

The Global House of Harmony: based on Ecology, Economics and Ethics.  
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Western life-style, wealth of nations, Club of Rome, world climate, ecology/sustainability, ethical values

Abstract: After World War II within the European countries in the West consumers tried to copy the US-life style: mass distribution of brands dominated activities of the manufacturers as well as retail. While in the 50ies still the supply of needs dominated ( to stop hunger, to offer enough textiles, to produce sufficient and modern furniture ) within the 60ies due to the new tool "Marketing" hidden wishes were stimulated to buy more than just to satisfy the basic needs. In the 70ies for the first time scientists discussed within the Club of Rome "the limits of growth" – showing in their research that economy partly destroyed ecology. In Germany in the 80ies the terminus "Green Party" was starting politically to create awareness for sustainability and discussions about one way/multi-trip packaging; for Africa a Green Belt Model was created and in Japan one of the leading retail-players started to integrate ecology into its Corporate Social Responsibility program. But it lasted another twenty years before it became obvious for the public that due to a misuse of ecology the globe gets a problem of "Warming Earth" - with a permanent increase of tornados, heat periods and floods – which is decreasing the supply of food and results in migration partly or hunger locally/regional/nationally which becomes an Ethical problem because it hits the poorest countries in Africa or Asia worst and due to excellerating food prices also the poorest segments of the population in developed countries.

### 1.0 Introduction: Challenge Ecology

Since the industrial revolution nearly all micro- as well as macro-models for sectors or whole national economics are based on the optimization of Economics. The "wealth of nation" is an economic terminus and a measured priority value in life-style driven consumption societies after World War II in Western Europe and after the changes of the Post-Soviet systems also in Central - and Eastern Europe.

Only shortly in the 70ies the Club of Rome got public attention with "The Limits of Growth" and its demand for a shift towards more Ecology/Sustainability. The present changes in the world climate is now definitely asking for a change of Parameters for a Global House of Harmony based on Ecology, Economics and Ethics. - Ecology should become the first priority: followed then by the questions how to finance that development (economic input) and how to distribute the economic output (ethics) : see also three columns-model ( Appendix Chart 1).

The Climate Conferences in Paris (2016) and Bonn (2017) show that each year 25 billion tons of CO<sub>2</sub> are added to the atmosphere; uptill the end of this century the oceans will increase their levels between 1,5 to 5 meters (according to alternative scenarios) : while at the moment more than 100 million people live in territories with less than 1 meter above sea-level; extrem floodings are registered in Bangladesh/India /but also in the Gulf of Mexico/Florida; more and more tropical storms are even reaching Europe : in 2017 Germany's capital Berlin has been four times in a state of emergency due to heavy rain or wind blasting down trees or roofs of houses; from 2040 onwards Europe will have each second year temperatures like in the record year 2003 : from about 2060 onwards Europe will have no summer "as cool as 2003"; deserts in Somalia, Sudan, Kenya will be enlarged ; California - once the show-case for optimal agribusiness - is lacking water in 2017 like also the Cape Province in South Africa; fires created by heat could be registered in Greece, Spain, Portugal - and also in California.

The European Retail Academy created in 2008 its special Sites for an Environmental Retail Management to publish benchmarks for good actions and as a result of the World Economic Youth Forum in Astana in 2013 a special Site for a Global Green University. The European retail Academy published an EU reader about FoodWasteManagement and helped in 2017 in Nairobi/Kenya to create awareness for FoodManagement and also in 2017 on the occasion of the world-leading food exhibition ANUGA a special Site for a Thematic University Network Food for the penetration of standards along the food-chains and for a lifelong learning. Sustainability (Appendix Chart 2) has high priority as due to the UN and EU-publications there will be in 2014 an additional demand for food in the range of 40 percent due to the growth of world population. By drifting more and more away from work on/with the soil - due to urbanism/industrialism and specializing of work-tasks the understanding for nature has decreased dramatically: therefore Nature/Ecology has to become a high issue of the future educational systems.

## 2.0 Two Case Studies

Two case-studies should illustrate how action can be taken initiated by individuals not waiting for governments to act – as examples for behavior in a civil society : the case of Wangari Muta Maathari of the University of Nairobi/Kenya and the case of the Japanese retail player AEON.

### 2.1 Wangari Muta Maathari

Wangari Muta Maathari ( Appendix Photo) was the first woman to get a PhD in Kenya at the University of Nairobi in 1971. She was influenced by the discussions of the Club of Rome about the limits of growth as well as by changes towards industrialization of her country which she realized in its effects on nature after her return from studies in the USA and Germany. In 1977 she was founder of the Green Belt Movement which became a pan-African platform being in 13 countries, starting 600 tree-nurseries which planted 30 million trees against erosion in 1993. In 2003 Maathari became Deputy Minister for the Environment – in 2004 she was honored by the Peace Nobel Award for sustainable development, peace and democracy.

Also within the category "Ethics" Maathari can be mentioned as a benchmark. Beside her "green activities" in 1979 she became Chairperson of the National Women of Kenya; in 1991 she was honored by the Hunger Project's Africa Prize for Leadership and in 1993 she received the Jane Addams Award for Women's Leadership. Her philosophy was documented among others in her publication of 2010: " Replenishing the Earth : Spiritual Values for Healing Ourselves and the World".

### 2.2 AEON Japan

The AEON-Group reflects as well Japanese traditional values as also the principle of the wheel of retail as a driver for innovation. Started in 1758 by Sozaemon Okada today's business got its main input within the last 60 years by the Honorary Chairman Takuya Okada (Appendix, Photo) and the present chairman Motoya Okada.

The dedication to Japan becomes most obvious in the change of the company-name from OKADAYA first in 1968 to JUSCO (Japan United Stores Company) - also by the way how that merger happened in a Japanese style. The way and the name allowed other companies to join without „losing face“. But also the choice to plant cherry-trees ( SAKURA) at the opening ceremony of its first store at Okazaki-City in 1965 is standing for Japanese mentality. There is no other word/image in Japan for spring than the flourishing sakura-trees .

Changing again its company-name in 1989 to AEON shows the sensibility of the management to use for the new focus „internationalization“ not its Japanese origin but a word representing the culture of all Asia Pacific region and also being in harmony with the development since 1758 . AEON stands for „eternity“ : and eternity stands for longtime success of an equilibrium between economics, ecology and ethics.

#### 2.2.1 The Economic Rise

The first store of today's AEON-group was the Okada-store in Yokkaichi-Kyurokucho in the Mie-Prefecture founded in 1758 by Sozaemon Okada. Relocating that store in 1887 the Okada family created a motto which is even perfect still for the globalizing retail 200 years later : „Give the central pillar wheels“ or in modern words „Fit to your customers“.

The second visionary step for the economic rise was taken in 1968/69 when the stores of the Okada-family joined first with Futagi in the Hyogo-Prefecture and then additionally with Shiro; The name for the joint venture was JUSCO standing for Japan United Stores Company. The aim of the three entrepreneurs was „to modernize the retail industry“ in Japan. Might be that the mood for national

innovation was also influenced by the Olympic Games of 1968 which brought big changes to Tokyo by modernizing dramatically the capital of Japan. The Olympic Games became a showcase for modern Japan within the country as well as in its international image.

For sure the merger of the three retailers did not come as a vision to reduce costs and to increase the own personal profit, but the first partners stated within a memorandum which in its content is still valid today: "We welcome further new partners"! It was a „merger of hearts“ and not a takeover with winners and losers. This was also essential to be able to remove former boundaries between the employees of JUSCO and to integrate the personnel into the new company. Within this context it has to be mentioned that the traditional way of Japanese thinking was still at that time to stay for the whole life-work-time within one company; this is then the root for very long-standing investment for financial as well as human capital.

The third aspect to understand the economic success-story of today's AEON-Group is the diversification-/segmentation strategy starting in 1969 by the establishment of the first Japanese development company to build full-fledged shopping centers together with Mitsubishi Company. In 2015 AEON had 207 Mall-type Shopping Centers and 155 Neighbourhood-type Shopping Centers. But also the segmentation strategy was very successful having today 618 General Merchandise Stores, 2.030 Supermarkets, 381 Discount Stores, 121 Home Centers, 4.683 Convenience Stores, 3.932 Speciality Stores, 3.347 Drug- and Pharmacy Stores, 919 other retail stores as well as 698 Financial Service Stores and 1.640 other Service Stores in the AEON portfolio. The AEON-Group today is comprised of more than 300 companies with a total turnover of 7.078 billion Yen managed by about 440.000 people in Asia.

Last but not least the fourth source of the economic development is the internationalization strategy. It started in 1984 by a request of the Prime Minister of Malaysia to support the modernization of the retail business in his home-country. This political initiative was based on connections derived from the World Retail Congress 1980 being held in Tokyo. Inspired by that event Takuya Okada visited retailers in the neighbouring countries - and then decided in 1983 to become co-founder of a Federation of Asia Retailers Associations and to 'start a first retail exhibition in Tokyo under the name „1st Asia Retail Convention and Exhibition“ in the same year with the intention to improve the lives of the citizens in Asia and the Pacific regions. Takuya Okada also aimed to improve the social status of retailers itself by those actions as at that time the image of retail was relatively low.

In 2015 the AEON-Group has expanded with retail stores to nine countries and has additionally in Australia, India, Laos and Myanmar subsidiaries - in those countries mainly points for financial services. Retail stores are (in alphabetical order) in Cambodia, China, Indonesia, Japan, Malaysia, Philippines, South Korea, Thailand and Vietnam. The portfolio-mix in the various countries is very different; but it all results in the fact that the AEON-Group is the number 1 retailer in the Asia Pacific Region.

### 2.2.2 Ethics and Ecology

Ethics and Ecology play an essential part within the vision of the leadership of AEON. In 1946 after the renewed opening after World War II the president of Okadaya, Takuya Okada, addressed its customers in a leaflet to welcome PEACE. This key-word influenced also today's AEON-philosophy: it consists out of the three basics PEACE, PEOPLE, COMMUNITY. The AEON-Group sees the customer in this triangle and is dedicating itself to an ever-lasting innovative spirit with the customer in its focus. That triangle determines all AEON-CSR-activities. The word/symbol of AEON itself has its origins in the Latin word „eternity“ — which in the end is a synonym of sustainability. Taken the actions it is in the AEON-case study academically nearly impossible to make clear distinctions about what is „just

ethics” and what is „just ecology” : mostly it is both together like a Shinto-Shrine in a Buddhist Temple and vice versa.,,PEACE is absolutely necessary for prosperity of the retail sector“ Takuya Okada recognized and used this point also in his dialogue with the retailers in the Asia Pacific area. On the background of World War II conflicts especially also between Japan and China the strong political sign has to be judged when in 1998 Takuya Okada started the revitalization of forests at the Great Wall in China. - Insofar the China commitment was also a continuation of founding a Federation of Retail Associations all over Asia/Pacific.

Another facette of the PEACE-Philosophy is the inner peace of a human being (sometimes mentioned as the balance of Yin and Yang). Human education as a challenge was seen by Takuya Okada already in the 50ies of the last century and so he started in 1959 an exam-system for promotion within the company. This was very unusual in Japan as the traditional promotion within companies follows the seniority principle of Sempai/Kohai. Since 1963 the AEON-group is recruiting regularly university graduates ; since 1964 AEON has additionally its inhouse Okada Management College - later becoming the AEON Business School. It is worth mentioning that AEON likewise is working to foster local staffs in its Asian partner countries.

The start of an environmental policy can be dated back to the year 1965. When for the first time the Okadaya-root was expanding beyond its home-town Okada-san wanted to express his appreciation to the customers at his new store in Okazaki-City and therefore he collected ideas. The front-runner of the proposals was to plant 700 cherry-trees ( sakura) along the rivér near the Okazaki-Park. Based on this action environmental issues became more and more important and in the end of the 1980ies Takuya Okada established the AEON Environmental Foundation - planting trees ! In 2013 the accumulated result has been exceeding 10 million new trees .

### 2.2.3 Eternity by Chronology

In 2015 the AEON Environmental and Social Report is documenting activities and goals on 102 pages . The content of the report is structured like follows :

- Dialogue with Stakeholders
- The Challenge for AEON Staff :
  - Promoting Energy Conservation
  - Conserving National Resources
  - Building Connections with the Community
  - Safe and Reliable Own Labels
  - Dissemination of Corporate Principles
- Corporate Governance
- Risk Management
- Compliance and Corporate Ethics
- Environmental Management

The Sustainability Principles are based on four cores :

- Low carbon society
- Conservation of biodiversity
- Better use of resources
- Addressing social issues I

„Eternity“ is based on public awareness and trust; actions therefore have to be published to the stakeholders in a permanent dialogue and as a permanent path being checked as a kind of „open books“. AEON does this in a Chronology :

1965 Cherry-Tree Donation to Okazaki-City

1977 JUSCO /AEON Welfare Fund

1979 Okada Cultural Foundation

1989 1 Percent Club Foundation

1990 Aeon Environmental Foundation

1991 AEON Hometown Forest Program ; Bring your own bag Campaigne in Malaysia

1992 AEON Hisai Store (Forest Program)

1993 First organic private label

1994 First Barrier Free Store Planning

1995 Returnable food container/ reusable hanger systems

1996 First Environmental Committee

1997 Children's Eco Club /AEON Cheers Club

1998 Forest Revitalization at the Great Wall by the AEON Environmental Foundation

2000 ISO 14001 certification across the entire company

2001 First AEON-support for constructions of schools

2002 Clean Road Activities

2003 Use of biomass packaging materials; AEON supplier Code of Conduct

2004 Participation in the UN Prevention Policy of Global Warming

2005 Eco Store in Chikusa

2006 Certification for processing/distribution of MSC-products; AEON scholarship Program

2007 Agreement for a recycling oriented society

2008 Specific goal for CO2 reduction

2009 First Carbon Footprint labelling; first Japan Awards for Biodiversity

2010 Starting the ASEAN University Students Environmental Forum; AEON-UNICEF Safe Work Campaign

2011 AEON Sustainability Principle

2012 Sustainable Management Committee; First ISO 5001 Certification; passing the Benchmark of accumulated 10 million trees

2014 AEON Sustainable Seafood Program

Taken all those individual steps it becomes clear that AEON developed from the local Okada-ya-retailer via the Japanese innovator JUSCO not only to a leading international player in Asia but is also a rule-setter for technical, environmental and ethical questions on a global stage.

### 3.0 Food Losses and Food Waste

The European Retail Academy was involved between 2012-2014 in the EU-Research Project Forward which resulted also in the publication "Food Waste Management". It showed that on average about 40 percent of the food is wasted along the food-chain from farm to fork. That is exactly the amount which would be needed in 2040 to fill the gap between need and possible supply.

Within the Harvest-Loss-Prevention Conference at the University of Nairobi in April 2017 studies showed that due to a lack of modern supply-chains in many African countries for example 60 percent of the mango-fruits are lost before reaching the consumer-markets. The Conference ended with the thesis that Africa could stop its hunger by own agricultural resources if enough modern technologies would be known and penetrated.

The European Retail Academy started therefore in the end of 2017 together with academic partners a platform "Thematical University Network (Food)" to help to penetrate the know-how of standards worldwide.

### 4.0 Results/Conclusions

Politics and Academic Life are challenged by a re-orientation of values. Economy, Ecology and Ethics need a new balance. Such a triangle linking Ecology, Economics and Ethics is of course due to its high number of parameters with alternative scenarios much more challenging than the academic work of one of those three main columns being separated from each other. The application of action can be dependent on local/national/regional input which might be special due to the geography, the religions or the history of the area especially also the present level of the wealth of nation of those politicians being responsible for the local transition into a global House of Harmony. But especially interdisciplinary and international sciences should take on that challenge of intellectual discourse.

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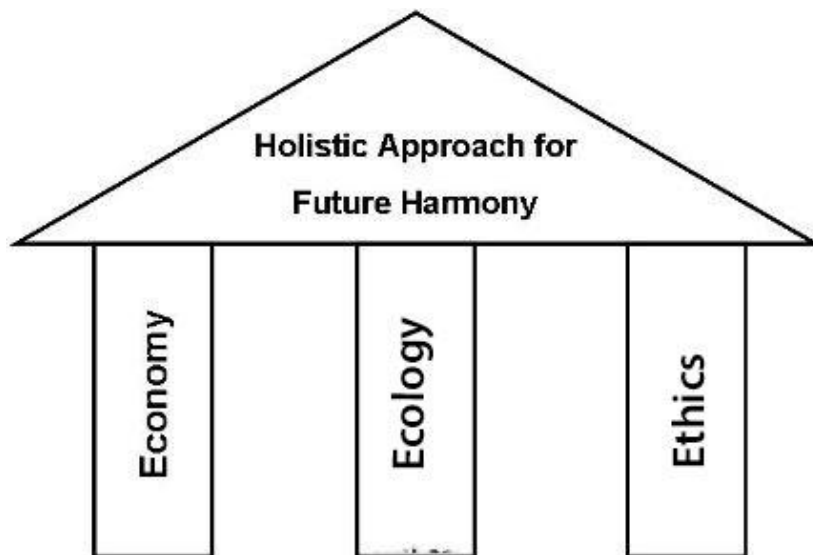
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Appendix :

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„The Global House of Harmony“.  
Source: Prof. Dr. B. Hallier/EHI/ERA





Wangari Muta Maathai/Nairobi ( 06.02.2017 [www.european-retail-academy.org/GGU](http://www.european-retail-academy.org/GGU) )



Meeting Takuya Okada-san / AEON ( 30.08.2017 [www.european-retail-academy.org](http://www.european-retail-academy.org) )

