Ethics and Responsibility
From the Viewpoint of the Chief Executive Officer

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Abstract

In recent news in Japan, we often hear of the problems of 'corporate ethics and responsibility.' In Japan, management philosophies and corporate ethics used to be better respected among businesses online or off. However, unfortunately, even among businesses with history and prestige, we are now witnessing a degeneration of moral values. The widespread alteration of expiration dates in the food industry and the falsification of the percentage of recycled materials contained in the postcards sold by the postal service are particularly symbolic of the problem. With the advancement of Internet technology, information travels with the speed of light. We must approach the issue of 'information ethics' just as those in the fields of biomedical and environmental ethics; where the establishment of global standards has always been of the utmost interest.

Introduction

This paper is prepared for the issue on corporate ethics and responsibility. This issue is now increasingly important in the current Japanese business world. The author is a founder and Chief Executive Officer of a company named as U-station in Fukuoka, a city that is 880 km away from Tokyo. I founded the company in 1994, and its main focus is IT consulting.

Objectives

In recent news in Japan, we often hear of the problems of 'corporate ethics and responsibility.' In Japan, management philosophies and corporate ethics used to be better respected among businesses online or off. However, unfortunately, even among businesses with history and prestige, we are now witnessing a degeneration of moral values. The widespread alteration of expiration dates in the food industry and the falsification of the percentage of recycled materials contained in the postcards sold by the postal service are particularly symbolic of the problem.

With the advancement of Internet technology, information travels with the speed of light. We must approach the issue of 'information ethics' just as those in the fields of biomedical and environmental ethics; where the establishment of global standards has always been of the utmost interest.

Motives of the discussion

On the Internet, one can easily create a virtual world that is free of a conventional set of rules but is at the same time fairly susceptible to malicious use, just as we see in Second Life, an internet-based virtual space. It is, therefore, the responsibility of every company in the IT industry to reinforce the understanding of information ethics as well as corporate ethics, in addition to providing client businesses with technology solutions.

Background

Before sharing with you my thoughts on the management of a small local business in Japan, let me first explain the general characteristics of my company and why I came to be concerned about the issues of ethics and responsibility.

Our corporate motto is: aspire to the best quality, be No.1 in the local region, and give back to the community. Our aims are to improve the images and values of our business clients, to offer services throughout the course of project development, from unique ideas, fine designs, to promotions, and be a leader in the field of web solutions. We mainly provide services in the fields of IT consulting, web solutions, web design, system development and marketing.

Our clients are businesses, not individual customer. However, we always consider what the desirable relationship between the clients and their customer should be, because of establishing good relationships will produce a profit for our clients and us.

The world of the Internet has grown rapidly since I first established my firm fifteen years ago. With the Internet's explosive expansion and ever increasing prevalence rate, the approach towards business operations has also changed from its original foundations.

In the Internet-related industry, the biggest challenge that businesses face is risk management. These increasing risks cannot be contained by conventional physical and system-oriented approaches only. This change in the situation is what led me to realize the importance of ethics and responsibility.

When hedging risks, it is important to keep in mind the conflicts of ethics. There are significant differences between the ethics of the real world and those in the world of the Internet, and simply applying one set of rules to the other world can cause multiple problems. Obviously, the Internet is without national borders and its contents are directed towards indefinite groups of people, so establishing ethical standards for information technology is more than a difficult task.

The benefits and risks of the Internet are closely tied to each other, so we must find the right balance between the two, familiarize business clients with information ethics, and still process each task with speed. Furthermore, if the needs of a client cannot be met for ethical reasons, the company, as a moral agent, may have to give up a profitable deal in some cases. The management should be extremely careful in this decision making process. Businesses that are overly profit-hungry and

neglect the importance of corporate ethics and contribution to the community will eventually lose their place in the market. The contrary approach, the pursuit of ideals only will result in disaster.

Here are some examples of ethical issues that we have encountered:

Case 1: Problems in handling personal information

When advertising condominiums on the Internet, cost-effectiveness is measured by the number of actual inquiries and reservations for open house tours made online. The personal information of customers acquired at this stage becomes essential for further promotion. In Japan, before the enforcement of the Protection of Personal Information act in 2005, most sales representatives printed out or copied such data onto their hard disks and carried them around without questioning the validity of the act. Once the law was enacted, we restricted the removal of clients' personal data, but the people in charge still went against such regulations occasionally for the reason of convenience.

To protect clients' personal information, we then proposed the use of a browse-only system which allowed our business clients to view a secured database on PCs in the office and on cell phones elsewhere. Many of our clients were reluctant to invest in the adaptation of this new system at first, due to the high cost.

After considerable discussion, we developed a system very similar to an application service provider. By providing the same service to businesses sharing the same problems, we were able to achieve low costs and also encourage clients to strictly comply with the law. As a result, they were able to protect Personal Information. Moreover, with trust and a good reputation gained, the cost of the system development was easily recovered and the whole project turned out to be fairly lucrative.

Case 2: Advertisement on an ASP-type real estate search engine

My company once created an ASP-type classified website for real estate agencies. Unlike some conventional methods of advertisement such as newspaper inserts, its advantage was that newly registered information was posted without any time lag. Once a deal was signed, the entry of the property was to be deleted from the page. It was the members' obligation to constantly update information on the page if they wished to enjoy the convenience of the website.

Unfortunately, however, certain members did not take this rule seriously and failed to update their information. We were very much concerned that obsolete material would produce false information that could affect the reputation of the website and the company itself. It could have also led to monetary loss.

Our first measure taken to deal with the problem was to build a program where non-updated entries automatically became unbrowseable after a month. This was met with a number of complaints, since deals in negotiation also became unbrowseable.

We then revised the plan and came up with an 'update all' button, which marked all existing information as the newest. The situation seemed to improve from the creation of the button, but we still had to heavily rely on each individual's sense of responsibility to run the website.

Case 3: Problems in the closure of a community website

We had an opportunity to create a website for a cafe franchise business that was specifically targeting mothers with toddlers with its new project. They had been already successful creating cafes with different concepts and had listed each of the subsidiaries. The website functioned as an extension of the community, and the number of users was increasing for a while, but unfortunately, the operation of the cafe did not go as well and soon they were forced to cut down on costs. Under the instruction of the president, a public relations representative asked us to close down the website immediately but we first advised against the closure.

It was easy to imagine the negative impact of the closure on the operation of the actual cafe, since the users of the website and the actual customers overlapped. However, the president did not take the problem seriously. If we had been able to warn the users a few months ahead of time, we could have contained the damage. But for the representative, the order of the president was absolute, and no appropriate steps were taken before the abrupt closure.

We could see in this example that a lot of businesses are still not as aware of the importance of corporate or information ethics as they should be. If the management of the cafe franchise business respected the individuals that composed the online community and knew its potential prospects, they could have taken better measures.

When confronted with problems, I fight my urge to turn around and instead try to come up with solutions by brainstorming with my staff. In such cases, these are what I try to keep in mind:

1. Education in information ethics to users is an absolute necessity in the Internet era.

2. Any potential ethical problems related to the use of the Internet should not be overlooked.

3. Businesses must accept the diversity of values in society and approach problems from different dimensions when discussing any violation of rights.

4. Businesses must be prepared to clarify their responsibilities, justify their actions and explain the criteria of such justifications, supposing that they will receive ethics-related complaints in the future.

5. In the world of the Internet where the values are so diverse, well balanced solutions to ethical problems are obtained only by listening to different voices and being committed to the problem solving process.

Arguments

As Chief Executive of a company, I believe that businesses in the information technology industry must have a keener awareness of the problems in ethics than those of other industries, and take it as their responsibility in society. As I said before, we must discuss the issues of information ethics from a global point of view, just as they do in the field of biomedical and environmental ethics.

Standardization of information ethics is essential when solving conflicts of ethics in today's society. It will show businesses the way to fulfill their social responsibilities while hedging risks. This will also profit individual users and receivers of information.

Rapidly developing Internet communities have presented us with difficult questions that cannot be solved with conventional approaches. For their strategic pillars, businesses in this era must understand information ethics and corporate responsibilities, build a reputation and relationship of trust with customers in the ever-changing global online environment, and hedge risks without sacrificing uniqueness.

As a moral agent with such strategies, we strongly hope to provide clients with not only services in information technology but knowledge of information ethics, give back to the community and encourage its development.

Current issues of the company as a final remark

We have recently signed a contract with a system developer in Shanghai, China. This will increase the need for a good understanding of information ethics from a global point of view. We must make continuous effort to achieve this.

As a student in the International Management Research Department in Aoyama University graduate program, I was given this opportunity to present my opinions. This was a great opportunity to reflect on the issues of my company objectively.

Acknowledgement

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