

Building a company worth working for



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■ Society supports companies whose employees work scrupulously.

I believe that the times have come to demand a great change in the relationship between company and employee. For example, corporate profits are higher than they have ever been—even higher than during Japan's economic bubble—yet employee income is not. I cannot help thinking that there is something wrong with this situation. Returning profits to its shareholders is the foundation of the corporation, but I believe that the corporation must also ensure that a portion of its profits are returned to its employees.

I believe that the corporation has two main types of value to society. The first is its contribution to society by paying taxes for profit created through its businesses. The other is creating jobs. Corporations have a great responsibility: the responsibility to build social infrastructure through the creation of jobs. As a consequence, I am strongly opposed to the idea of improving performance through personnel and wage cutbacks in the name of "restructuring."

CSR is a measure of society's confidence in the company. When a company's management and employees work scrupulously, the support and confidence of society follow as surely as day follows night. I manage Daiwa Securities Group confident in this belief.

■ Employees who are treated well also serve their customers and shareholders well.

A corporation's customers and shareholders are vital stakeholders, but I focus particular attention on our employees as stakeholders. Our employees are the ones who actually add value to our products and services. They are the source of the hard work that provides a return on our shareholders' investment. One often hears the phrase "customer first," but can employees who are not treated well by their company truly serve their customers well? Conversely, employees who feel valued by their company will always serve their customers to the best of their ability. In other words, the value that a company places in its

employees is transmitted naturally to its customers and shareholders.

My goal for our company is to gain a large number of highly loyal employees. In order to accomplish this, it must motivate its employees. For this reason, there are three key points about our employees that I always stress. We must enable our employees to: (1) have confidence in the company and their superiors; (2) have confidence and pride that their work is benefiting society; and (3) feel solidarity with their colleagues at work. The company that accomplishes all three of these is a truly great company.

■ Daiwa Securities Group is committed to retaining female employees.

The women in our group have made fantastic accomplishments. When a woman quits from our company, the first thing I do is always to find out why she is quitting. As is common in Japan, the reason is often marriage or childbirth, and it saddens me each time I hear that a woman is quitting for one of these reasons.

I want our female employees to lead fulfilling lives, making full use of the expertise they have accumulated in their work. We do everything possible to enable women to continue working after marriage, childbirth, and other life events, including creating a wide range of programs. Employee feedback, however, has shown me that our programs are still not fully utilized, due to worry about the opinions of coworkers and the like.

I tell the executives on a daily basis that no matter how great a system is, if it is not functioning, then it might as well not exist; and this is true not only of human resources, but any system. Simply creating a program is not enough; in order to convince the greatest number of employees to take advantage of it, I instruct the company to follow up thoroughly, in order to change the awareness of bosses, coworkers, and others, and make it a functioning program. I am committed to building a company that retains its female employees, and an environment that motivates all our employees.

■ The job of CSR is to eliminate the gap between what people say and what they feel.

The value of the securities we handle fluctuates. As a consequence, the customers who purchase them may reap great profits, but they may lose money as well. No customer is happy to lose money, and it is human nature to want to complain



to the employee who sold them the securities. But our employees' confidence will be unshakable regardless of the circumstances, as long as they perform their work scrupulously, maintaining pride in the fact that their jobs in the securities industry contribute greatly to the public good. We ensure that every employee is aware of our policy against racking up fees by recommending trades to our customers without due consideration.

The most effective way for a company to stay in business is to serve society. Because if this, it is not enough for a company to simply comply with laws and regulations; it must also obey the mores of society. This is what is demanded today of corporations and their employees.

It is vital to create a company where highly loyal employees work with confidence; where there is no gap between what people say and what they feel, between appearance and reality. I believe that it is exactly CSR that can accomplish this.

■ We contribute to economic growth and the global environment.

I believe that companies must make a serious commitment to tackling global environmental issues. I watched Al Gore's movie "An Inconvenient Truth" warning of the global environmental crisis, and read the book as well. These made me realize anew the urgency and importance of this task. In July 2007, the entire Group fully adopted the "cool biz" dress code. Our main business is securities, and in this business as well, we are actively committed to the environment, including managing and selling our Eco Fund, and strive to contribute to economic growth and the global environment.