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Sustainable Management Practices of Japanese Companies
in Pre-War Period from the Perspective of SDGs and ESG

6

William Merrell Vories:
Towards a Socio-economic System for
Mutual Support Based on Stewardship

April 7, 2020

No. **2 2 6**

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William Merrell Vories

(1880~1964)

Masaatsu Takehara, Naoya Hasegawa

Achievement of William Merrell Vories and related SDGs

Economy		*Pharmaceutical business (Mentem)
Society	   	*Christian Mission (Omi Mission) *Medical care (Omi sanatorium) *Education (Omi Brothers School) *Architectural design (Vories architecture) *Town planning through architecture
Governance	  	*Practice of stewardship management *Collaboration with local residents

1. Early life and formation of thought

1.1 Parents

William Merrell Vories was born in 1880 in Leavenworth, Kansas, USA. Vories' father, John, graduated from a commercial school in Missouri and then moved to Leavenworth to find employment there. As his mother was a Baptist¹, her father worked at the Presbyterian Church² in Leavenworth.

When his mother, Julia, was a student, she wanted to become a missionary and put her efforts into missionary work in foreign countries. Although her dream didn't come true, she expected her child to become a missionary and fulfill her dream.

In 1914, Vories' parents came to Japan to reside permanently, supporting Vories and the Omi Brothers throughout their lives. We can get a glimpse of Vories' personality in his speech for the funeral ceremony of his father John in 1925. Vories said "I can't imagine a father as ideal as the deceased. He always helped his son's life work and strived to promote it, and he did not care about himself at all"(Ichiyangi [1970], p. 61).

1.2 From childhood to entrance to university

In 1888, the Vories family moved to Flagstaff, Arizona. it was Vories' father's decision to consider Vories' health. Moving to Flagstaff greatly benefited Vories' spirit and health. Vories became a paid organist at the Flagstaff School, and also became an organist at the Flagstaff Presbyterian Church.

In 1896, the Vories family moved to Denver, Colorado, and Vories enrolled in the East Denver High School. In 1900, Vories passed the entrance exam of the Massachusetts Institute of Technology (MIT) to become an architect. MIT accepted his first year at the University of Colorado³ and allowed him to transfer from the second year.

In addition to academic activities, he joined the YMCA (Young Men's Christian Association) and the SVM (Student Volunteer Movement for Foreign Mission)⁴.

In 1902, the 4th SVM World Congress was held in Canada, and Vories represented the state of Colorado. During this congress he listened to Mrs. Howard Taylor's lecture on her missionary work in China and this experience changed his life significantly.

Inspired by Mrs. Taylor's speech, Vories began to believe that his wish to be an architect was just pushing his will and ideas against God's order.

At the SVM World Congress, decision cards were distributed to the participants to confirm their will to participate in overseas missionary work. Vories signed his decision card after thinking thoroughly about his religion and future life. He added that he wished to travel to a country where missionaries had never been before and wanted to create a self-sufficient kingdom of God (Ichiyangi [1970], p. 71). Vories gave up his initial wish to become an architect and

changed his college course from his third year, and graduated from the University of Colorado with a bachelor's degree of Philosophy (Ph.B.) in 1904.

1.3 Faith in Puritan and missionary mission

Vories considered the missionary mission to be in the practice of Christian life. He said, "Many businesspeople say they cannot work satisfactorily if they are tied to the Christian spirit. I want to try this out in my own life to see if this is true" (Ichiyanagi [1970], p. 72).

Vories' parents embraced the teachings of Calvinism. An important concept for the Calvinists was the view of vocation, and all occupations were regarded as sacred by God. The Calvinists believed that working in God's occupational work was a response to God's will, and that working in the profession would provide salvation.

The Calvinists strongly denied making money, but did not deny gaining wealth by abstinently committing to employment. Rather, the "resulting wealth" of diligent vocational work was considered sacred. The wealth gained by the ascetic efforts of religion and labor in the secular was considered to be a proof of practicing neighborly love.

In his *Ethics of Protestantism and the Spirit of Capitalism*, Max Weber pointed out that the Calvinist philosophy of preaching secular abstinence with emphasis on vocational work created the spirit of capitalism.⁵ Protestantism is an active asceticism that strictly regulates living attitudes toward a certain purpose, suppresses laziness and lameness, and organizes actions.

Table 1 The development of the Calvinist reform movement in Europe

Calvinist Reform Movement (Switzerland)	Region	Name of Calvinist
	England	Puritan
	Scotland	Presbyterian (Presbyterian)
	France	Huguenot
	Netherlands	Goissen

(Source) Created by the author

2. Christian activities at the Shiga Prefectural Commercial School

2.1 Bible class

In January 1905, Vories departed from the port of San Francisco and arrived at Yokohama in Japan over 19 days by steamship. He moved to Hachiman, Shiga Prefecture⁶ (currently Omi Hachiman City, Shiga Prefecture) and became an English teacher at the Shiga Prefectural Commercial School (currently the Shiga Prefectural Hachiman Commercial High School).

Immediately upon arrival, Vories started to hold a Bible class and invited students to join. The Bible class was attended by students, including Etsuzo Yoshida,⁷ who was involved in the formation of the Omi Mission⁸, and Yasumi Shimizu, the founder of J. F. Oberlin University.

Vories gave each student a new Testament in English, which was then expensive. Many students rushed to the Bible class to obtain the Testament. The first Bible class was attended by 45 participants, far exceeding Vories' expectations, and the number of participants increased with each round (Yoshida [1923], pp. 18-19). As the understanding of the Bible grew, interest in Christianity grew, and the number of people who were baptized gradually increased.

2.3 Formation of YMCA and opposition to missionary activities

In 1905, the members of the Bible Class formed the Christian Youth Association of Shiga Prefectural Commercial School (YMCA). The establishment of a YMCA by students at a commercial school was unprecedented in Japan. The YMCA started its activities with 38 members, including Vories, 35 students and 2 teachers. Within a year after Vories arrived, 19 students were baptized.

The biggest reason why Vories gripped students' heart was that he had no racial prejudice and treated students as equals. However, as more people became interested in Christianity, there were many other people who did not like this situation.

As commercial school students' interest in Christianity increased, so did the Christian rejection movement. Buddhist temples felt threatened by Vories' ability to inspire students. Therefore, they organized the Young Men's Buddhist Association (YMBA), supported by affiliated temples of the Higashi Honganji temple.

With the growing influence of Vories on commercial schools and local communities, forces led by Buddhist temples urged Shiga Prefecture and the principal of the commercial school to dismiss Vories. Under such external pressure, the principal made the following demands on Vories (Kimura [2010], pp. 34-35):

- (1) If Vories promised that he would not perform any Christian ministry in the future, he could stay and teach at commercial schools
- (2) If Vories did not stop Christian ministry, he must leave the school immediately.

For Vories, who had no option to stop religious activities, the principal's demand was virtually a notice of dismissal. Vories expressed his will to continue his missionary work and he was dismissed. What he feared most was that his ministry would fail due to the loss of income and public trust.

One of Vories' student, Etsuzo Yoshida, decided to give up going on to advanced schools and leave his future to Vories. Then Vories started to live with Yoshida.

3. the establishment of the Omi Mission

3.1 The night before the birth of the Omi Mission

With his initial missionary activities in Omi, Vories realized that his missionary mission was to build a bridge of love between God and neighbors, and that love would conquer everything. When a student at Shiga Prefectural Commercial School was asked why he was baptized, he replied “He caught me by His love.” The unwavering religion of Vories became a strong inspiration and gripped the souls of the students.

Dismissed from a commercial school, Vories devoted himself to Christian missionary work in the Omi area, based on the Yahata Christian Youth Center. Vories supported the activities of nearby churches and wrote a booklet called *The Omi Mustard Seed*, which was sent to US supporters.

In 1910, Vories returned to the United States via Europe. On this trip, he met Albert Alexander Hyde. Hyde was the founder of Mentholatum and had a deep interest in self-sufficient evangelism in foreign countries. Hyde sympathized with Vories' self-sufficient missionary work and offered him the Mentholatum's distributorship. Thus, Omi Sales Co., Ltd. was established as an import and sales company for this mentholatum.

3.2 What Omi Mission (Omi Christian Mission) aimed for

The Omi Christian Mission, later called Omi Mission, was launched in 1911.⁹ With the establishment of Omi Mission, missionary work evolved from personal activities of members such as Vories and Etsuzo Yoshida to more organized activities.

The Omi Mission Platform was set out as follows (Yoshida [1923], pp. 89):

- ① Preach the gospel of Christianity in Shiga Prefecture, regardless of denomination
- ② Do not build a church. Concentrate on missionary work.
- ③ Both Japanese and foreigners will live together regardless of customs, nations, races, etc., and achieve unity
- ④ Don't go to areas where missionary work is already conducted.
- ⑤ Conduct missionary activities in rural and fishing villages.
- ⑥ Train leaders.
- ⑦ Recognize that alcohol and tobacco are harmful and promote physical education and hygiene. Resolve poverty.
- ⑧ Go to a land where no one has come for missionary work.

Vories' belief is shown in the scripture, "Seek for the kingdom of God and his righteousness, and all these things will be given along (Matthew 6:33)." He aimed to build a kingdom of God on the shores of Lake Biwa, starting from Omi Hachiman.

4. the business structure of Omi Mission

4.1 Outline of business organization

Omi Mission's Christian activities developed with Vories General Partnership (founded in 1910) as its core organization. The company was made up of a ministry department that conducted Christian missionary work and an industry department that financed missionary work. For Omi Mission, which advocated self-sufficiency missionary work, economic independence was an important issue.

When Omi Mission was founded, the ministry department and the industry department were integrated. However, in 1920, Vories General Partnership was dissolved, and Omi Sales Co., Ltd. and Vories Architects were newly established.

Table 1 shows the organizations and their members right after the dissolution of Vories General Partnership (1921). The business division mainly consisted of newly established Vories Architects and Omi Sales Co., Ltd. The main product of Omi Sales was mentholatum, but its contribution to profitability was not significant as its import and sales were just started.

On the other hand, Vories Architects, an architectural firm with 25 employees (70% of the business division) played a substantial role in supporting Omi Mission's activities.

Table 2 Organization and members of Omi Mission (1921)

Department	Business (37)					Mission (15)						Medical (3)	Education (3)	total
	Architectural firm	Omi Sales	Industrial Dep.	Administration	Publication	PR/Missionary	General Mission	Hachiman YMCA	Railway YMCA	Student YMCA	Galaruya Maru	Omi Sanatorium	Playground	
No. of staff	25	6	2	2	2	2	3	2	2	2	4	3	3	58

(Source) Created by the author based on Yamagata (2002), p. 217.

4.2 Architectural design business

Omi Mission's early activities were largely supported by its architectural design business. Its business philosophy was to provide buildings that would be comfortable and promote the health of residents.

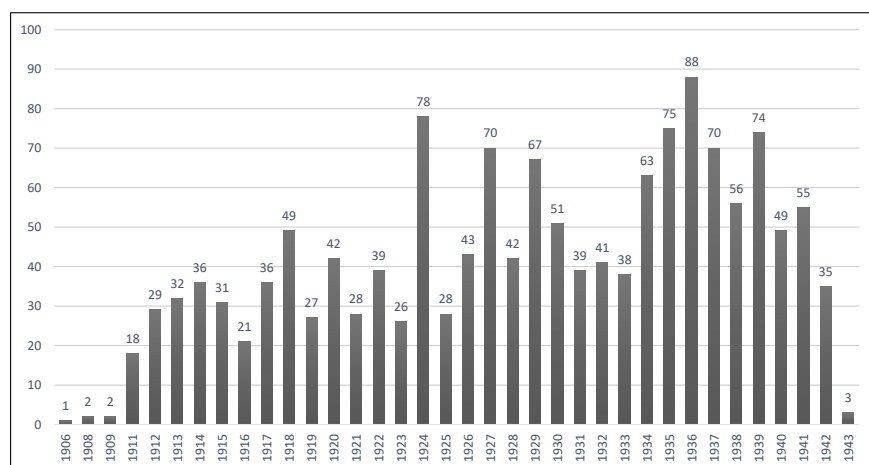
Vories Architects was said to be involved in over 590 buildings between 1910 and 1945. The architectural design variations Vories Architects offered ranged from large Western buildings to small houses of 66 m². Vories' architectural style skillfully blended the early 1900s American and Japanese architectural designs. Its practical and affordable works gained many supporters.

Figure 1 shows the number of works by building year, and Figure 2 shows the number of works by architecture type. Vories Architects received orders mainly for churches, schools and private homes, but also received orders for

building banks, insurance companies and shops from the 1920s.¹⁰

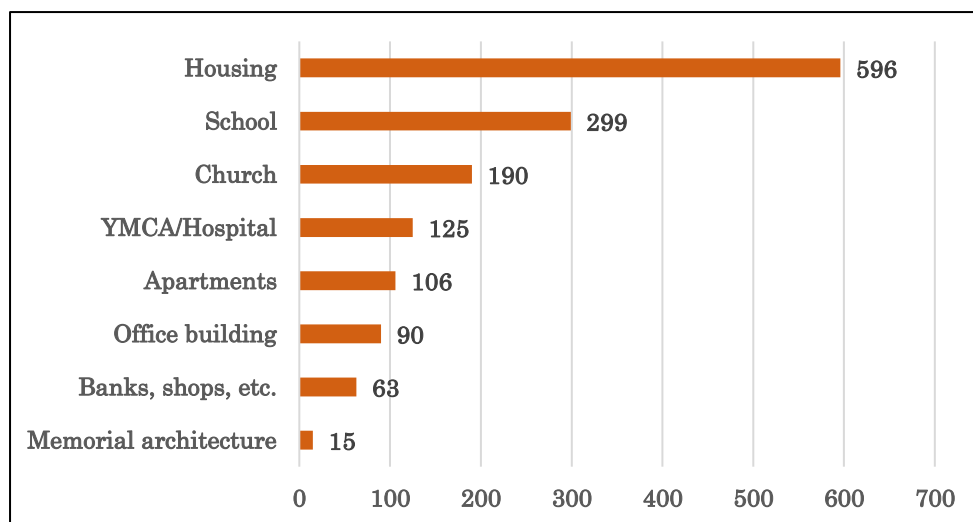
The architectural design business was based on Christian spirit with the primary aim of fostering the health and well-being of the people who lived there. The work which combined functionality and elegance has fascinated many people to the present day.

Figure 1 The number of works by construction year (unit: projects)



(Source) Created by the author based on Yamagata (2002), p. 235.

Figure 2 Number of architectural works by type (unit: projects)



(Source) Created by the author based on Yamagata (2002), p. 235.

4.3 Mentholatum business

In 1913, Vories and Etsuzo Yoshida traveled to the United States on the invitation of Albert Alexander Hyde. Vories came to know Hyde on his temporary return to the United States in 1910. When they met in 1913, Hyde offered Vories the right to sell Mentholatum in Japan¹¹ and donated a motorboat for evangelism. Hyde was a Calvinist, as was Vories, a man with a strong belief that human value was not determined by his wealth but by his service to God.

Mentholatum's raw materials, menthol and camphor, were mainly produced in Japan. When Hyde founded Mentholatum, he pledged to devote 10% of his earnings to Christian missionary work. Ultimately, he is said to have donated up to 90% (Okumura [2005], p. 99).

Mentholatum was launched in Japan through Omi Sales Co., Ltd. Aggressive marketing activities, such as newspaper advertising, were successful, and in 1923 the company expanded its sales channels to Manchuria and the Korean Peninsula.

The articles of incorporation of Omi Sales Company stipulated that "the majority of profits were to be donated to the Omi Christian Charity Foundation (Omi Mission)" (Article 2).¹² Judging from the idea that a corporation is operated with the aim of maximizing shareholder returns, the company's operating policy deviated significantly from that of a corporation. However, the founder and investor of the company were limited to the core people of Omi Mission, and they refused external investment for the purpose of dividends, this unique company was born.¹³ The reason why their business philosophy was accepted by Japanese society was that it was the fusion of social justice and economic efficiency based on Christian principles.

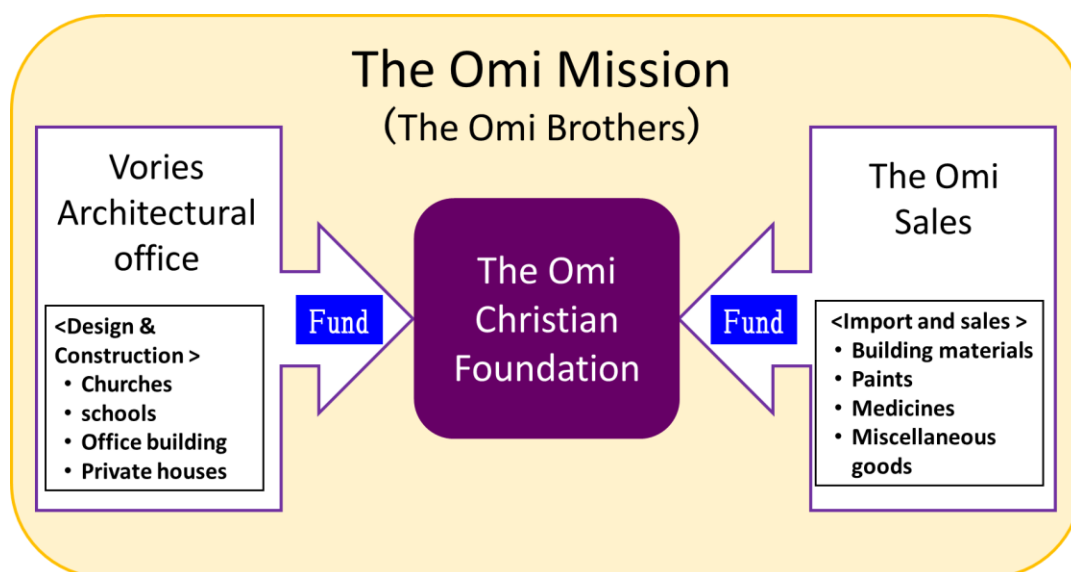
At the heart of Vories' business philosophy was the Calvinist view of vocation. For Vories, architectural design and the sale of mentholatum were divinely given vocations, and working on those jobs was a secular abstinence. It was an ethical duty for him to build the kingdom of God by dedicating the wealth obtained from Vories Architects and Omi Sales to Omi Mission.

Figure 3 Mentholatum(Menterm)



(Source) The Omi Brothers Company

Figure 4 Relationship between Omi Mission and Voires' business activities



(Source) Created by the author

Vories saw business as a social system of dealing with neighbors, a social service activity similar to education, medical care, and evangelism. In other words, for him business was not about maximizing self-interest, but about creating joint interests with stakeholders. The economic ethics practiced by merchants in Omi area (current Shiga prefecture where Voires settled in) are "Sampo-Yoshi", which means "good for buyer, good for seller, and good for society". This Omi merchant's philosophy shares some underlying ideas with the creation of common interests among stakeholders Omi Mission pursued.

Vories and his student Etsuzo Yoshida felt the need for an organization name that clearly described the philosophy of Omi Mission. Therefore, it was named Omi Brothers, which meant a business organization for realizing Vories' philosophy of "Kingdom of God." It was Christian social activist and social entrepreneur Toyohiko Kagawa who came up with this name.

5. Emergence of social business

5.1 Establishment of Omi Sanatorium

Vories was worried that many Japanese youth were losing their lives due to pulmonary tuberculosis. In 1918, he built the Omi sanatorium to treat tuberculosis. The construction was funded by a \$ 5,000 donation from American supporter Mary Tooker¹⁴, while its operation was supported by revenues of Vories Architects.

Omi Sanatorium was requisitioned by the Army during World War II, but resumed medical treatment after the war. The sanatorium was renamed Vories Memorial Hospital in 1971 and has continued to this day. The beds for

tuberculosis was closed in 2000 after completing its role. At present, Vories Memorial Hospital provides medical care with 168 beds.

5.2 Education

In 1919, Vories married Makiko, daughter of Viscount Hitotsuyanagi. The two met because Makiko's older brother, Keizo Hirooka (President of Daido Life Insurance), asked Vories to design his house.

When Makiko started a new life in Omihachiman, she was concerned about the children living in a poor and unsanitary environment. In response, she rebuilt a vacant lot that was a garbage dump and made it a playground. In 1922, as part of Omi Mission education activities, Seiyuen Kindergarten was established. Later, integrating Seiyuen Kindergarten and the Omi Working Women's School, which was founded by Etsuzo Yoshida, the Omi Brothers School was established in 1942.

On the other hand, Etsuzo Yoshida also established the Kojo Gakuen School as a place to practice education of female employees working for the Mentholatum factory. At the school, a variety of liberal arts education was provided, including moral training, Japanese language, geography, history, childcare, nursing, natural sciences, cooking, dressmaking, physical education, and music. After the war, when the Omi Brothers High School was established, the school was reorganized as a part-time school, and continued until the part-time school was abolished in 1978.

Entrepreneurs who promoted employee education in those days include Tsurukichi Hatano (1858-1918) of Gunze spinning (Current Gunze Limited) and Magosaburo Ohara (1880-1943) of Kurashiki Spinning (Current Kurabo Industries Ltd). Hatano thought that creating an environment in which female workers would voluntarily work was the first step for creating high-quality products, and he actually tried to polish their abilities and personality with great affection.

Magosaburo Ohara set up an education department within the company and, with the approval of the Minister of Education, opened an elementary school in the factory. Ohara took employee education as a social reform through education, not just funding support.

Hatano and Ohara were both Christians who had been baptized and were diligent followers of Hotoku thought. They tackled issues such as improving product quality, earning profits, satisfying customers, fulfilling employees, and building good relations with local community, based on the spirit of Christianity and morality. Their altruistic philosophy has much in common with Vories' philosophy.

6. The significance of Omi Mission

Modern enterprises are required to tackle a variety of social issues, such as climate change, resource depletion, human rights protection and rectification of inequalities, as corporate social responsibilities in order to build a sustainable society.

Market economic mechanisms that permeate global societies do not incorporate means to control growth supremacy thinking based on the logic of capital.

In order to correct the values of modern society that is biased toward creating economic value and to propose solutions to the complex problems of the international community, we need a new approach that integrates the creation of social and economic value.

What is required of business management in the 21st century is to build a new relationship between business and society with sustainability as a discipline. To achieve sustainability, it is essential to shift the paradigm from a mass-production and mass-consumption society to a recycling-oriented society.

In 2011, Michael Porter advocated "Creating Shared Value." Creating Shared Value is a management model in which companies provide solutions to social needs and issues as a business, thereby simultaneously increasing social value and economic value (Michael E. Porter, Mark R. Kramer [2011], p. 8-31).

Vories worked with wearing diverse hats: architect, manager, social entrepreneur, educator and missionary. All his efforts were aimed at building a socio-economic system based on mutual support, and included the CSV element of simultaneously creating social and economic values.

Vories said that the worst sin in society was egoism and he denied any level of egoism including individuals, families and nations (Vories [2014], p. 185). He argued that practicing a business based on Christian values required new motivations and organizations different from capitalism and socialism (Vories [2014], p. 143).

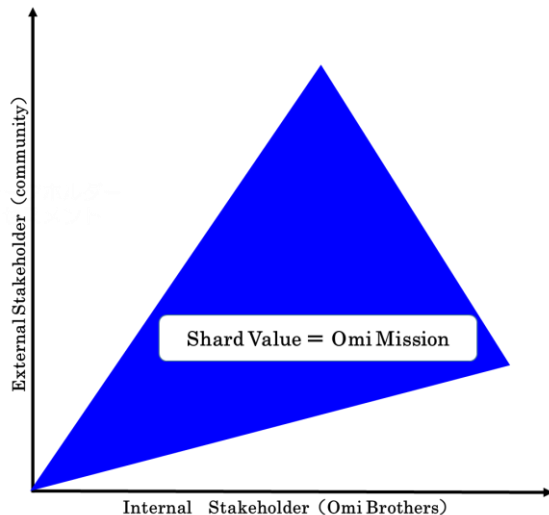
Christian values based business can be regarded as a responsible business activity that simultaneously create values expected by both external and internal stakeholders. The integrated value of both external stakeholders (e.g. citizens, communities, consumers) and internal stakeholders (e.g. shareholders, management, employees) can be regarded as shared value.

Michael Porter argues that "the fundamental purpose of a company should be redefined not as a mere pursuit of profits but as a creation of shared value" (Michael E. Porter, Mark R. Kramer [2011], p.11). Creating shared value is an expression of corporate behavior that gains sympathy from society, and it has many elements in common with businesses based on Christian values set forth by Vories.

Figure 5 shows the framework of shared value. Each stakeholder cannot add value alone. Therefore, companies are required to cooperate with external and internal stakeholders to create shared value. This is the responsible

management expected by modern society.

Figure 5 Relationship between shared value and stakeholder value



(Source) Created by author based on Oliver Laasch and Roger N. Conaway (2014), page 98.

Vories describes the relationship between Omi Brothers and society in a word of stewardship. He believed that all things of monetary value belonged to God and he was only entrusted as a steward to use them for the kingdom of God. In other words, the more wealth we own, the more we are entrusted by God and the greater our obligation to use it for the public good.

Vories described the world as “country of God”, which can be replaced with the word "society". In modern society, there is a view that companies are regarded as public institutions. Responsible management is not just about satisfying internal stakeholders, mainly shareholders, but is also about management that takes into account all stakeholders and aims to realize the optimization of society as a whole. This is a stewardship-based management.

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¹ Baptists is a Christian Protestant sect. it began in the United Kingdom in the 17th century. The Baptist is the largest religion in Protestant United States.

² Presbyterian Church is a Christian Protestant Calvinist religion. The origin of the name was the adoption of the elder system in church organizations.

³ The University of Colorado was founded in 1874 as a Christian university with Evangelical personal donations.

⁴ The SVM was established in the University of Colorado in 1895.

⁵ According to Weber, the spirit of capitalism consists of the following three core components: (1) Spirit of pursuing profit forever, (2) Ethical feeling that imposes pursuit of profit as duty on oneself, (3) Attitude of leading reasonable life that, if necessary, abstains, plans and organizes one's actions to achieve the purpose.

⁶ Shiga Prefecture is a prefecture of Japan located in the mid-west (called Kansai region) of Japan's main island Honshu.

⁷ Yoshizo Etsuzo (1890-1941) was one of Vories' students. He was baptized in 1905, abandoned school, and joined the Omi mission.

⁸ The Omi Mission is a Christian missionary group Vories established in 1907.

⁹ Omi Mission was renamed Omi Brothers in 1934 and has continued its activities to this day.

¹⁰ Makiko's second brother, Keizo Hirooka, was President of Daido Life Insurance. Hirooka went on an inspection trip to the United States from April to August 1920 with Vories as he planned to construct the Daido Life headquarters building.

¹¹ Mentholatum is currently owned by Rohto Pharmaceutical. Omi Brothers manufactures and sells products with similar ingredients under the product name Menterm.

¹² The Omi Christian Charitable Foundation was renamed by the Omi Christian Mission in 1918.

¹³ In addition, it was fortunate for Omi Sales to borrow money equivalent to its capital from Kashima Bank, whose president was Keizo, Vories' wife Makiko's brother.

¹⁴ The main building of the Omi Sanatorium was named Anna Denfores Tooker Memorial Hall after her mother.



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