

CEP Magazine – May 2020 Meet Seiichi Hara: Growing compliance in a context-dependent society

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Seiichi Hara (seiichi.hara@integritysouken.co.jp) was interviewed by Adam Turteltaub (adam.turteltaub@corporatecompliance.org), Vice President, Strategic Initiates & International Programs at SCCE & HCCA.

AT: Thank you for participating in this interview. You have had such an interesting career; there are a number of areas that I want to explore. Let me start with the big picture. When it comes to compliance, Japan is a bit of a mystery. We don't typically see that many compliance people from Japan at global compliance conferences. Also, since there are relatively few scandals there, it's not typically considered a high-risk area. What's the state of compliance programs in Japanese companies?

SH: There are actually many scandals happening in Japan these days. However, most of them are not reported globally, since they are mainly domestic scandals that only affect a local market.

The reason that you see few compliance people from Japan is that Japanese people are not good at learning business practices from other industries and companies through sharing best/good practice or through participating in benchmarking studies with competitors in the same business. Also, compliance is not regarded as an independent profession in organizations or within industries. So, there is little incentive to attend a global conference to gain the latest information about compliance programs or to acquire a certified qualification like CCEP or CCEP-I.

Compliance programs in Japanese financial industries originally started with outside pressure caused by an industry-wide scandal with corporate racketeers more than 20 years ago. At that time, legal departments were in charge of the compliance program to handle litigation issues as well as regulatory requirements.

Almost 10 years ago, when I first asked to provide compliance training to management-level personnel at one of the largest financial groups in Japan, it was usually done by corporate lawyers, and they usually gave a one-way lecture for a few hours about new or revised laws and regulations.

At that time, I proposed a daylong workshop discussing hypothetical cases that were not illegal but were ethically problematic—and which eventually could cause serious reputational issues to the institution. Also, I suggested changing the name of the program from “compliance training” to “integrity training.”

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