

History and Institutional Setting of Corporate Social Reporting (CSR): The Japanese Context

Md Tapan Mahmud¹

Abstract

The purpose of this study is to sketch the history of the Japanese CSR and put up the determinants of its unique institutional settings by following a semi-systematic literature review. Findings suggest that Japan has a rich history of environmental reporting. It is a code-low-based country where CSR-context is voluntary and is featured with flexible guidelines, social responsibility-based corporate philosophy and internally collaborative corporate culture; these attributes are positive for the growth of CSR in Japan. However, this growth could be halted due to excessive dependency on local guidelines; additional challenges for the Japanese CSRs are environmental-heavy disclosures, dwarfed social disclosures, information overload, overlooking ESG-based targets and less integration between the financial and non-financial parts of the CSR. This paper contributes by formulating an institutional framework dedicated to the understanding of Japanese CSRs' unique attributes; CSR-focused researchers and non-financial framework/standard setters are likely to draw value from this endeavor.

Keywords: Corporate Social Reporting (CSR), Institutional Setting, Japanese History, CSR trend, Environmental-Social-Governance (ESG).

1. Introduction

Japan is a unique country unlike most of the other countries of the world and the people here are proud of their culture and history. It is one of the most hardworking countries that set the highest benchmark for honesty and sincerity; interestingly, this apex leads towards a few pitfalls too. Being an island country, it had been isolated from the world for a long amount of time and got itself attached to the outside world not more than two centuries ago (Reischauer, 1989). Additionally, since 2002, Japan is among the top corporate social reporting (CSR) practitioners and currently, it is ranked 2nd in publishing

¹ Assistant Professor, Department of Accounting & Information Systems, Bangladesh University of Professionals, Email: mahmud.tapan@bup.edu.bd

integrated reports (IR) (Reporting Exchange, 2019; Schrader, 2019). Figures tell the tale of a healthy upward trend; in 2010, only 23 companies expressed through IR and in 2019 the number rose to 513 (KPMG, 2019). Unfortunately, Japan—with a terrific track record in the CSR arena—is severely understudied compared to the Anglo-Saxon countries, such as the USA, the UK and Australia (Mata, Fialho, & Eugénio, 2018). Therefore, the institutional setting of Japan is worth investigating, as regards how its determinants are connected to business/management practice, especially, CSR practice. Moreover, understanding a certain business practice deserves a history-based background check because organizational culture impacts all the aspects of a business (along with CSR) and it is related to a specific business history (García-Sánchez, Rodríguez-Ariza, & Frías-Aceituno, 2013; Rowlinson & Procter, 1999).

The motivation of this study flows from the uniqueness of Japanese business culture and contextual determinants impacting CSR practices. Consequently, the research objectives are to portray the historical background and developmental aspect of Japanese environmental/corporate social reporting practices, to note the unique trend, properties and challenges of Japanese CSR and to accumulate the determinants of the Japanese institutional setting configuring the context of CSR practices.

Logically, the research questions are a) what are the evolutionary staircases of Japanese CSR? b) how one can characterize Japanese CSR? c) what are specific determinants of the Japanese institutional setting related to CSR practices? This paper adds value by laying out the unique determinants of the institutional setting of Japanese corporate social reporting practice and is most beneficial for two parties, such as scholars investigating in the CSR arena and non-financial framework/standard setters.

2. Research Methodology

This paper intends to track the historical grounds and note the development paths of Japanese CSR. Simultaneously, it seeks to harness the state of knowledge pertinent to the salient characteristics of Japanese CSR along with the institutional setting that culture its growth referring to research endeavors of diverse disciplines; this context leads towards the usage of a semi-systematic

literature review method (Snyder, 2019; Wong, Greenhalgh, Westhorp, Buckingham, & Pawson, 2013). Data sources are secondary, e.g., guidelines, website information, surveys of Ministry of the Environment (MOE), Ministry of Economy Trade and Industry (METI), Financial Services Agency (FSA), Japan Exchange Group (JPX), Tokyo Stock Exchange (TSE), websites of various Japanese environmental groups, related Japanese acts, publications of independent bodies focused on CSR-investigation and scholarly outputs of multiple disciplines. Consequently, information found was attached to the keywords of this research to form a logical discussion platform.

For developing the Japanese CSRs' historical background, a year-based chronology has been maintained marking the developments and potential forces behind those. Additionally, the properties of the Japanese CSRs are compared with the international counterparts to have a clearer picture of the uniqueness of Japanese practice. For putting up institutional setting of the Japanese CSR, at first, determinants of social reporting are noted from previous literature; consequently, these determinants are transposed into the Japanese context with the help of related literature. To add, the term CSR is used interchangeably with integrated reporting (IR) and sustainability reporting (SR).

3. History and Development of the Japanese Environmental Reporting/Corporate Social Reporting (CSR)

The development of social disclosure practice in Japan has been on the slower side compared to the counterparts of Europe and the USA (Yamagami & Kokubu, 1991). In the post-war Japan massive industrialization degraded the environment. Additionally, around the 1980s and 1900s, society's confidence in companies diminished remarkably due to numerous business scandals. Therefore, to increase public trust companies were pushed to announce their commitment (again) towards 'Co-habitation', i.e., *kyosei*, through business communication channels (Kokubu,Kitada, & Haider, 2014).

Interestingly, the Origin of the Japanese CSR/environmental reporting can be traced back to the 1980s; such practice was a tiny part of the mainstream business communication platform and perceived mainly as a public relation tool (Kawahara, 2017; Saka & Noda, 2013). Cooke (1991) noted that listed (larger) manufacturing companies disclosed the most; during these initial days, the said

reporting practice focused largely on environmental information, and interestingly, the companies—mainly belonging to the steel, metal, chemical, oil and pharmaceutical industries—used to utilize this as an advertising platform (Okuyama, 1992). Following this, most major companies in Japan started to issue environmental reports in the 1990s; remarkably, during this timeline, environmental reporting issues were mostly influenced by industries, not by the government (Kozuma & Umezawa, 1995). Consequently, in the early 2000s, among the largest Japanese companies, publishing corporate social reporting became a common phenomenon (PWC, 2020).

Throughout the development process of the CSR, governmental guidelines have been playing a vital role (Isogai & Tahara, 2015). In 1997, the Agency of the Environment—currently, Ministry of the Environment (MOE)—issued the maiden ‘Environmental Reporting Guideline’ and in 2001, Ministry of Economy Trade and Industry (METI) published the ‘Environmental Reporting Guideline 2001’ focusing on the stakeholders’ issues; pursuing this, the percentage of companies disclosing environmental reports peaked in 2002 (44%) and decreased gradually afterward (MOE, 2017). Between 2001-2002, reporting practices started to embrace more (an increase of 20%) non-environmental items (Miyata, 2004). Governmental publications started to have a firmer grip on the context as the cabinet ended up on a verdict to embrace ‘Fundamental Plan for Establishing a Sound Material-Cycle Society’ in 2003; it was marked as the first year of corporate social responsibility, paving the path for sustainability reporting (Tanaka, 2013; Isogai & Tahara, 2015). From this year the transformation process of environmental reports to CSR began, quietly (Yamaguchi, 2014). Moreover, since 2003, Japanese companies began to recognize the importance of non-environmental information other than traditional environmental information; however, such movement pushed the volume of quantitative environmental information down and it promoted qualitative deterioration of the non-financial reporting practice (Kozuma, 2007). To add, by 2007, the transformation tide from environmental reporting to CSR became strong; this shift led towards a markable reduction of environmental information (Murakami, 2007). Furthermore, post-2002, environmental reports started to become a part of the annual report in the form of integrated reports (IR) (MOE, 2017).

Since 2015, publications of the corporate social reporting started to get true momentum and three specific sets of guidelines—Government Pension Investment Fund (GPIF), Stewardship Code and Corporate Governance Code—impacted this momentum, largely (PWC, 2020). GPIF is the largest accumulation of retirement savings funds in the world. It is under the supervision of the Minister of Health, Labor and Welfare and was founded in 2006. Interestingly, GPIF has a certain set of ESG-indicators and investment guidelines, which impact the movement of the capital market gravely. Following the financial crisis of 2008, Ito Review got published in 2014. It focused on improving the communications between companies and investors through constructive engagement mechanisms and suggested the regulatory authority redesign their disclosure requirements focusing on consistency, comparability and long-term value creation by putting up a corporate governance code; subsequently, tracking these recommendations Stewardship Code and Corporate Governance code were published. Financial Services Agency (FSA) of Japan formulated Stewardship Code in 2014. It emerged to establish the fiduciary duties of the institutional investors and was adjacently followed by another code—Corporate Governance Code—in 2015, set by Japan Exchange Group. This code postulates 5 fundamental principles for effective corporate governance and is a vital influencer in current corporate reporting practices.

Recent developments in the influential publications from both governmental and non-governmental sources have vital impacts on the CSR horizon. Major publications are Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2017, Environmental Reporting Guidelines 2018, Stewardship Code 2020 and Corporate Governance Code 2021.

4. Trends and Properties of Japanese CSRs'

Japanese CSR started its journey from a tiny space of the mainstream annual report—in the form of loose disclosures—and is currently one of the highest CSR-practicing countries in the world. In this journey, Japanese CSR practice has got itself into several different molds that explain its trend and properties. The following paragraphs will shed light on the reporting trend, reporting properties—with international comparison—and perceived challenges of the Japanese CSR practice.

4.1 Reporting Trend

Yamagami and Kokubu (1991) investigated the early stage (the mid-1980s) of environmental/social disclosure practice of Japan and concluded that in the mainstream mandatory annual report there was no related social disclosure; however, there was some social information in the voluntary—operation report, English version of the annual report or public relation reports—communication channels. Interestingly, Fukukawa and Moon (2004) updated the previous studies and noticed remarkable growth in all sorts of categories, especially, that are focused on environmental responsibility. For such growth both domestic (social awareness regarding public health and environment, governmental guidelines and laws, Kyoto protocol) and global (adoption of ISO 1400 and other international frameworks) factors were responsible. They also noted that environmental disclosures started to become institutionalized through guidelines, policies and external standards. Nonetheless, on the flipside, disclosures related to community involvement, employee relations and consumers continued to be below average.

The Japanese government has been a significant influencer in the development and expansion of CSR and has been flexible enough to offer voluntary guidelines and suggestions to ensure a cooperative relationship with firms (Lewin, Sakano, Stephens, & Victor, 1995). It formulated a favorable business environment by providing interpretational flexibility to the companies (Choi & Aguilera, 2009). Kokubu and his co-researchers (Kokubu & Kurasaka, 2002; Kokubu, Nishioka, Saio, & Imai, 2003; Kokubu & Nishioka, 2005) investigated the role of government in influencing and spreading environmental accounting practice; they postulated that MOE's Environmental Accounting Guideline vibrated the content and format of environmental reporting, and it also pushed the number of reporting companies up. Moreover, the Environmental Management Accounting Workbook from METI also played a major role.

The impact of globalization happened to be another ground for which CSR practice in Japan had the wind in its sails (Fukukawa & Teramoto, 2009). Japan was influenced by globalized corporate practice through foreign (mainly western) ownership and sales, which forced them to adopt GRI guidelines; such adoption of western approach towards CSR practice boosted the related disclosure presence in Japan (Tanimoto & Suzuki, 2005; Williams & Aguilera, 2008).

Interestingly, this upward trend of CSR was found in some specific industries. Almost all the high environmental impact companies—manufacturing, transportation, energy, utility—used to publish CSR; although, it was less prevalent in the trade, retail, finance, insurance, securities, communication, media and construction industries (KPMG, 2008). Other variables that have been influencing the CSR practice are stakeholders (pressure from environmental conservation and lobby groups, employees, shareholders, governments etc.), size of the company (larger firms disclose higher-quality CSR information), fines and penalties (firms facing penalties tend to disclose more positive environmental information), visibility in media (higher social visibility means more disclosure), maintaining support of the procuring company (local suppliers post governance information to stick to MNCs) (Branco & Rodrigues, 2008; Huang & Kung, 2010; Kamal & Deegan, 2013; Saka & Noda, 2013; Tanaka, 2015).

To add, the motivation from the report preparers' side to disclose intensively was not straightforward. According to Murakami (2007), stakeholder pressure was not a major variable in influencing CSR practices, rather the motivation seemed ambiguous. On the same note, Kokubu (2015) concluded that CSRs' were public relation (legitimacy focused) tools and digest oriented. Intriguingly enough, intensive environmental disclosure practice was reduced by a great margin around the timeline of 2015; because some of the companies preferred a mandatory disclosure framework and were seeking specifically requested categories of information to disclose (MOE, 2017).

Nowadays, IR is on the verge of becoming an institutionalized reporting practice, from the perception of (large) listed companies. Since 2010 IR is on a roll, in that year only 23 Japanese companies published IR, and in 2019 IR-publishing companies raised to 513 (KPMG, 2019). Companies having a strong shareholder influence are disclosing IR in an active manner. However, IR-issuing companies might disclose less amount of ESG-information and overall disclosure volume may decrease (Kawahara, 2017). A separate SR along with IR may solve this issue (Yamaguchi, 2014); unfortunately, the existing trend is not there yet to support a dual CSR approach.

Currently, among the large companies, the most popular framework is GRI, which is claimed by 60% of companies; sadly, the actual amount of

implementation of the said framework is only 14% (PWC, 2020); and Japan is ranked in the second position now as regards to the publication number of IR (Reporting Exchange, 2019). Apart from GRI, other commonly used frameworks are Environmental Reporting Guidelines, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, ISO 14000 & 26000 and UN Global Compact (Ali, Haider, & Islam, 2015; Albrecht & Greenwald, 2014; Tanaka, 2015); IIRC as a framework for CSR is catching up with others, though.

4.2 Reporting Properties

Japanese reports are a bit on the heavy side; average length of the largest 50 companies' CSR is 113 pages. Along with commonly identified material issues that hover around the categories of governance, materiality analysis and KPI-based numerical data reports contain case studies that are irrelevant to the investors. Moreover, instead of being 'Integrated', the financial and non-financial parts of the reports seem to be 'Combined'; these issues indicate that Japanese CSRs' suffer from information overload. Additionally, when it comes to the assurance of CSRs', 66% of the large companies offer 'Limited' assurance, not 'Reasonable' assurance; it covers only selected numerical performance indicators, in which the most commonly assured data category is greenhouse gas (GHG) emission. While disclosing relevant goals and targets, 60% of the Japanese companies set targets related to their material issues; still, these targets are mostly connected to financial performance-based indicators e.g., revenue, ROE and so on. Regrettably, ESG-data related targets are not treated in the same way; it lacks relevant and measurable connection to identified material issues (PWC, 2020).

Reported categories of information in the Japanese CSR are dominated by environmental issues; prioritized reporting subjects in this domain are emission, pollution, climate change and related resources. Contrastingly, governance and social issue-related topics are lagging. Comparing preferred disclosure categories of Japan with the rest of the world and with 10 major—the USA, China, Germany, UK, India, France, Italy, Brazil and Canada—economies gives us the following picture in table 1 (Reporting Exchange, 2019).

Table 1: Comparison of Preferred CSR Information-Category: Japan, Rest of the World, 10 Major Economies

Japan	Rest of the World	10 Major Economies
Emission/pollution (E)	Accountability (G)	Product and service responsibility (S)
Climate change (E)	Emission/pollution (E)	Accountability (G)
Resources (E)	Employment conditions, policies and practices (S)	Climate change (E)
Energy (E)	Waste (E)	Emission/pollution (E)
Waste (E)	Product and service responsibility (S)	Employment conditions, policies and practices (S)
Accountability (G)	Water (E)	Waste(E)

Legends: (E) = Environmental, (S) = Social and (G) = Governance

Yamaguchi (2010) did an intensive study on Japanese CSR and confirmed that this contained information regarding overseas offices, subsidiaries group companies and suppliers, showed a clear linkage between social efforts and core business, focused on PDCA (plan-do-check-act) based management cycle, gave importance to accuracy, confidentiality, and materiality along with stakeholder engagement. He also pressed that these reports preferred environmental disclosures and information on local activities.

4.3 Key Challenges

Japan has a rich history of environmental reporting and is remarkably efficient while disclosing environment-related information. Currently, it is one of the highest CSR practicing countries in the world; still, it has a few challenges to overcome.

Japan is lagging far behind when it comes to disclosing on social field, especially, information related to social performance and social impact of CSR activity; employee relation—a subsection of social field—related disclosure is yet to be reported in a detailed manner because it is considered as classified information to most of the companies. Moreover, Japanese CSRs' offer a poor

linkage between corporate social activities and business strategy and are still to broaden their focus on reporting global activities (Ali et al., 2015; Yamagami & Kokubu, 1991; Yamaguchi, 2010).

In Japan, the concept of CSR is misunderstood (Kawahara, 2017). It is confined to reporting on environmental conservation, occupational health and safety, and social performance activities; this conceptualization is a bit narrow compared to the idea of 'Corporate sustainability' of Europe (Isogai & Tahara, 2015). Additionally, disclosures chosen to be reported can be a product of information strategy and arbitrary processes (Kozuma & Horie, 2008). Such arbitration lessens the credibility of CSR and it can be interpreted as an unnecessary marketing tool; researchers also cast doubt on the utility of disclosed information (Kokubu, 2015; Tanaka, 2015; Yamaguchi, 2014). Moreover, even if multiple guidelines are referred to in the Japanese CSRs', companies may follow the local social values for reporting (Saka, 2016).

5. Japanese Institutional Setting for CSR

'Institution' refers to varied rules, regulations, ideas, understanding and cultural frameworks that advance to a level of social permanency, which is subject to a given context. Socially permanent actions/processes and organizational forms are understood as 'Institutionalized' and gain taken-for-granted status. Furthermore, highly institutionalized actions go beyond the discretion of individuals and firms and are considered as legitimate practices. These institutions have a reality of their own and create an external coercive force on individuals, which eventually shape organizational behaviors (Berger & Luckmann, 1966; Meyer & Rowan, 1977; Zucker, 1987).

There are numerous variables defining institutional setting and quality of a reporting domain. According to La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1998) and Jackson and Roe (2009), the institutional setting of corporate reporting is vibrated by legal system origin/settings, compliance framework and investor protection system, e.g., judiciary efficiency, rule of law (accountability mechanism) and corruption. FEE (2001) had a bit broader coverage and locked corporate governance, statutory audit, oversight system, courts, and sanctioning system as the makers of an institutional setting. This investigation's scope is

corporate social reporting and hovers around the exceptional Japanese context, hence, enumerating all the variables from the last paragraph seems a bit uncalled for. Thus, these (selected) factors of institutional setting related to the Japanese CSR context are going to be amplified: corporate governance, guidelines, legal system/framework, investor protection and corporate (management) philosophy and culture.

5.1 Corporate Governance

Japanese corporate governance system was a diverse one to start with; it faced homogeneity in between and is moving towards diversity once again, gradually (Jackson, 2009). This system can be traced back to the Meiji period and it was typified by diversity (Jackson, 2001). In this timeline, the government did not have strong enough infrastructure to formalize administration and control and was dependent on informal relationships with the leading entrepreneurs; additionally, it experienced *zaibatsu* firms featured with family ownership which gradually moved towards holding companies. In the interwar period, Japanese corporate governance became more diverse due to an active stock market. During, the 1940s (wartime), the state exercised a more formalized intervention in the system and vouched for a stronger relationship between banks and companies; it also displaced unions in a coercive manner and integrated employees into companies (Gordon, 1988; Morikawa, 1992; Okazaki, 1994; Teranishi, 2005). To follow, in the post-war period corporate governance hinged towards homogeneity and democratization and the well-known concept of *J-firm* corporate governance emerged.

Traditional Japanese (*J-firm*) corporate governance is featured with three attributes, e.g., dominance of a main bank, cross-holdings of strongly tied firms, and intensive focus on a specific stakeholder group, i.e., employee. Each company had an utterly close relationship with a big bank and it used to be the largest institutional investor holding a substantial number of shares to have a loud voice in the board formation and company management. Again, companies and banks had shares of each other as affiliated firms that provided them easy access to private management along with accounting information, and boards were insider-dominated; these reduced the demand for external reporting and assurance. Furthermore, members of the employee community had close

relationships with each other; they were offered lifetime employment provision, job-rotation-based training and seniority-based wages and promotion (Aman, Beekes, & Brown, 2021; Jackson, 2009).

This *J-firm* corporate governance got reshaped and modified over time through various domestic and overseas factors; eventually, it went back to diversity. In the early 1980s, Japanese financial markets got globally connected, big Japanese banks lost their clients and cross-shareholdings decreased (Fujiyama, Gray, & Koga, 2020). In the early 1900s, to face a prolonged deflation Japanese government embraced various financial reforms, such as 'Big Bang'; accounting and auditing standards were revised to converge with international standards (Aoki, 2007) to add, foreign investors emphasized management-monitoring, detailed corporate disclosure and firm performance (Desender, Aguilera, Lopezpuertas-Lamy, & Crespi, 2016; Aguilera, Desender, Lamy, & Lee, 2017). Consequently, the Japanese product market was globalized, industrial competition became more complex, and the main bank could not afford to monitor the affiliated firms properly anymore; hence, the external evaluation mechanism became stronger and management had to become more careful. Moreover, there were a series of accounting scandals in the 2000s involving big names, such as Kanebo, Yamachi, Olympus, Toshiba and so on; the management and auditing practices were questioned, and traditional Japanese honor was hurt. The government, in response, in 2013, amended the Certified Public Accounting act, which was largely influenced by the US Sarbanes-Oxley Act (The Japan Times, 2016). Since 2003, Japanese firms had a leeway of choosing either traditional two-tier—board of directors and board of corporate auditors—governance model or a committee system consisting of a board of directors along with three—nomination, audit and remuneration—different committees (Itami, 2005). Since 2004, TSE is giving more importance to corporate governance and translucent disclosure practices (TSE, 2004). Additionally, since 2010, Japanese companies could adopt IFRS and by 2020, approximately 200 companies (mainly large ones) had opted to do so (JPX, 2020). Consequently, in 2014, Japan had Stewardship Code 2014 (FSA, 2014) (focusing on fiduciary responsibilities of the institutional investors) and Corporate Governance Code 2015 (focusing on

independence and expertise of outside directors instead of insiders); this code vouched for stakeholder rights, board diversity and external auditors and included rules for whistleblowing and disclosure transparency (TSE, 2015).

5.2 Guidelines

Environmental Reporting Guideline (2018) – Ministry of the Environment (MOE)

The first version of this guideline was released in 2000; it was again updated in 2012 and the latest version was published in 2018 (MOE, 2018). It has a framework for integrated environmental reporting with an attachment to international regulation. To add, it pushes the entities to explain their unique sustainability by identifying and reporting their specific material issues. The guideline includes two distinctive chapters indicating basic information requirements of environmental reporting and specific items to be reported in the report. Specifically warranted items in the report are top management commitments, governance, stakeholder engagement, risk management, business model, value chain management, long-term vision, strategy, methodology for identifying material environmental issues, entity's specific material environmental issues; performance indicators amplifying these items are also requested, such as climate change, water resource, biodiversity, resource circulation, chemical substance and pollution prevention.

The 2018 version is updated from several perceptions, compared to the 2012 guideline. It asks for both conventional environmental management information and forward-looking non-financial data, requires financial impact (cost and benefit) of the identified environmental issues of a specific entity and demands supplementary items, i.e., guidance, technical notes, the process of report preparation, examples etc.

Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (2017) – Ministry of Economy, Trade and Industry (METI)

This guidance (METI, 2017) is pillared on the ‘Study Group on Long-term Investment toward Sustainable Growth’, which was a part of the corporate governance reform initiative of the government, under the umbrella of ‘Japan

Revitalization Strategy 2016'. The relationship between the Japanese companies and investors is not tight enough. To overcome this scenario 'Ito Review' was initiated in 2013; in 2014, it suggested cultivating collaborative value creation involving companies and investors through constructive dialogue. This guidance is one of the followers of 'Ito Review'; it is expected to serve two parties: managers/directors and investors. By following this guidance corporate managers/directors can comprehensively communicate vital information to the investors, which will enhance the quality of company-investor dialogue and ultimately, corporate value.

Interestingly, corporate value creation processes are specific to companies and hence, entities are free to opt from a plethora of items related to their business models; order and contents of the opted items can be chosen freely, too. On the flip side, this guide will aid both institutional and individual investors to evaluate companies from a long-term perspective, taking investment decisions, initiating stewardship activities, conducting dialogue with companies, and monitoring investee companies. Specific reporting-contents warranted in this guideline are related to corporate values, business model, sustainability and growth, strategy, performance and KPIs, and governance.

Stewardship Code (2020) – Financial Services Agency (FSA)

Due to the traditional *J-firm* style corporate governance institutional investors usually had the luxury to play a passive role in the management by voting blindly for the management or by not exercising their votes at all; thus, the managers could opt for actions opposite to shareholders' interests. To reverse this scenario, FSA published 'Principles for Responsible Institutional Investors <<Japan's Stewardship Code>>' in 2014 to push the institutional investors to be more involved with the investee companies leading towards sustainable growth and dialogue. The first revision was released in 2017 and the current version (FSA, 2020) is amended emphasizing the items of ESG issues, agenda-item voting, asset class coding and the roles of institutional investors.

Stewardship responsibilities refer to increasing the medium to long-term investment return of the clients and beneficiaries through constructive engagements pillared on an in-depth understanding of the entity. However, they are not legally bound to follow this code and can ignore any of the code's provisions by simply notifying why they are not doing so. It boils down to eight principles to aid the execution of stewardship responsibilities, which are related to the clarification of the stewardship responsibilities, its degree of fulfillment,

management of conflict of interests, sustainable growth, engagement with investee companies, skills and resources required for such engagements, voting-based disclosures and association with the related service providers.

Corporate Governance Code (2021) – Japan Exchange Group (JPX)

Corporate Governance Code—originally published in 2015, then revised in 2018 and the latest revision is in 2021(TSE, 2021)—set out the fundamental principles for effective corporate governance and items for engagement that the institutional investors and entities are expected to focus on. It is distributed by the JPX and has been incorporated in the listing rules of the TSE on a (flexible) ‘Comply-or-explain’ basis; it is complementary to the Stewardship Code.

It considers a principles-based approach towards corporate governance and opts for five fundamental principles: securing the rights and equal treatment of shareholders, cooperation with stakeholders other than shareholders, ensuring appropriate information disclosure and transparency, responsibilities of the board and dialogue with shareholders; in the latest version board independence, diversity and sustainability and ESG issues have received more attentions.

5.3 Legal System/Framework

Largely, the Japanese companies are guided, rather than ruled while disclosing ESG information. Moreover, Japan is a ‘Code law’ country that provides flexibility in pursuing acts (Aman et al., 2021). Intriguingly, the Japanese Companies Act (Act No. 86, 2005) does not provide any specific regulation dedicated to ESG-issues. It puts up the basic principles regarding the rights and obligations of management organs and related disclosures. There are three articles that are related to corporate governance and business report; these are article 373: from six or more directors one or more of the directors shall be from outside, article 400: a majority of the committee members shall be sourced from outside, and article 435: every year the companies should publish a business report with annexed detail statements along with the regular financial statements. Remarkably, only article 435 is related to ESG disclosure.

Nonetheless, there are few acts/laws (follow table 2) that may mandate some specific entities to disclose ESG information (Fitriasari & Kawahara, 2018); organizations other than the specific entities are exempted from the compulsion or can abide by with a ‘Comply or explain’ basis.

Table 2: Specific Acts Influencing Japanese CSR

Year	Act	Reporting focus	Penalty
2020	Act on Improving Transparency and Fairness of Digital Platforms	Refusal criteria to a deal, search ranking factors, terms and conditions to acquire data about sellers' items and consumers' buying behavior	Up to 500,000 JPY
2015	The Act on Promotion of Women's Participation and Advancement in the Workplace, Act No. 64	Rates of newly hired female employees, gender gap, working hours, female manager rates and gender equality action plan	N/A
2004	Act on the Promotion of Business Activities with Environmental Consideration, Act No. 77	Environmental information	Up to 200,000 JPY
1999	Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, Act No. 86	Disclosures related to the Pollutant Release and Transfer Register' (PRTR), management of chemical substance	Up to 200,000 JPY
1998	Act on Promotion of Global Warming Countermeasures, Act No. 117	Carbon dioxide equivalent greenhouse gas emission	200,000 JPY
1986	Railway Business Act, Act No. 92	Safety reports: management of safety challenges	N/A
1979; amended in 2008	Act on the Rational Use of Energy, Act No. 49	Efficient usage of energy in factories and business arenas	Up to 500,000 JPY
1970; amended in 2010	Act on Waste Management and Public Cleansing, Act No. 137	Waste management status and process	Financial sanction
1952	Civil Aeronautics Act, Act No. 231	Safety reports: management of safety challenges	N/A
1948; amended in 2006 and 2019	Financial Instrument and Exchange Act, Act No. 25	Numbers of females in managerial and executive positions, corporate management strategy, directors' remuneration, cross-shareholdings and corporate governance	N/A

5.4 Corporate (Management) Philosophy and Culture

In Japan, all the firms have company philosophies, and it is assumed that these guide and formulate corporate objectives, goals and job specification (Yoshida, 1989); e.g., Toyota has a philosophy of committing itself to customer, community, employee and environment, whereas Toshiba's philosophy commitment is targeted towards people and the future (Wang, 2009). Corporate philosophy is dependent on shared values and values are formed through the support of the (top) management (Picken, 1987). Employees' behavior, attitude, beliefs, skills, perspectives, habits and prejudice impact organizational culture (Madu, 2012); again, their view of reality and organizational practices define organizational culture, which is difficult to alter (Ledford, Wendenhof, & Strahley, 1995). According to García-Sánchez et al. (2013), culture and corporate transparency are tangled with each other and corporate report—assumed as a means of corporate transparency—is connected to the company's culture. Moreover, Vitolla, Raimo, Rubino, and Garzoni (2019) also found a positive relationship between cultural aspects and the quality of CSR. Therefore, whatever is being practiced and being believed as a part of the natural flow of operations in an organization will influence all the aspects, even the CSR practice of it. The following paragraphs will aid to understand the corporate philosophy and culture of Japanese companies.

To comprehend Japanese corporate philosophy, one may want to look at some typical Japanese terms, e.g., *kyosei*, *tatemae*, *honне*, *jishukisei*. Again, to get a grip on the corporate culture, *Kaizen*, 'Theory Z' and various typical Japanese corporate culture terms may be referred to.

Kyosei, Tatemae, Honne and Jishukisei

Confucian philosophy influences *kyosei* and is instrumental in the creation of Japanese business codes of ethics. *Kyosei* is synonymous with the notions of fair business practice and corporate responsibility towards community. Moreover, companies pursuing *kyosei* formulates harmonious relationships with their customers, suppliers, competitors, government, and natural environment, e.g., Canon puts *kyosei* at its center of business credo; other Japanese companies that have *kyosei* installed in their operations and declare adherence to it in their CSRs

are Sumitomo, Matsushita Electric (Panasonic) and so on (Boardman & Kato, 2003). According to Wokutch and Shepard (1999), the concept of *kyosei* can be expanded to include the ideas of environmental protection, workplace harmonization, diversity, extended stakeholder coverage, macro view of business ethics and social responsibility embedding local/regional community. Canon (2019, p. 2) speaks loudly regarding their corporate philosophy, which is as follows:

“Following half a century of operations, Canon adopted kyosei as its corporate philosophy in 1988, expressing clearly the company’s firm commitment to working together with stakeholders around the world. Kyosei is the aspiration to create a society in which all people, regardless of race, language or culture, harmoniously live and work together for the common good into the future. Canon is pursuing the realization of a sustainable global society based on the philosophy of kyosei”.

Tatemae (adherence to social norms), *honne* (personal motivation) and *jishukesei* (self-regulation) are three distinctive terms that can explain a specific philosophical configuration of the Japanese companies. A typical Japanese company is more likely to pursue *jishukesei* compared to the other regions of the world (Porter & Ronit, 2006) and follow a voluntary approach towards environmental conservation (Volden & Wiseman, 2012). Hence, it can be safely stated that Japanese companies self-regulate themselves and are ready to sacrifice their *honne*, accept *tatemae* and practice corporate social responsibility and reporting thereby (Schaede, 1999).

Interestingly, Japanese people are also affected by *honne* and *tatemae*. They are ready to let go of their personal opinions or motivations to have a mutually harmonious society by adhering to social norms (Sato, 2018). They care about the environment, initiate various environmental entrepreneurship, respect nature and are accustomed to a highly strict recycling and waste management system. This philosophical position of the Japanese citizens has a rippling impact on the companies and they expect the companies to hold the same spirit (Madein, 2020).

Kaizen, Theory Z and Typical Japanese Corporate Culture Terms

In 1986, Masaki Imai coined the term *Kaizen*— *kai* means ‘Change’ and *zen* refers to ‘For the better’—that speaks about the Japanese employees’ adherence to continuous improvement. This improvement can be done every day (continuous), for everybody (from CEO to line-workers) and everywhere (all the departments). It is the key to Japan’s competitive success and is recognized as a pillar of a firm’s long-term strategy (Imai, 1986). Furthermore, Ouchi (1981) coined the term ‘Theory Z’ supporting the typical Japanese management style that vouches for ‘Generalist’ path for the employees, who are expected to be under continuous training process through job rotation in all possible departments of the company; this system produces a dedicated, loyal and permanent workforce; however, in this method promotions happen rather slowly. It is assumed that there remains an intimate working relationship among employees; they embrace a sense of order, discipline and a hard-working mentality. *Kaizen* and Theory Z sum up a typical Japanese corporate/workspace culture.

Additionally, the Japanese employees have the ability to put up with an unpleasant scenario (*gaman*), want to be at the place of operation/problem (*genba shugi*), desire to be rotated to different positions expecting life-long employment (*jinji ido*), prefer internal promotion (*shanai shoshin*), want to avoid future recurrence of the same problem (*saihatsu boshi*), are flexible enough to take additional responsibility (*jungansei*), are keen to learn by observing (*minarai*), and work closely with the supervisors by reporting (*hokuku*), updating (*renraku*) and consulting (*sodan*) with them regularly (Japan Intercultural Consulting, 2021; Miroshnik & Basu, 2014). Overall, Japanese personnel have excellent internal relationships within the community, work the hardest, have respect for seniors, expect lifetime employment, accept seniority-based payment and promotion, stand for each other in a time of need—all these denote a collaborative internal culture.

According to CIMA (2020), an internal collaborative culture that facilitates exchange of data and ideas is befitting to create a fertile ground to culture integrated thinking and reporting. Equivalent support can be found from García-Sánchez et al. (2013), who postulate that companies with strong collectivist values increase the quality of CSR. Again, when the ideas of *kyosei*

and *kaizen* are installed in company philosophy, it reflects the adherence to corporate social responsibility, care for others, fair business practice and an attitude of continuous improvement; these are pivotal for the growth of CSR in Japan.

6. Findings and Discussion

Japanese companies started with tiny social/environmental disclosures in a small space of regular annual reports and occasionally with separate booklets. Earlier, they considered it as a PR tool; later, with government interventions and publications they started to understand the importance and environmental reporting became common. Consequently, the movement of environmental reporting shifted to CSR and disclosure categories became vibrant consisting of less environmental-based information, though Japanese CSRs' are historically environmental-heavy. Following this movement, nowadays, Japan is embracing the idea of integrated reporting—the second-highest reporting country of the world—and sustainability reporting with both hands. Ministries, METI and MOE, and various other governmental and non-governmental bodies are highly responsible for such development in the Japanese CSR horizon.

Japanese CSRs' have been following a distinctive trend and depict interesting properties through their disclosure-category choice. The government has always been the vital-most players in setting pathways for the Japanese CSRs'. Japanese CSRs' revolve around a voluntary reporting premise by (mostly) adhering to several guidelines from the government. These are flexible and interpretable from multiple perceptions; hence CSR efforts are comfortable for the companies. Due to globalization, Japanese companies are complying with few international frameworks—GRI is the most preferred one—for preparing CSRs'; however, in reality, their preference towards local values is visible in the CSRs', as they report following the guidelines of METI and MOE along with other domestic codes. Factors that are responsible for the growth of CSR practices in Japan are stakeholder pressure, sanctions, media visibility, company size etc. In Japan, the high environmental-impact companies tend to report more; however, motivation for reporting is (broadly) PR-based and stakeholder pressure seems to be a minor variable in CSR publication. Furthermore, Japanese CSRs' suffer from

information overload, lack of assurance, lack of integration between the financial and non-financial parts and do not disclose ESG-based targets; compared to the other parts of the world, these reports concentrate too much on environmental information and ignore social-category-based disclosures.

Historically, the traditional *J-firm* governance system has been ruling the institutional setting of Japanese CSR; in this system, external reporting is not utterly required, since companies and management are only accountable to a close group of institutional investors. However, when such governance got disturbed with deflation, market crash, 'Big Bang', globalization and digitalization the importance of external reporting (CSR) rose to the next level and companies started to follow a few international frameworks too. Domestic guidelines from MOE and METI ask for environmental conservation/performance-based disclosures and broad ESG-based disclosures, respectively. Additionally, Stewardship Code focuses on the fiduciary responsibilities of institutional investors and Corporate Governance Code requests for disclosures related to rights and responsibilities of various parties of business and gives sheer importance to disclosures attached to board members, diversity and ESG-issues. Moreover, Japanese CSRs are vibrated by a few acts/laws; here, specific issues related to GHG emission, chemical substance management, energy efficiency, diversity, safety/security management, women-friendly workspace etc. have received attention. Again, violation of some requirements of these acts leads to sanctions. From the perception of philosophy—*kyosei, tatemae, honne, jishukisei*—and organizational culture—*kaizen, theory Z*—Japanese companies are affirmative towards social responsibility and their workplaces nurture an internalized collaborative culture; these have a positive relationship with the quality of CSR.

7. Conclusion

Japanese institutional setting—modified *J-firm* corporate governance, guideline and code-focused voluntary reporting context, social responsibility-based corporate philosophy, internally cohesive workspace—supports the growth of CSR. However, occasionally, a narrow understanding of the objective of CSR and too much dependence on local guidelines may slow down the growth of Japanese CSR and limit the breadth of related ESG disclosures. To add, the

Japanese CSR practices is yet to overcome some key challenges in their reporting attributes, such as information overload, less integration between financial and ESG disclosures, environmental-heavy disclosure and less importance on social category-based disclosures and ESG-based targets; researchers are also skeptical regarding the utilization of CSR-disclosures on the part of both the companies and stakeholder groups.

Since review sources were identified in various disciplines and forms, the sheer abundance of the prospective samples made it utterly difficult to formulate this semi-systematic review covering all those sources; hence the representativeness of this study is a bit compromised, potentially. Researchers related to CSR and non-financial standard/framework setters may take specific notes regarding the properties and determinants of institutional setting of the Japanese CSR-arena and inject those in their endeavors thereby.

Reference

Aguilera, R.V., Desender, K.A., Lamy, M.L.P. & Lee, J.H. (2017). The governance impact of a changing investor landscape. *Journal of International Business Studies*, 48(2), 195-221.

Albrecht, P. & Greenwald, C. (2014). Financial Materiality of Sustainability—The Japanese Context. *The Journal of Corporate Citizenship*, 22, 31-52.

Ali M., Haider, M.B. & Islam, M.T. (2015). Revisiting Corporate Social Disclosure in Japan. In Noronha, C. (Ed.). *Corporate Social Disclosure* (pp. 201-235). London: Palgrave Macmillan.

Aman, H., Beekes, W. & Brown, P. (2021). Corporate Governance and Transparency in Japan. *The International Journal of Accounting*, 56(1), 1-40.

Aoki, M. (2007). Conclusion: Whither Japan's Corporate Governance? In Aoki, M., Jackson, G. & Miyajima, H. (Eds.). *Corporate Governance in Japan* (pp. 427-448). New York: Oxford University Press.

Berger, P.L. & Luckmann, T. (1966). *The social construction of reality: A treatise in the sociology of knowledge*. New York: Penguin.

Boardman, C. & Kato, H. (2003). The Confucian Roots of Business Kyosei. *Journal of Business Ethics*, 48, 317-333.

Branco, M. & Rodrigues, L. (2008). Factors influencing social responsibility disclosure by Portuguese companies. *Journal of Business Ethics*, 83, 685–701.

Canon (2019). Canon sustainability report 2019. Retrieved October 11, 2020, from <https://global.canon/en/csr/report/index.html>

Choi, S. & Aguilera, R.V. (2009). Corporate social responsibility dynamics in South Korea and Japan: A comparative analysis. In Mallin, C.A. (Ed.). *Corporate Social Responsibility: A Case Study Approach* (pp. 123-147). Cheltenham: Edward Elgar.

CIMA (2020). *The role of corporate culture in the choice of integrated reporting*. Retrieved February 17, 2021, from <https://www.cimaglobal.com/Documents/CIMA%20Research/8228%20Corporate%20Culture%20Research%20Report%20ONLINE%20.pdf>

Cooke, T. (1991). An assessment of voluntary disclosure in the annual reports of Japanese corporations. *International Journal of Accounting*, 26(3), 174-189.

Desender, K.A., Aguilera, R.V., Lopezpuertas-Lamy, M. & Crespi, R. (2016). A clash of governance logistics: Foreign ownership and board monitoring. *Strategic Management Journal*, 37(2), 349-369.

FEE (2001). *Enforcement Mechanisms in Europe: A Preliminary Investigation of Oversight Systems*. Retrieved March 25, 2021, from https://www.accountancyeurope.eu/wp-content/uploads/Enforcement_Mechanisms_in_Europe153200520952.pdf

Fitriasari, D. & Kawahara, N. (2018). Japan investment and Indonesia sustainability reporting: an isomorphism perspective. *Social Responsibility Journal*, 14(4), 859-874.

FSA (2014). *Principles for Responsible Investors – Japan’s Stewardship Code*. Retrieved March 19, 2020, from <https://www.fsa.go.jp/en/refer/councils/stewardship/20140407/01.pdf>

FSA (2020). *Principles for Responsible Investors – Japan’s Stewardship Code*. Retrieved December 19, 2020, from <https://www.fsa.go.jp/en/refer/councils/stewardship/20200324/01.pdf>

Fujiyama, K., Gray, S.J. & Koga, Y. (2020). *Transitioning from a bank towards an equity financing system in Japan: The impact on income smoothing*

practices over 40 years (Working paper). Kobe University, University of Sydney and Tohoku Gakuin University.

Fukukawa, K. & Moon, J. (2004). A Japanese Model of Corporate Social Responsibility? A Study of Website Reporting. *The Journal of Corporate Citizenship*, 16, 45-59.

Fukukawa, K. & Teramoto, Y. (2009). Understanding Japanese CSR: The reflections of managers in the field of global operations. *Journal of Business Ethics*, 85, 133-146.

García-Sánchez, I.-M., Rodríguez-Ariza, L. & Frías-Aceituno, J.V. (2013). The cultural system and integrated reporting. *International Business Review*, 22(5), 828-838.

Gordon, A. (1988). *The evolution of labor relations in Japan: Heavy industry, 1853-1955*. Cambridge, MA: Harvard University Press.

Huang, C. & Kung, F. (2010). Drivers of environmental disclosure and stakeholder expectation: Evidence from Taiwan. *Journal of Business Ethics*, 96, 435-451.

Imai, M. (1986). *Kaizen: The Key to Japan's Competitive Success*. New York: McGraw-Hill Education.

Isogai, Y. & Tahara, H. (2015). Sustainability rating, impact investment: How was non-financial information utilised by investors in Japan? [in Japanese]. *Keiri Jyoho*, 1411, 66-71.

Itami, H. (2005). Revision of the Commercial Code and reform of the Japanese corporate governance. *Japan Labor Review*, 2(1), 4-25.

Jackson, G. (2001). The origins of nonliberal corporate governance in Germany and Japan. In Streeck, W. & Yamamura, K. (Eds.). *The origins of nonliberal capitalism: Germany and Japan in comparison* (pp. 121-170). Ithaca, NY: Cornell University Press.

Jackson, G. (2009). The Japanese Firm and Its Diversity. *Economy and Society*, 38(4), 606-629.

Jackson, H. & Roe, M. (2009). Public and Private Enforcement of Securities Laws: Resource based Evidence. *Journal of Financial Economics*, 93, 207-238.

Japan Intercultural Consulting (2021). Japanese Business Keywords. Retrieved May 10, 2021, from <https://japanintercultural.com/category/free-resources/articles/japanese-business-keywords>

JPX (2020). Voluntary Application of IFRS (Current and Scheduled). Retrieved March 20, 2020, from <https://www.jpx.co.jp/english/listing/others/ifrs/index.html>

Kamal, Y. & Deegan, C. (2013). Motivation of corporate managers for social responsibility related governance disclosure: Evidence from Bangladesh. In Kokubu, K., Sawabe, N. & Sakaue, M. (Eds.). *Proceedings of the Seventh Asia Pacific Interdisciplinary Research in Accounting Conference*. Kobe: The APIRA Conference Committee.

Kawahara, N. (2017). Current Trends and Challenges in Sustainability Reporting Practices in Japan - Literature Review. *Journal of Business Studies*, 64(2), 353-382.

Kokubu K., Kitada H. & Haider M.B. (2014). Corporate Sustainability Barometer in Japan. In Schaltegger S., Windolph S., Harms D. & Hörisch J. (Eds.). *Corporate Sustainability in International Comparison, Eco-Efficiency in Industry and Science*, 31 (pp. 121-140). Cham: Springer.

Kokubu, K. & Kurasaka, T. (2002). Corporate environmental accounting: A Japanese perspective. In Bennett, M., Bouma, J.J. & Wolters, T. (Eds.). *Environmental Management Accounting: Purpose and Progress*. Drdrecht: Kluwer Academic Publishers.

Kokubu, K. & Nishioka, E. (2005). Environmental management accounting practices in Japan. In Rikhärdsson, P.M., Bennett, M., Bouma, J.J. & Schaltegger, S. (Eds.). *Implementing Environmental Management Accounting: Status and Challenges* (pp. 321-342). Berlin: Springer.

Kokubu, K. (2015). Disclosure for ESG investment: Abstract-oriented disclosure goes against the times [in Japanese]. *Nikkei Ecoroji*, 12, 50-53.

Kokubu, K., Nishioka, E., Saio, K. & Imai, S. (2003). Two governmental initiatives on environmental management accounting and corporate practices in Japan. In Bennett, M., Rikhärdsson, P.M. & Schaltegger, S. (Eds.). *Environmental Management Accounting—Purpose and progress* (pp. 89-113). Dordrecht: Springer.

Kozuma, Y. & Umezawa, M. (1995). Analysis of Japanese environmental reports [in Japanese]. *Jyochi Keizai Ronsyu*, 40(2), 118.

Kozuma, Y. (2007). How to determine CSR reporting contents (the latter part) [in Japanese]. *Kaikei Kansa Janaru*, 19(3), 151-156.

Kozuma, Y. & Horie, M. (2008). Effects of negative information disclosure in CSR reports [in Japanese]. *Kaikei Kansa Janaru*, 20(8), 109-117.

KPMG (2008). *International Survey of Corporate Responsibility Reporting 2008*, Amsterdam.

KPMG (2019). Survey of Integrated Reports in Japan. Retrieved June 15, 2020, from <https://home.kpmg/jp/en/home/insights/2020/03/integrated-reporting.html>

La Porta, R., Lopez-de-Silanes, F., Shleifer, A. & Vishny, R. (1998). Law and Finance. *Journal of Political Economy*, 106(6), 1113-1155.

Ledford, G.E., Wendenhof, J.R. & Strahley, J.T. (1995). Realizing a Corporate Philosophy. *Organizational Dynamics*, 23(3), 5-19.

Lewin, A.Y., Sakano, T., Stephens, C.U. & Victor, B. (1995). Corporate citizenship in Japan: Survey results from Japanese firms. *Journal of Business Ethics*, 14(2), 83-101.

Madein, A. (2020). The Institution of Environmental Reporting in Japan: An Exploratory Study. *Asia-Pacific Management Accounting Journal*, 15(3), 189-218.

Madu, B.C. (2012). Organization culture as driver of competitive advantage. *Journal of Academic and Business Ethics*, 5(1).

Mata, C., Fialho, A. & Eugénio, T. (2018). A decade of environmental accounting reporting: What we know? *Journal of Cleaner Production*, 198, 1198-1209.

METI (2017). Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation. Retrieved April 12, 2020, from https://www.meti.go.jp/english/press/2017/pdf/0529_004b.pdf

Meyer, J.W. & Rowan, B. (1977). Institutionalized Organizations: Form Structure as Myth and Ceremony, *American Journal of Sociology*, 83(2), 340-363.

MOE (2017). 2015 results of the survey of environmentally friendly corporate behaviour [in Japanese]. Japan: Ministry of the Environment.

Miroshnik, V.W. & Basu, D. (2014). *Corporate Culture in Multinational Japanese Companies – A Japanese Perspective*. Hampshire: Palgrave Macmillan.

Miyata, M. (2004). Environmental reports undergoing evolution into sustainability reports [in Japanese]. *Corporate Communication Studies*, 8, 57-67.

MOE (2018). Environmental Reporting Guidelines. Retrieved April 12, 2020, from https://www.env.go.jp/policy/jhiroba/kigyo/2018Guidelines_E20190412.pdf

Morikawa, H. (1992). *Zaibatsu: The rise and fall of family enterprise groups in Japan*. Tokyo: University of Tokyo Press.

Murakami, A. (2007). How to communicate environmental friendliness and CSR management [in Japanese]. *Chikyu Kankyo*, 12, 18-23.

Okazaki, T. (1994). The Japanese firm under the wartime planned economy. In Aoki, M. & Dore, R. (Eds.). *The Japanese firm: The sources of competitive strength* (pp. 350-375). Oxford: Oxford University Press.

Okuyama, S. (1992). An investigation into the actual conditions on the disclosure of environmental information in corporations of Japan [in Japanese]. *Okinawa University Economic Review*, 17(1), 117-139.

Ouchi, W. (1981). Theory Z: How American Business Can Meet the Japanese Challenge. *Business Horizons*, 24(6), 82-83.

Picken, S.D.B. (1987). Values and Value Related Strategies in Japanese Corporate Culture. *Journal of Business Ethics*, 6(2), 137-143.

Porter, T. & Ronit, K. (2006). Self-regulation as policy process: The multiple and criss-crossing stages of private rule-making. *Policy Sciences*, 39(1), 41-72.

PWC (2020). Sustainability reporting in Japan and Sweden - a brief comparison. Retrieved March 17, 2020, from <https://www.pwc.com/jp/en/knowledge/column/sustainability-reporting-in-japan-and-sweden.html>

Reischauer, E. (1989). *Japan: The Story of a Nation*. New York: McGraw-Hill.

Reporting Exchange (2019). Corporate and sustainability reporting trends in Japan. Retrieved October 25, 2020, from https://docs.wbcsd.org/2019/02/Corporate_and_sustainability_reporting_trends_in_Japan.pdf

Rowlinson, M. & Procter, S. (1999). Organizational Culture and Business History. *Organization Studies*, 20(3), 369-396.

Saka, C. & Noda, A. (2013). The effects of stakeholders on CSR disclosure: Evidence from Japan. In Kokubu, K., Sawabe, N. & Sakaue, M. (Eds.). *Proceedings of the Seventh Asia Pacific Interdisciplinary Research in Accounting Conference*. Kobe: The APIRA Conference Committee.

Saka, C. (2016). Corporate social responsibility disclosure and social value in east Asia [inJapanese]. *Syogaku Ronkyu*, 63(3), 505-522.

Sato, E., Matsuda, K. & Carducci, B. J. (2018). A factor analytical investigation of the Japanese translation of the Cheek-Buss Shyness Scale in support of the three-component model of shyness. *Personality and Individual Differences*, 124, 160-167.

Schaede, U. (1999). *Self-Regulation and the Sanctuary Strategy: Competitive Advantage through Domestic Cooperation by Japanese Firms*. Retrieved April 7, 2021, from <https://academiccommons.columbia.edu/doi/10.7916/D89311N5/download>

Schrader, A. (2019). Sustainability reporting across Asia: Trends and challenges. Retrieved January 8, 2021, from <https://www.conference-board.org/blog/sustainability/Asia-Sustainability-Reporting-Trends>

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333-339.

Tanaka, G. (2015). Corporate Social Disclosure Practice in Japanese Corporation: The Case of Meiko Electronics. In Noronha, C. (Ed.). *Corporate Social Disclosure* (pp. 310-343). London: Palgrave Macmillan.

Tanaka, Y. (2013). Trends in environmental reporting research and continuous disclosure of Japanese companies [in Japanese]. *IR-COM*, 9, 4-7.

Tanimoto, K. & Suzuki, K. (2005). *Corporate social responsibility in Japan: Analyzing the participating companies in global reporting initiative* (Working Paper No. 208). Stockholm: European Institute of Japanese Studies.

Teranishi, J. (2005). *Evolution of the economic system in Japan*. Cheltenham: Edward Elgar.

The Japan Times (2016). Corporate Governance Report Card – Editorials. Retrieved March 18, 2020, from <https://www.japantimes.co.jp/opinion/2016/06/26/editorials/corporate-governance-report-card>

TSE (2004). *Principles of Corporate Governance for Listed Companies*. Retrieved March 20, 2020, from <http://www.jpx.co.jp/english/equities/listing/cg/tvdivq0000008j6d-att/principles.pdf>

TSE (2015). *Japan's Corporate Governance Code – Seeking sustainable corporate growth and increased corporate value over the mid-to long-term*. Retrieved March 20, 2020, from <https://www.jpx.co.jp/english/news/1020/b5b4pj000000jvxr-att/20150513.pdf>

TSE (2021). *Japan's Corporate Governance Code – Seeking sustainable corporate growth and increased corporate value over the mid-to long-term*. Retrieved July 17, 2021, from <https://www.jpx.co.jp/english/equities/listing/cg/tvdivq0000008jdy-att/20210611.pdf>

Vitolla, F., Raimo, N., Rubino, M. & Garzoni, A. (2019). The impact of national culture on integrated reporting quality. A stakeholder theory approach. *Business Strategy and the Environment*, 28, 1558-1571.

Volden, C. & Wiseman, A.E. (2012). *Governmental Regulation and Self-Regulation*. Retrieved March 17, 2021, from http://www.vanderbilt.edu/csdi/events/prvtgov_wiseman.pdf

Wang, Y. (2009). Examination on Philosophy-Based Management of Contemporary Japanese Corporation: Philosophy, Value Orientation and Performance. *Journal of Business Ethics*, 85, 1-12.

Williams, C. & Aguilera, R. (2008). Corporate social responsibility in a comparative perspective. In McWilliams, A., Matten, D., Moon, J. &

Siegel, D. (Eds.). *The Oxford Handbook of Corporate Social Responsibility* (pp. 452-472). Oxford: Oxford University Press.

Wong, G., Greenhalgh, T., Westhorp, G., Buckingham, J., & Pawson, R. (2013). RAMESES publication standards: Meta-narrative reviews. *BMC Medicine*, 11 (20), 1-15.

Yamagami, T. & Kokubu, K. (1991). A note on corporate social disclosure in Japan. *Accounting, Auditing and Accountability Journal*, 4(4), 32-39.

Yamaguchi, A. (2010, August 2). *CSR reporting in Japan* [Conference presentation]. 2010 Global Compact CJK Researchers Meeting, Discussion on CJK CSR Report Research, Tokyo.

Yamaguchi, T. (2014). Innovation is generated by directly viewing aspects of low light and disclosing them: After analysing 2013 CSR report [in Japanese]. *Business to Business Communications*, 1, 15-21.

Yoshida, K. (1989). Deming Management Philosophy: Does It Work in the US as well as in Japan? *Columbia Journal of World Business*, 24(3), 10-17.

Zucker, L. (1987). Institutional theories of organizations. *Annual Review of Sociology*, 13, 443-464.