

The demand for good corporate governance

The recent bankruptcy scandals involving Enron and WorldCom in the USA have brought to the fore the issue of good corporate governance. The collapse of those two giant companies has undermined public trust and confidence in business corporations. It demonstrates that the time has passed when business corporations could survive based solely on their superior products and advanced technologies. Present economic realities have made it amply clear that issues of transparency, accountability, and equity in corporate governance are important for investor confidence and for overall national economic performance. Their lack can cause irreparable damage to business and society.

Good governance was the theme of this year's APO Kyoto Forum in Japan, 3–6 March, the 19th since 1985. More than 50 senior officials from business and government from 18 member countries took part. APO Secretary-General Takashi Tajima, speaking at the opening session, said

that corporate governance—the internal mechanisms by which businesses are operated and controlled—should ensure that business corporations take into account the interests of the stakeholders as well as those of the community in which they operate.

The keynote address on “Corporate Governance in Japanese Management” was delivered by Masayoshi Morimoto, Advisor, Sony Corporation, and Executive Advisor to President, Benesse Corporation. Others in the distinguished panel of speakers were: Koji Tanabe, Director-General, Ministry of Economy, Trade and Industry, Japan; Prof. Yoshiya Teramoto, Waseda University; Takehiko Itoh, Director, NSK Ltd.; Christy Wood, Senior Investment Officer, CalPERS, USA; Yoichi Takei, Director, ChuoAoyama Audit Corporation; Prof. Midori Wakakuwa, Professor Emeritus, Chiba University; and Yasuhiko Osamura, Chairman, Federation of All Matsushita Workers' Unions.