer full cooperation when the company is facing difficulty.

As I emphasized when speaking about my experience with the management of KDDI and JAL, we can earn the trust and respect of our customers, shareholders, business partners and agencies they do business with by running a company based on the principle of Rita no Kokoro to contribute to the good of society and people. In this way, all stakeholders will support us and help us achieve success in business.

Of course, corporate management based on the principle of Rita no Kokoro, which places emphasis on the good of others, is also effective in prompting all employees to do their best to bring greater pleasure and satisfaction to customers by offering products and services that are superior to those of their competitors in terms of quality and consideration for their customers. As a result, customers will recognize the superiority of the company and have greater confidence in and respect for the company. Running a company for the good of the public based on the principle of Rita no Kokoro may appear to be ineffective and incompetent, but the reality is that this management style is extremely helpful for us to garner support and cooperation from stakeholders and achieve great success, as evidenced by my experiences at Kyocera, KDDI and JAL.

In fact, the importance of Rita no Kokoro has been recognized since olden times. For example, there is a Buddhist term, *jiri-rita*, which means “acting for the benefit of others as well as ourselves.” *Jiri* means “self-benefit,” and “*rita*” means “being mindful of the benefit of others.”

Therefore, the idea of *jiri-rita* is that we should act for self-benefit in a manner that also benefits others. Simply put, by taking action so as to enable our business partners to make a profit, then we, too, can make a profit, is what the term *jiri-rita* means.

In Kyoto in the Edo period, there was a thinker named Baigan Ishida, a founder of merchant philosophy known for the comment, “A true merchant thinks of others as well as his own self.” This means the practice of pleasing others as well as our own selves is the key to success in business.

Also, merchants in Omi, present-day Shiga Prefecture, have long preserved a traditional saying, *sanpo-yoshi*, which means “sharing benefits among all three parties in a business deal; namely, the seller, the buyer and the community.” As shown by these cases, though different in wording, the principle of Rita no Kokoro has long been embraced by Japanese business people as the most important factor for

success.

9. The rule of survival of the fittest must be kept in mind

However, it should be noted that by advocating Rita no Kokoro in corporate management, I do not mean that corporate managers should abandon the interests of their company and allow others to take all the profits. Making light of corporate interests is not what I am saying.

To ensure survival in the market economy, we must work hard to make a profit. Whether with or without the principle Rita no Kokoro, any company, if they are to survive the market competition, have to work desperately to beat competitors and make a profit.

In the natural world, no creatures can survive without making utmost efforts to win the severe struggle for life. If they are to exist, they must strive desperately to adapt to an ever-changing environment.

Otherwise, they are doomed to be eliminated by natural selection according to the rule of survival of the fittest.

This rule also applies to the business world. Though the competition is not as bloody as in the natural world where the weak fall prey to the strong, corporate managers are required to adapt to a changing business environment and continue dedicated efforts to protect their companies, satisfy their customers and shareholders, and fulfill their social responsibilities.

Corporate managers who uphold the principle of Rita no Kokoro will never conspire to cheat their competitors or beat them to an unnecessary extent. On the other hand, I think that competing fairly in a free market to earn profits through honest efforts is worthy of admiration, not deserving criticism.

How then, can we put into practice the principle of Rita no Kokoro in business management? I will not go into details here today, but I would like to emphasize one thing: the most important thing for corporate managers is enhancing their moral sense. We are always torn between selfish and altruistic desires, and inclined to lean towards the former over the latter. Such an attitude often leads us to make selfish decisions, which eventually creates conflicts of interests, as I discussed earlier.

Therefore, we should endeavor to develop an inclination towards altruism, or Rita no Kokoro by making it a daily practice to reflect on our behavior and control our selfish impulses. I am sure that by doing so, corporate managers will be able to enhance their moral sense and eventually achieve success in business. Simply put, though we have both selfish and altruistic motivations, we should strive to make altruistic choices over selfish ones. I think this is very important.

I can say with unshakable confidence that corporate management based on the principle of Rita no Kokoro allows companies to continue to grow and develop, and this is universally true across all nations

and business types.

10. Key to overcoming difficulties that face modern society

Corporate management based on the principle of *Rita no Kokoro* not only leads a company to success, as I mentioned earlier, but also has the ability to help us overcome difficulties that face today's capitalist society.

Today, capitalism has become the standard of the global economy. Since the collapse of the Soviet Union in 1991 and the demise of the communist regime in Eastern Europe, many countries around the world have embraced capitalism as the only viable economic system and accepted capitalist ideologies; namely, market fundamentalism, free market ideology and performance-based pay systems, as valid social principles.

Economic policies based on market fundamentalism and free market ideology have created a distinctive divide between the rich and the poor in the process of free economic competition, resulting in the emergence of a society of inequality. Performance-based pay systems have also created an enormous difference in income between high-performing individuals and others and accelerated the widening of the social gap, which is now widely recognized as a serious social problem.

In the wake of the bankruptcy of Lehman Brothers in 2008, harsh criticism arose in the American economic community, directed at corporate executives for the extremely large amount of profits they gave themselves. The feeling of inequality rising in society and businesses, as well as the attitude of these executives to greedily pursue their own interests invited a sharp rebuke from the public.

Companies can make a profit only through dedicated efforts and cooperation of all employees. In this light, it is definitely wrong for executives to take all the credit for the company's success and share huge profits only among themselves in the name of performance-based pay systems.

In the United States, the federal government announced that it would place limits on executive compensation for financial institutions that received public bailout money, while discussions took place to determine reasonable levels of executive compensation. In recent years, however, the same problem is on the rise again in the financial community in the United States.

It is still fresh in our minds that a grassroots movement called Occupy Wall Street arose extensively across the United States to protest against wealth being concentrated in one percent of the population, who are ruling over the remaining ninety-nine percent of the population.

Such social inequality is not limited to the United States, and, if we include inequalities in employment for youths and immigrants, this is a common problem affecting all the major capitalist countries in the world. I fear that the social order will eventually collapse worldwide if we do nothing to solve this

problem and prevent social confusion from growing.

Professor Thomas Piketty, a renowned French economist, expresses the same concern in his worldwide bestselling book *Capital in the Twenty-First Century*.

We should not accept an autocratic management style where one competent leader makes all the decisions at their own discretion, controls many employees at will, and earns a large salary without providing a fair share of profits to employees.

I believe that a management style that can contribute to solving the difficulties that face the capitalist society and ideally meet the needs of the global society of the twenty-first century is the one where the manager, who earns a salary deemed reasonable by employees, strives to provide opportunities for the material and intellectual growth of all employees by maximizing the potential of each employee and combining these potentials.

Under the principle of *Rita no Kokoro*, a manager who is fortunate enough to achieve success in his business and build up wealth will return the wealth to society with the recognition that he owes the wealth to society. I think this style is required for every corporate manager.

I am confident that corporate management based on the principle of *Rita no Kokoro* holds the key to solving various problems that face our ailing capitalist society.

The concept of *Rita no Kokoro* is important not only for corporate management but also for the reconciliation of communities, societies and the world. I firmly believe that the idea of *rita*, if accepted as a universal value throughout the world and put into practice, will lead the world to peace and prosperity.

According to Ritsumeikan University, the Ritsumeikan Inamori Philosophy Center, which opened today, is designed to study the management philosophy I developed through my experience as a corporate manager, establish this philosophy as an academic theory and make this philosophy more universally applicable and more widely known to the world. I hope that high-caliber researchers from many parts of the world will meet at this center to conduct advanced research and produce meaningful and insightful results.

I also hope that the Ritsumeikan Inamori Philosophy Center, as a venue for deepening understanding of *Rita no Kokoro* and my management philosophy, which I have discussed today, through studies in the fields of philosophy, business administration, economics, and education, will grow to be the world's leading research institution and make a meaningful contribution to the progress and advancement of humankind and society. With my sincere wish for a future success of the Ritsumeikan Inamori Philosophy Center, I will conclude today's lecture. Thank you very much.