

## Law, Ethics and Business

### -How companies gain trust through websites?

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#### ABSTRACT

Internet Business is getting wider and wider in recent years. Many companies use internet to expand their business all over the world easily and at a low cost. If the companies make success in internet business, they have to fulfill legal responsibilities in order to make their webpages browse. For example, if their websites have a copyright infringement, they are not searched on Google because of the US Digital Millennium Copyright Act. In addition, not only legal responsibilities but also ethical responsibility to fulfill is important not to lose their subscriber's trust. So that, CSR is important for success on internet business. In reality, according to the news released from Google to webmasters on 3rd Feb 2017 in Japan, Google decided some Japanese websites not to be searched on Google not only because they had some copyright infringement of others but also their contents were not trustworthy. In my opinion, for the companies to make their business successful, they must win the confidence from customers and possible customers via internet. In this article, I take some examples on real incidents in Japan and prove that appeal to fulfill CSR in their business on their websites helps internet business companies to get the confidence from portal sites, customers and possible customers through the websites.

#### I Introduction

How companies gain their trust from their customers or possible customers via internet? Customers who have not had a long relationship yet with your company, what makes them trust your product or your advertisement through just a website. The purpose of this study is to examine that fulfillment of CSR in your company and show that on your website help your customers or possible customers to trust your company. In this article, first I would like to define CSR, second to show tendency of small- medium companies, third to show the failure cases in Japan and learn the importance of fulfillment CSR (Especially in the part of legal responsibility) which this article points out.

#### II What is the definition of Corporate Social Responsibility(CSR)

Archie B. Carroll presented us corporate social responsibilities. He said, "For a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the

economic, legal, ethical, and discretionary categories of business performance." (Carroll 1979).

Later, he constructed those responsibilities as CSR pyramids in depicted figure (See the figure 0 cited below from his article (in his article that figure is called Figure3)).

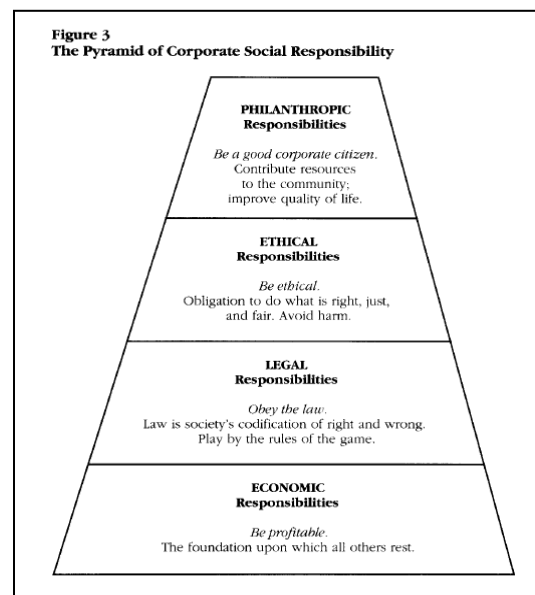


Figure0 (Citation from the Carroll's article(1991) )

He said, "It portrays the four components of CSR, beginning with the basic building block notion that economic performance undergirds all else. At the same time, business is expected to obey the law because the law is society's codification of acceptable and unacceptable behavior. Next is business's responsibility to be ethical. At its most fundamental level, this is the obligation to do what is right, just, and fair, and to avoid or minimize harm to stakeholders (employees, consumers, the environment, and others). Finally, business is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein business is expected to contribute financial and human resources to the community and to improve the quality of life." (Carroll 1991).

I agree with him in thinking what the CSR is. In his context, he proposed that all the companies, including even small-medium companies, at minimum have to take care of their performance being not only

profitable but also legal and ethical. In this standpoint, I used to construct CSR Matrix in2008(Figure1), however to more clarify now I will reconstruct a new matrix(Figure2). All the companies including small-medium companies must fulfill a regal responsibility at first, second they have to examine their business is fulfill ethical responsibilities (those are required responsibilities that companies must fulfill, see the first step and second step of figure2 below.). Some companies which have resources even after minimum responsibilities are fulfilled, they step into responsibilities in return for stakeholders' support and finally to make their reputation better (see third step and final step of figure2 below).

	Defense Required to fulfill On main business (Must)	Offense Not required to fulfill →Optionally to make your reputation better
Acceptance from the stakeholders (Compliance)	First Step	
Submission to the stakeholders (CSR)	Second Step	Final Step

Miyuki TSUYUKI(2008), CSR Matrix, CSR to increase small medium companies in value, Japan Small Business Research Institute, Japan Small Business Research Institute Conference(Nov. 2008)

Figure1 (CSR Matrix, released on 2008)

	Defense Required to fulfill On main business (Must)	Offense Not required to fulfill →Optionally to make your reputation better
Your Business Model legal	First Step	Third Step
Your Business Model Ethical	Second Step	Final Step

Miyuki TSUYUKI, CSR Matrix Ver2,

Figure2 (New CSR Matrix)

The thought of CSR has been brought to public attention, the most controversial topic CSR at present is the final layer of the CSR pyramid. For example, it is pointed out by Michael E Porter and Mark Kramer that most companies remain stuck in a “social responsibility” mind-set in which societal issues are at the periphery but the solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenge (Porter 2011).

However, in my opinion, thinking of CSR, before concentrating on the point that philanthropy is not necessary but creating shared value is necessary, examining legal responsibility is fulfilled or not.

First of all, all the companies should take care whether their profitable business is legal or not, and

then examine whether it is ethical or not. Those two stage must be fulfilled by not only big companies but also small company. After fulfillment of those responsibilities, they are to challenge final layer, to do philanthropy in the context of Archie B. Carroll or to create shared value in the context of Michael Porter& Mark Kramer. About final layer, in my opinion, companies without funds force are not necessary to fulfilled. But legal responsibility and ethical responsibility are required to be fulfilled by all the companies. And also I think that it is responsible that not only brick and mortal business companies but also internet business companies make their profitable business fulfilled with legal responsibility and ethical responsibility. In this article, I will focus my attention on companies which doing business in internet..

### III Especially to be legal is the most important when expanding a business through website

It is provided that in copyright act in Japan, on the right of reproduction it is provided in the article 21 that the author (it is provided that "author" means a person who creates the work in the article 2 (ii)) shall have the exclusive right to reproduce his work (it is provided that "work" means a production in which thoughts or sentiments are expressed in a creative way and which falls within the literary, scientific, artistic or musical domain in the article 2(i)) and on the right of rights of translation, adaptation, etc. it is provided it the article 27 that the author shall have the exclusive right to translate, arrange musically or transform, or dramatize, cinematize, or otherwise adapt his work. Even if there are some sentences on the internet bulletin board, the right of reproduction and rights of translation or adaptation of the sentences belongs to the creator of the sentences (Judgment of the Tokyo District Court,29 October 2002, Judgment of the Tokyo High Court,15 April 2002 (Hotel Junkies Case)). When someone would like to reproduce or adapt the sentence on the website created by someone else, he or she have to get license agreement from the sentence creator. When writers create sentences by themselves but referred to works written by somebody, is it adaptation or new creative works? In this problem, it is held that In the case that the works of somebody has integrity of works of others in the not creative part, the former works are not adaptation(Judgment of the Supreme Court,28 June 2001(Esashioiwake Case)).

On the other hand, it is provided in the article32 that it shall be permissible to quote from and thereby exploit a work already made public, provided that such quotation is compatible with fair practice and to the extent justified by the purpose of the quotation, such as news reporting, critique or research. On this quote, at the supreme court in Japan, it is held that there are two requirement judging as “quote” not “reproduction”. First. the manner of expression of the work must be clearly distinguishable from the work quoted. Second ,it clarifies the work is main and the quoted work is subordinate(Judgment of the Supreme

Court, 28 March 1980 (Parody Montage Case)). If you reproduce other work without consent of the other, it is illegal but, quote others work without consent of the other, it is legal. But to accept as quote, not reproduce, there fulfill two requirement above mentioned.

Moreover. In the article 23(1), it is provided that the author shall have the exclusive right to effect a public transmission (it is provided that in the article 2 (vii)-2, "public transmission" means the transmission, by wireless communications or wire-telecommunications, intended for direct reception by the public; excluding, however, transmissions (other than transmissions of a computer program work) by telecommunication facilities, one part of which is located on the same premises where all remaining parts are located or, if the premises are occupied by two or more persons, all parts of which are located within the area (within such premises) occupied by the same person(s) of his work (including, in the case of automatic public transmission, making his work transmittable). When you post some sentence created by others on website, you have to take license from the sentence creator beforehand.

If there is an infringement of others right on the work on your website, your website might hardly be browsed because google search engine shall exclude your website. Google is ready for process not to track the copyright infringement website under US Code Title 17 § 512 Digital Millennium Copyright Act. (notice and take down procedure). Once google has completely processed the infringement complaint to request the google search engine to remove the copyright infringing website from googles search result, infringing website is not searched through google any more.

#### IV Content Curation Service Site and CSR

Lately, in Japan, there have happened the problem at the curation site served by DeNA called WELQ. Some articles of WELQ on medical information without sufficient medical grounds, some articles of it have many reproduction of other website, some articles of it is clearly trustworthy (ex the reason of stiffed shoulder is ghosts on your shoulder), and some subscribers can have damages because they might buy some medicine which is recommended by the website. In the Content Curation Service Site problem, there are some different aspects to be solved.

First, medical information by the creators without sufficient medical grounds is of a problem on ethical responsibility. Second, some articles of it is clearly trustworthy is of a problem on ethical responsibility. Third, some articles of it have many reproduction of other website is of a problem on legal responsibility about copyright infringement. Forth, some subscribers can have damages because of untrustworthy website is

of a problem on legal responsibility about tort law. For content curation site owner, to withdraw website is the most terrible blow for the monetization through website.

According to the news released to webmasters from Google on 3rd Feb 2017 in Japan, Google decided to make a website browse in its standard harder than before, that it changes search algorithm that evaluates quality of websites, so that it highly ranks document data which have reliable contents desired by a retriever in a retrieval result and it doesn't highly rank untreatable websites having bad quality contents just to focus on putting the webpages much higher rank. This release may mean that the websites which don't meet the standard are not browsed not only because a website shall have some copyright infringement of others but also a website contents shall be not trustworthy. In this tendency, internet business webmasters have to take care that not only their websites are legal but also are ethical..

#### V Conclusion

For companies to expand their business through websites, it is at least important that they examine whether their websites legal or not. And then, they should whether their contents of their websites are ethical or not. If not, their website might not be browsed by customers or possible customers. From this standpoint, for companies to use internet website to expand their business, CSR in this article defined is important and must be fulfilled.

#### REFERENCES

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- 編集委員会