

## ***Kyocera Corporation***

*by Chihiro Suematsu* \*

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*Kyocera Corporation is an electronic device, information equipment, and telecommunications equipment manufacturing company headquartered in Kyoto, Japan. The company's success has depended on its differentiated technology in ceramic manufacturing at the first stage. This technology was first sold to produce a part in TV CRT monitors, which boomed in the 1960s right after the company's launch. Since its founding in 1959, the company has been continuously exploring technological, product, and business development backed by its strong entrepreneurial mindset. This mindset is nurtured by the "Kyocera philosophy," the most important vision and motto of the company, which educates and encourages employees to grow themselves, respect others, and behave for all. This philosophy was advocated by the founder, Kazuo Inamori.*

**Keywords :** *Kyocera Philosophy, Ameba Organization, Employee Independence, Free Will, Problem-Solving Skills, Creativity, Empathy, Thoughtfulness, Altruism*

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## I. Business

Kyocera manufactures and sells electronic devices, information equipment, and telecommunications equipment in the global market (Figure 1).

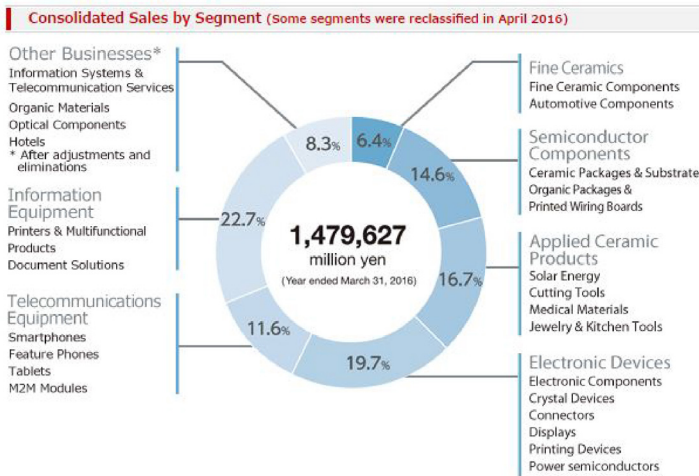
Company information for Kyocera is shown below:

- Revenue: \1,423 billion
- Capital: \115 billion
- Employees: 70,000

The company has expanded its global operations, including in Oceania, South America, South Africa, and Israel (Figure 2).

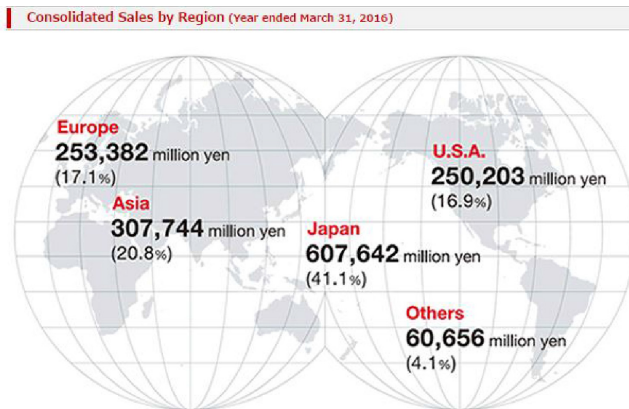
The company continues to grow its revenue, with a CAGR of approximately 50% since its founding (Figure 3). It also continues to diversify its product lines, from ceramic parts to information and telecommunications equipment, to various products that include photocopiers, cameras, VCRs, smartphones,

**Figure 1**  
**Kyocer's Products**



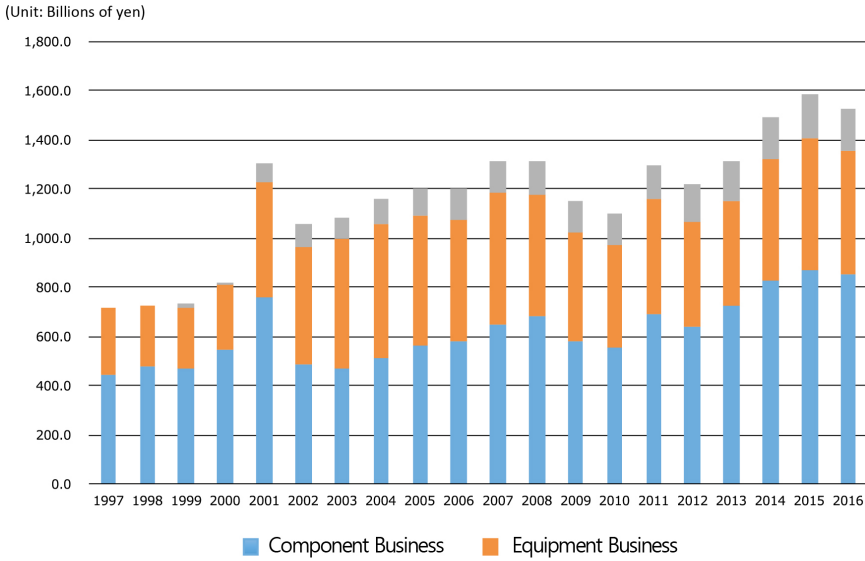
Source: [http://global.kyocera.com/company/summary/company\\_profile.html](http://global.kyocera.com/company/summary/company_profile.html).

**Figure 2**  
**Kyocer's Global Operations**



Source: [http://global.kyocera.com/company/summary/company\\_profile.html](http://global.kyocera.com/company/summary/company_profile.html).

**Figure 3**  
**Net Sales by Segment**



solar panels, artificial joints/ teeth, artificial jewels, and management consulting services.

Kazuo Inamori, Kyocera’s founder, also founded DDI (Daini-Denden Inc., now KDDI, with known brand of au) and revitalized Japan Airlines (JAL) after bankruptcy. These adventures created huge business opportunities for Kyocera and are now positioned as sister companies. After Inamori founded DDI, one of the three mobile telecommunication companies, Kyocera embraced telecommunications equipment businesses, including smartphone manufacturing and information consulting services. After Inamori used the Kyocera philosophy to change the mindset of JAL employees, the philosophy became famous in Japan as a useful business tool to vitalize a company. In fact, Inamori utilized the events of the founding, the corporate revitalization, and other M&As to provide stimulus to his own employees, highlighting his challenging entrepreneurial mindset, which has always guided the company to create new technologies, products, and businesses. Kyocera was one of the earliest companies in Japan to actively utilize the M&A strategy, which is still emotionally

execrated in Japan as it reminds the people human traffic (buying and selling human).

## II. History

Kyocera was founded by Inamori in 1959 as *Kyoto Ceramic Company* (Figure 4), with the differentiated technology of industrial ceramic manufacturing. Its first application product was a core component of TV CRT monitors, the quality of which Matsushita Electric (now Panasonic) was impressed with enough to become Kyocera’s first user. Fueled by the high economic growth in 1960s Japan and the explosive growth of the TV market, Kyocera’s revenue skyrocketed from ¥26 million in the first fiscal year to ¥161 million in the fifth.

Before founding Kyocera, Inamori was first employed by Shofu Manufacturing in 1955 as an engineer and developed forsterite porcelain technology. His manager, however, did not understand the value, and Inamori, showing his non-conformist attitude, decided to leave the company. He founded Kyocera the following year with his staff.

Unsatisfied with Kyocera’s first success

## Figure 4 Major Events in Kyocera's History

1959	Kyoto Ceramic Co. was founded by Inamori
1968	California office opened
1971	Listed on the Kyoto Stock Exchange
1980	Listed on the New York Stock Exchange
1983	Started M&As
1984	Daini-Denden (the first private telecommunication company in Japan after the deregulation) was founded by Inamori
1994	Sponsored Kyoto Purple Sanga (a professional soccer team)
1996	Started Solar equipment business
2000	Merged Mita (printer and photocopier manufacturer)
2008	Acquired the mobile phone business of Sanyo Electric
2010	Launched its first Smartphone
2010	Inamori became the CEO of Japan Airlines, which was under the bankruptcy protection process
2012	JAL was re-listed on the Tokyo Stock Exchange

with the TV component, Inamori worried about the sustainability of the business; he started diversifying product lines and proclaimed his dream to take the tiny company global. He believed that, for something to come true, it must first be concretely imagined in the mind, a mindset that drove him to start this adventure. Contrary to his expectations, however, Japanese markets were so conservative that they did not accept a start-up, even one with a small business success. The markets did not easily open procurement to young, unknown companies. Inamori, at a loss, decided to visit prospects in the U.S., despite having no connections, because he believed in the high quality/cost performance of his products. The products were well-received, and he continued marketing in the U.S. The transactions with blue-chips such as Fairchild triggered the proliferation of Kyocera products in Japan as Japanese companies were likely to follow the purchase decisions of influential U.S. companies.

After Kyocera experienced continuous growth of 25 years, Inamori decided to enter the telecommunication business in Japan, which had just been deregulated after being monopolized by a state company, NTT. At

the time, the dominance and power of NTT in the market was overwhelming, and nobody would take such an absurd, quixotic risk. Inamori, however, understood the value of contributing to the nation and the internal effect influencing his company, and he ordered the company to fully support the initiative. Since then, Daini-Denden, literally “the second NTT,” has been successful, providing Kyocera with opportunities to challenge a variety of products and businesses. With his second successful start-up, Inamori earned the title of the first entrepreneur in Japan.

### *III. Management Systems*

In Inamori's philosophy, growth equals stability and sustainability, and his employees are encouraged to grow themselves. Consequently, all employees are expected to work hard and their families are educated to understand the importance of their hard work as it eventually makes them happier. Inamori also believes that happiness is about more than financial security, that it also comes from self-growth and contributing to society and communities. His beliefs were

elaborated and embodied as the “Kyocera philosophy,” which is detailed in the next section. In Kyocera’s business growing processes, new technologies and new products have been developed enthusiastically, and new businesses are challenged.

Kyocera has unique management systems: ameba organization and a managerial accounting system—both designed to make outcomes, performances, and growth transparent.

The company organization is divided into small groups of 20–30 employees called *amebae*, which operate on a self-supporting basis. The employees have an enhanced sense of participation and motivation in management. The small group system also serves to clarify the responsibilities of each group member, secure transparency in every detail, and enable a thorough check of efficiency. It also drives competition among amebae (the Kyocera website: <https://global.kyocera.com/company/philosophy>).

A managerial accounting system was designed and deployed to adequately convey the realities of the situation and encourage autonomous decision-making. It depicts the facts that they make employees recognize the importance of fair and transparent management.

These management systems, compared to recent global companies, are not very popular among Japanese companies, at least not when Inamori developed them based on his own perspective. His previous experience of free competition with companies such as Fairchild in the U.S. also convinced him to be different in this way.

The management systems consequently nurture employee independence, free will, problem-solving skills, and creativity, which are unquestionably the core of new technology/product development skills.

#### ***IV. Philosophy***

Inamori has long infused the Kyocera philosophy throughout his company, providing a unique and powerful vision and motto.

In the philosophy, empathy, thoughtful-

ness, and altruism are emphasized. Accordingly, the employees support each other, and there is no discrimination or politics based on academic backgrounds, even in the tough competitive environment. The philosophy complements the management systems as they generate harsh confrontations among the amebae due to fierce competition.

Inamori also emphasized self-growth, transparency, competition, and integrity prior to profitability. And fair play and collaboration are encouraged; Inamori believes symbiosis should be positioned as the basis of globalization, and he has used this concept as a platform of the company’s global expansion. Employees enjoy the discussion and exploration of the philosophy at official meetings and unofficial get-togethers.

As a consequence of the philosophy, contributions to society are respected, and Kyocera has actively sponsored various cultural activities and sports.

#### ***V. Kazuo Inamori: The Founder***

Kazuo Inamori was born in 1932 in Kagoshima in the south of Japan. He graduated from Kagoshima University and became an engineer in ceramics. After founding and creating Kyocera, he founded another epoch-making company in 1984: Daini-Denden Inc. His goal was to show and convince employees of the continuous importance of the Kyocera philosophy. Finding similarities with his philosophy in Buddhism, he became a Zen Buddhist monk in 1997. In 2010, at age 78 and against public expectation that he might be retiring soon, he was summoned to revitalize JAL, which was under the bankruptcy protection process like many other national flag carriers. He applied his philosophy to JAL and changed the mindset of its employees, who lacked the sense of competition, improvement, self-growth, and consequently, profit and efficiency. After he successfully turned the airline around, JAL was relisted on the Tokyo Stock Exchange.

Inamori has been active with philanthropic contributions as well. He founded the Inamori

Foundation in 1984 and created the Kyoto Prize to award researchers who made outstanding contributions to the betterment of the global community and humankind. He also holds several positions and memberships with various non-profit organizations, including honorary chairman of the Kyoto Chamber of Commerce and Industry; foreign member of the Royal Swedish Academy of Engineering Sciences; trustee emeritus of the Carnegie Institution of Washington D.C.; and foreign associate of the National Academy of Engineering in the United States.

In addition, Inamori has a private management school called *Seiwajuku*, mainly for SME owners to learn the philosophy. *Seiwajuku* has 96 locations across the world, 34 of which are outside Japan (including Brazil, the U.S., China, Taiwan, and Korea). The owners of SMEs are enthusiastic about learning management from Inamori at the schools.

## *VI. Controversy*

In Japan, where people have a strong sense of rejection from religions, Inamori and Kyocera are likely to be misunderstood. As hard work is recognized as the result of enforcing or brainwashing, not voluntary initiative, hardworking companies are likely to be condemned and called “black companies.” In fact, criticism appears sometimes on the net, most of which is exaggerated with

malice. Further, many employees have left the company with some enmity as they could not adapt to the culture, the environment, and especially the philosophy. Not everyone can adjust to singing a company song at morning meetings every day, reading meetings of Inamori’s books, compulsory corporate athletic events, hard work, and harsh competition.

It could be understood that employees who encounter Inamori (and his pictures) positioned centrally in any decisions and activities, if not finding any value in his philosophy, struggle to behave cordially in the unorthodox community obsessed with spiritual sublimity.

Inamori’s vision is so noble and isolated that it may require some enforcement and homogenization when implementing it within a regular environment. The commonality among successful global companies is voluntary hard work, which is reasonably indispensable. To close this chapter, his words may answer to this controversy: “It is a cosmically universal principle that altruistic intention leads it to a success. If someone with capability and enthusiasm happens to fail, it is because he has selfish motives” (Kyocera Corporate History).

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