

**Making Japan Not Only Valuable, but Indispensable,  
to the Common Good of the World**  
Inauguration Speech

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**Introduction**

It is with a keen awareness of the great responsibility involved that I accept the office of chairman of Keizai Doyukai (Japan Association of Corporate Executives; hereafter, Doyukai). Since its founding, Doyukai has sought to forge a better society, supported by the ambition of its corporate executive members. As the new imperial era of Reiwa commences, it is a tremendous honor to succeed to the chairmanship of an organization that boasts such an illustrious history and tradition.

In December 2018 Doyukai proposed Japan 2.0 as a vision of the ideal society we should aspire to, prompted by the urgent sense that Japan would have no future unless we broke with convention. In succeeding Yoshimitsu Kobayashi as chairman of Doyukai, I am fully committed to continuing this approach. With your support and cooperation, I am determined to do everything in my power to make Japan 2.0 a reality.

Today, as I take on the momentous duties of chairman, I would like to share my assessment of the world and Japan's economic and social systems—both of which are constantly changing—along with my thoughts on the vision of Japan we should aspire to, and the role that Doyukai should play in making that vision a reality.

**I. Assessment of Current Situation in the World and Japan's Economic and Social Systems: An Era of Uncertain Prospects and Discontinuous Change**

The world is currently experiencing an era of volatility, uncertainty, complexity, and ambiguity, or VUCA. While globalization and digitalization continue their rapid advance, their negative aspects such as income disparities and inequality of opportunity are growing. Dissatisfactions among citizens have prompted the rise of populism and nationalism. Now more than ever humanity's collective intelligence is being tested as we try to develop forms of democracy and capitalism that will enable us to create inclusive, sustainable societies.

At the same time, in a world buffeted by discontinuous change, the economic center of gravity is shifting toward Asia, altering the power balance among the United States, Europe, and Asia. The current competition between the United States and China for supremacy over national interests such as trade, technology, and security could be regarded as one result of this shift.

Japan, meanwhile, is beset by a rapidly dwindling birthrate, aging society, and declining population. Despite the urgency of such a situation, however, productivity-related innovations and institutional reform have been delayed, resulting in persistently low economic growth. This in turn has given rise to serious concerns about the sustainability of the social security system and national fiscal soundness.

Japan constructed the various systems and structures that exist today during its postwar era of rapid economic growth. Despite facing dramatically changing times and circumstances, however, we have not yet managed to relinquish the old models and methodologies for success. As a result, painful change such as social security reform and regulatory overhaul has been postponed, and even at corporations, which are supposed to be the central players in a private-sector-led economy, progress with management reforms is still blatantly inadequate.

The evolution of digital technology is set to transform industry and society. However, the pace of digital transformation in Japan's corporations, government, and other institutions is slow: it is no exaggeration to say that Japan is lagging behind other developed countries. What is more, no significant progress has been made in shifting to work styles appropriate to

the digital age, by which I mean shifting from an input focus that emphasizes the amount of time spent working to an output focus that emphasizes results. Little progress has also been made with work style reforms that will boost the creativity and individual capabilities necessary to encourage such a shift. As a consequence, Japan's productivity remains low compared with that of other countries.

Throughout my time in office as Doyukai's chairman, therefore, I intend to engage all stakeholders in discussion, with a view to putting the outcomes of such discussions into practice. Debate will center on what we should do as corporate executives and as corporations to bring about future-focused change in Japan, given the situation in which our country finds itself. As a first step to that end, therefore, I would like to share with you my thoughts on the vision of Japan we should aspire to.

## **II. The Vision of Japan We Should Aspire To: Changes to Make Japan Not Only Valuable, but Indispensable, to the Common Good of the World**

When proposing its vision for Japan 2.0, Doyukai focused on the year 2045, 100 years after the end of World War II, describing the society we should aspire to as one benefiting from a virtuous cycle where maximizing the value of our nation is combined with enhancing the sustainability of society. To put this into my own words, Japan will develop such a society that is not only valuable, but indispensable, to the common good of the world.

What I mean by "a Japan that is not only valuable, but indispensable, to the common good of the world" is, first and foremost, a country that has genuinely earned the trust of the international community and contributes to its peace and prosperity. In this respect, I believe Japan has core competencies, or strengths, that can enable it to fulfill such a role. Such strengths comprise the altruistic approach and long-term perspective that underlie the values of *sanpo yoshi*<sup>1</sup> (three-way satisfaction) and coexistence with nature that have

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<sup>1</sup> This term denotes an approach to business that has become deeply ingrained in Japan over the course of a few centuries. The *sanpo yoshi* ideal defines a successful business as one that not only provides satisfaction to the buyer and the seller, but also contributes to society at large.

been cultivated by Japan over the course of its history. And these strengths are complemented by soft power, characterized particularly by an emphasis on safety and peace of mind and by a culture that combines disparate influences such as tradition and innovation, as well as East and West. I think that these core competencies are key to curbing nationalism and populism, and to shaping a new version of the world, and a new world order.

The second sense in which Japan can be valued by the international community is as a country that attracts a wide variety of human resources from all over the world. If Japan is to produce innovation that can contribute to solving problems at home and overseas, it will need to bring together human resources with various capabilities, values, and approaches from all over the world and instigate productive intellectual clashes and blending of ideas. Furthermore, I believe that Japan can make use of advanced technologies in which it has competitive advantages to produce innovative products and services that enable it to help enrich societies and strengthen its own ability to compete as a nation.

I would like to propose the following three changes as priorities in making Japan not only valuable, but indispensable, to the common good of the world:

The first change entails efforts by corporations to improve their own productivity. Particular priorities for Japanese corporations should be accelerating digital transformation and hastening replacement of the old with the new.

The evolution of digital technology has the disruptive power to generate brand-new business models and customer values and to create a completely new concept of productivity. These days, failure to change ourselves—whether by self-disruption or otherwise—makes us easily susceptible to digital disruption as a result of market entry by industries completely unrelated to any existing industries or industry players, or by sectors that defy definition as industry segments at all.

Moreover, if corporations are to ensure their own earning capacity, it will be essential for them to replace old businesses with new. They must respond to changes in the economy, society, and the operating environment by having

the courage to carve out low-profit businesses and concentrate corporate resources on producing innovation. Improving productivity and achieving sustained wage increases through such efforts is necessary to fully revitalize the Japanese economy.

The second change is to break away from our existing monoculture and inclination toward conformity. To produce innovation we must leverage a culture that values variety as the driving force to increase organizational diversity, while also creating points of contact and opportunities for productive intellectual clashes and blending of ideas in organizations and society as a whole. In specific terms, we must establish “human resource circulation,” whereby individuals are transferred temporarily or change jobs among entities including large corporations, small and medium-sized enterprises, start-ups, and local governments. This requires above all that corporate executives have a strong sense of urgency and an almost obsessive commitment to leading change, and they must demonstrate these attributes through action rather than words.

To establish active participation in the workforce by diverse individuals and human resource circulation as the norm, we need to do as Doyukai already advocates, and break away from Japanese-style employment practices typified by the simultaneous hiring of new graduates, emphasis on seniority, and lifetime employment. Alongside diversification of hiring and employment patterns, we should also take a comprehensive approach to tackling such issues as ensuring equal pay for equal work, establishing a transparent, impartial system for resolving labor disputes, and updating the taxation and social security systems that have supported Japan’s employment practices.

My third proposed change is a shift in mind-set among the Japanese people that includes developing a new set of values whereby individuals do not fear the failure that may result from taking on a challenge, but are instead able to use failure to fuel further endeavor.

It has been pointed out that the younger generation demonstrate greater anxiety about the future and an increasing tendency to save money; transfixed in the face of an uncertain future, they are unable to respond to change by taking positive personal action. However, it is precisely because this is an era

of uncertain prospects and discontinuous change that opportunities continue to arise alongside the risks.

In such times, it is individual self-reliance and capacity for self-improvement that provide the sources of energy necessary to change society. Japan needs to institute policies to support diligent study and personal endeavor throughout life by developing structures to facilitate recurrent education and career switching.

### **III. The Role That Doyukai Should Play: Develop into a “Do Tank”**

#### **(1) Requirements of Doyukai today**

To enable Doyukai to spearhead these three changes, I would like to take this opportunity to learn from the past by reaffirming our mission and distinctive features.

The Mission Statement at Founding of Doyukai announced in April 1946 expressed Doyukai’s extraordinary resolve with the words, “The Japanese people must discard their old robes, and they must weather the current storm of economic, moral and ideological ruin and confusion to erect a completely new order.”

For us today, the “old robes” could be described as the 30 years of the Heisei era, during which Japan remained fixated on the success it experienced during its postwar period of rapid economic growth and its sense of urgency waned, while the Japanese people became “frogs in slowly boiling water.”<sup>2</sup> If we are to achieve Japan 2.0 and make Japan into a country that is not only valuable, but indispensable, to the common good of the world as globalization, digitalization, and socialization<sup>3</sup> advance, we must look squarely at our

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<sup>2</sup> This phrase is derived from the adage that a frog sitting in water brought to the boil gradually does not notice the rise in temperature and therefore boils to death. It refers to people’s tendency to accept gradual change, even when such change is lethal.

<sup>3</sup> In this context, the word “socialization” is used to describe a contemporary society where a broad spectrum of entities is in constant contact with each other. Today, it is easier to bypass boundaries that separate businesses from individuals and cities from outlying areas to create new communities and societies. This environment allows social entrepreneurs, nonprofit organizations, and others to contribute more effective solutions to our global problems.

country's current situation and ensure that this time we really do accomplish economic and social change.

In the past, Doyukai has sought to bring about economic and social change by submitting numerous policy proposals, while the government has planned a range of strategies and measures. Despite these efforts, however, Japan has still not managed to establish a new model for sustainable growth or a society that inspires hope in young people. The fact is that the *thinking* phase is already completed for most of the reforms and policies to be implemented, and all we need to do now is to work out what to actually *do* to put them into practice.

Ever since Doyukai's founding, its corporate executives have risen above the interests of their own corporations and industries to engage in unfettered discussion of their own personal thoughts and opinions, offering progressive proposals with regard to government policy and corporate management. Committed to the ideal of being an open, action-oriented policy group, Doyukai has dedicated itself to implementing its proposals in collaboration with various groups within society.

I intend to build on the tradition and distinctive features that Doyukai has passed on uninterrupted, further reinforcing its role as an open, action-oriented policy group. I want to develop Doyukai by redefining it as not merely a "think tank" that *thinks* about policy proposals, but as a "do tank" that takes action to put policy into practice.

## **(2) Become a group that spearheads implementation of reforms together with diverse stakeholders**

Doyukai's development as a "do tank" will not only require corporate executives to carry out management reforms; it will also require us to spearhead the implementation of reforms elsewhere by collaborating with a diverse range of stakeholders and pooling wisdom to create an ecosystem for resolving issues.

In specific terms, we must first of all achieve the reforms required of corporations and industrial circles. For that purpose, corporate executives

must put words into action by implementing Doyukai's proposals in respective organization using their influential position. In this case, the word "influential" implies being in a position to have influence over reforms within the organization where an individual works as a current or former corporate executive.

Where policy issues are concerned, we will formulate specific strategies for putting Doyukai's proposals into practice by developing the existing framework for dialogue and collaboration with a diverse range of societal stakeholders into an ecosystem more conducive to the pooling of wisdom.

To pass on to the next generation a future that can inspire hope, we will make discussion with the younger generation a particular focus of our efforts. In August 2018, the Swedish high school student Greta Thunberg skipped school and sat down outside the Swedish parliament to lobby for measures to address climate change. In many countries there are young people like her who are taking personal action to try and change the world. Likewise in Japan, inspiring, socially conscious young people are increasing. I want to talk with them about what action we can take to achieve the ideal society we should aspire to.

Meanwhile, we will continue collaborating with a sister Doyukai in each prefecture. We already interact closely with those regional Doyukais, undertaking joint projects with them, and we will continue to collaborate via projects and other shared endeavors to help solve specific issues in individual regions.

To fulfill our role as a "do tank," we corporate executives need to become advocates who communicate the significance and purpose of social and corporate reform to encourage behavioral change. Wisdom will result only if we engage in unfettered discussion among ourselves without any expectation of agreement, instigating productive intellectual clashes. Doyukai is the ideal forum for such discussion; it is only by placing ourselves within this process that we can become genuine, persuasive advocates.

Of course, if reforms are to be implemented, it is crucial that the public identify with them. We will start, therefore, by sharing with the Japanese people our



vision for the future we should aspire to, accompanied by facts based on data. Then we will explain repeatedly and in easy-to-understand terms why reforms are necessary.

### **(3) Priority issues, specific action, and operational reform of Doyukai**

As Doyukai endeavors to become such a “do tank,” I want to focus on issues of corporate management and public policy relating to globalization, the service industry, and start-ups.

Accordingly, in fiscal 2019 activity plan of Doyukai, I established the Task Force for Dialogue with Global Business Leaders and the Project Team to Lift the Productivity of Service Industries as chairman’s initiatives. In addition, Study Group of Entrepreneurs will hold a forum in the fall of 2019 that will gather corporate executives from major corporations and start-ups, along with other participants, together under one roof to discuss the form that an ecosystem for industry and policy should take.

Meanwhile, we will tackle three tasks aimed at reforming the way we run Doyukai. The first is encouraging participation by young corporate executives. We will be commencing full operation of the nominated member system, whereby entrepreneurs including those who have launched start-ups, mainly in their early 40s and below, are invited to participate in Doyukai’s activities. This will enable us to make use of original ideas from young corporate executives to create new value.

The second task is bolstering our ability to communicate externally. When communicating our opinions, we will place a premium on two attributes: being proactive, so that we are always one step ahead of society at large and can demonstrate a progressive approach; and being responsive, so that we react promptly to events in Japan and overseas.

Our third task is encouraging deliberation based on a variety of opinions. Finding solutions to increasingly complex corporate management and public policy issues requires a whole range of opinions to be aired and deliberated. During the process of compiling proposals and other output, I want Doyukai to disclose such discussions to galvanize public opinion.

## **Conclusion**

The foregoing expresses my own view of what is required of Doyukai today, and the role we must play in order to meet those requirements.

I want Doyukai to transform our society into one in which each person thinks individually about issues affecting Japan and the world and acts tenaciously to reform existing systems and structures. In order to achieve this, I believe that we corporate executives must first spearhead reform through our own actions. I want Doyukai to rise to the challenge of developing it into a “do tank” by persuading all members to participate actively in its activities.

I would be grateful for your continued support and cooperation as we pursue this undertaking.